

Draft Pending Adoption

Draft: 8/19/20

Antifraud (D) Task Force Virtual Summer National Meeting August 3, 2020

The Antifraud (D) Task Force met via conference call Aug. 3, 2020. The following Task Force members participated: Trinidad Navarro, Chair (DE); Jillian Froment, Vice Chair, represented by Michelle Brugh Rafeld (OH); Lori K. Wing-Heier represented by Alex Romero (AK); Alan McClain represented by Paul Keller; Ricardo Lara represented by George Mueller (CA); Michael Conway represented by Damion Hughes (CO); Andrew N. Mais represented by Kurt Swan (CT); Dean L. Cameron represented by Randel Pipal (ID); Doug Ommen represented by Scott Rupp (IA); Vicki Schmidt represented by Nicole Turner (KS); Sharon P. Clark (KY); James J. Donelon represented by Matthew Stewart (LA); Kathleen A. Birrane represented by Steve Wright (MD); Anita G. Fox represented by Lee McCallister (MI); Steve Kelley represented by Michael Marben (MN); Chlora Lindley-Myers represented by Carrie Couch (MO); Mike Chaney represented by John Hornback (MS); Matthew Rosendale represented by Jeannie Keller (MT); Mike Causey represented by Tracy Biehn (NC); Jon Godfread represented by JR Arnold (ND); Bruce R. Ramge represented by Martin Swanson and Peg Jasa (NE); Marlene Caride represented by Richard Besser (NJ); Russell Toal represented by (NM); Barbara D. Richardson represented by Tim Gahn (NV); Glen Mulready represented by Rick Wagnon (OK); Andrew R. Stolfi represented by Stephanie Noren (OR); Kent Sullivan represented by Christopher Davis and Kyson Johnson (TX); Todd E. Kiser represented by Armand Glick (UT); and Scott A. White represented by Mike Beavers (VA). Also participating was David Altmaier represented by Simon Blank (FL).

1. Adopted its May 20 Minutes

Mr. Beavers made a motion, seconded by Mr. Mueller, to adopt the Task Force's May 20 minutes (Attachment One). The motion passed unanimously.

2. Discussed State Activity Concerning COVID-19

Commissioner Navarro said the Task Force has continued to collaborate with the states, industry and antifraud organizations to monitor potential insurance fraud resulting from the COVID-19 pandemic. He said the Task Force met May 20 and took the following action: 1) discussed the COVID-19 pandemic; and 2) heard updates from California, Delaware, Florida, Ohio and antifraud organizations—the Coalition Against Insurance Fraud (CAIF) and the National Insurance Crime Bureau (NICB). He said during this meeting the Task Force will hear updates from California, Florida, Texas, the CAIF and the NICB.

a. California DOI

Mr. Mueller said the California Department of Insurance (DOI) has reached out to 58 counties regarding the COVID-19 pandemic. He said the DOI has sent mailings to approximately 88 contacts in those counties to assist with promoting awareness on potential insurance fraud due to COVID-19. He said these alerts address possible threats of fraudsters scamming the public with different types of fraud, including email phishing. These alerts were sent out in English and Spanish formats to hit a wider range of the public. Mr. Mueller said the DOI's communications department has been using Twitter and Instagram for social media distribution, which has helped widen its audience. He said the DOI has also used local newspapers to help educate the public. He said the DOI has used the CAIF info-graphic tools on the California website, and it has received great feedback. He said the DOI has put a lot of focus on small businesses, with the purpose to educate them on potential fraud. He said the DOI has utilized public forums to bring awareness, and it has even been on the Dr. Phil show to discuss potential fraud that may be experienced during the pandemic. He said the DOI will continue to monitor fraud trends and bring awareness to the public.

b. Texas DOI

Mr. Johnson said the Texas DOI has made big steps towards public outreach to both consumers and industry. He said the Texas DOI website has been made into a robust source of information concerning potential insurance fraud from COVID-19. He said the DOI has also utilized social media to help educate the public as much as possible about possible fraud schemes.

Mr. Johnson said the DOI has not received many insurance fraud referrals specific to COVID. He said since February, there have been approximately 50 fraud referrals that could be directly related to COVID-19. He said overall, the insurance fraud trends to date have been tracking along about the same as previous years.

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c. Florida Office of Insurance Regulation

Mr. Blank said the Florida DOI has seen a decrease in fraud during the COVID-19 pandemic. He said if anything, the past six months have remained consistent with the types of fraud referrals it is receiving; it has just been at a lower rate. He said some of the types of fraud the DOI is witnessing are workers' compensation and other injuries due to the restrictions of staying at home brought on by COVID-19. He said the DOI has also seen a 25% decrease in health care fraud. He said the expectation was that fraud would increase, but at this time, the DOI is seeing the opposite. He said regarding the fraud that the DOI is beginning to watch more closely, there seems to be a parallel between COVID-19 and substance abuse treatments. The DOI is tracking this area for additional action to be take. Mr. Blank said the DOI is working with partners in the federal arena to continue with cases and arrests. He said the DOI will continue monitoring, and it will be waiting to see how COVID-19 will affect the state in the long term. He said the DOI will continue to collaborate with the Task Force and share any new trends that come about in the future.

d. CAIF

Matthew J. Smith (CAIF) said from what the CAIF has been tracking, all indications show that the insurance fraud cases have remained consistent as in previous years. He said this could be due to a lag in reporting that has been brought on by COIVD-19. He said the CAIF is monitoring the fraud trends to see what the long term will bring. He said the CAIF has been reviewing the current pandemic compared to the Great Recession. During this time, there was a significant spike in insurance fraud due to the recession, and that data indicates that we will see the same due to the economic decline caused by COVID-19. Mr. Smith said the CAIF will be rolling out a survey to the fraud directors in effort to collect data from the states concerning fraud during the COVID-19 pandemic. The survey will be issued out to the states' fraud directors in September, and then the CAIF will follow up six months later. Mr. Smith said the information collected will be confidential and not public information. He said the CAIF is tracking the ability to use artificial intelligence (AI) to track fraud occurrences during the pandemic, and the survey will also collect this information.

3. Received an Update from the Antifraud Education Enhancement (D) Working Group

Ms. Rafeld said during the month of June, with the assistance of Nationwide's SIU Major Case Director, Steve Bodge, the Antifraud Education Enhancement (D) Working Group updated and finalized the content of the Private Sector Field Safety Course. The webinar will take place Aug. 26. Ms. Rafeld said in addition to the Private Sector Field Safety Course, fraud directors from California, Delaware, Ohio, Oklahoma, Nevada and Utah met via conference call on several occasions over the past two months to revise and finalize the content of the NAIC's Investigator Safety Training program. The program was initially offered years ago, then it was incorporated as part of the Basic Fraud Investigations Course offered by the NAIC. Ms. Rafeld said the Working Group felt it would be beneficial to offer the course in 2020. The course has been updated to touch on significant safety issues, especially regarding COVID-19. The Working Group believes the new content incorporated into the program will be beneficial to all investigative staff members, regardless of the number of years they have been investigating agent misconduct and insurance fraud. The NAIC Investigator Safety Training Program will be held Sept. 30 at a time to be determined in the future. The Working Group will make sure all members of the Task Force receive the training announcement once it is published by the NAIC Education & Training Department. Ms. Rafeld said the Working Group is also looking to schedule additional investigative courses that would benefit both state and private industry investigators.

4. Received an Update from the Antifraud Technology (D) Working Group

Mr. Glick said the Antifraud Technology D) Working Group has two projects it has been working on or monitoring. The first is the Online Fraud Reporting System (OFRS) Redesign Project being worked on by NAIC staff. Mr. Glick said the NAIC is finalizing the conversion of the existing system over to the new platform. When finished, the OFRS will be on a new platform with its current level of functionality. Mr. Glick said the Working Group will then have the opportunity to present changes and enhancements to the platform to add increased functionality in the future. He said the NAIC is planning a demo for the new platform at the NAIC Insurance Summit in September. He said the second project is the creation of a single point online repository for insurers to submit their antifraud plans to each state. The Working Group previously decided that it made sense to first evaluate the existing 2011 *Antifraud Plan Guideline* (#1690) to determine if updates are necessary. Mr. Glick said he, Ms. Rafeld and NAIC staff have been working with a small group of fraud directors to complete a draft revising Guideline #1690. Mr. Glick said the focus has been to reorganize the guideline into a more intuitive order, to eliminate repetitive requirements within the existing guidelines, and add suggestions that will better meet existing requirements for nearly all states. He said they have also tried to incorporate suggestions from industry and other interested parties into these guidelines. The intent of the revision was to not only update the guidelines, but to also better enable the future creation of electronic submission

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data fields that insurers can fill out as part of their submission of antifraud plans when the repository is created. Mr. Glick said the draft will be sent out for review, and a comment period will be set for the members to submit their suggestions.

5. Heard Reports from Antifraud Organizations Concerning Insurance Fraud Related to COVID-19

a. CAIF

Mr. Smith said things continue to go well with the CAIF. He said Jim Quiggle, Senior Communications Director, will be retiring, and the CAIF has hired Arinze Ifekauche to step in as the new Communications Director. Mr. Smith said the CAIF has been monitoring state activity, and to date, there have been 26 laws that have passed. He said compared to previous years, that is much lower; however, there is still movement in the right direction. He said, as he mentioned previously, the CAIF will be issuing a survey out to the states that tracks fraud, including the use of AI to fight insurance fraud. This survey will be issued out to fraud directors in September, and additional follow up will take place six months later. Mr. Smith said the legal affairs is working on developing a model act based on the California and Illinois False Claims Acts. The work on this has just started, so it will be next year before it is completed; however, the CAIF welcomes any input from the state fraud directors. Mr. Smith said the CAIF has also been monitoring work by the National Council of Insurance Legislators (NCOIL) to update a model concerning health care sharing ministries (HCSMs). This would subject the same standards that states have in place with health care sharing. Mr. Smith said lastly, he would like to encourage all states to join the CAIF; membership is free, and all the CAIF's resources would be available for states to utilize.

b. NICB

Alan Haskins (NICB) said the NICB has been monitoring the questionable claims that are coming in, and it is seeing that there is a potential delay for the claims to be filed or potentially not filed at all. He said due to the current nationwide situation with the pandemic, many claims will be paid through the normal insurance process, then they will later be identified as a COVID-19 related claim. He said the NICB is seeing fraudulent activity in the form of organized crime, specific attacks on the elderly regarding identity theft, chiropractic treatment claims, and fraudulent testing sites. He said there has also been a rise on property and auto types of claims, especially with towing and autobody shops. He said towing and autobody shops are charging extra for sanitization of the vehicles due to COVID-19. In addition, due to the economic hardships, which may prohibit some people to make car loan payments, they are seeing a rise in car owner arson. Mr. Haskins said due to the pandemic, the NICB's National Insurance Crime Training Academy (NICTA), has gone 100% virtual and has fraud courses available. He said moving into the next year, the NICB's legislative priority will be to assist the states on many fronts, including potential budget cuts in some states due to the pandemic. He said some of the budget cuts may affect state prosecutors, and the NICB will assist to make sure that these areas have the proper funding to continue fighting insurance fraud.

Having no further business, the Antifraud (D) Task Force adjourned.

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