

## Draft Pending Adoption

Draft: 12/1/20

Antifraud (D) Task Force  
Virtual Meeting (*in lieu of meeting at the 2020 Fall National Meeting*)  
November 16, 2020

The Antifraud (D) Task Force met Nov. 16, 2020. The following Task Force members participated: Trinidad Navarro, Chair (DE); Tynesia Dorsey, Vice Chair, represented by Michelle Brugh Rafeld (OH); Lori K. Wing-Heier represented by Alex Romero (AK); Alan McClain represented by Crystal Phelps (AR); Ricardo Lara represented by George Mueller (CA); Michael Conway represented by Damion Hughes (CO); Karima M. Woods represented by Brian Bressman (DC); Dean L. Cameron represented by Kyle Cammack (ID); Robert H. Muriel represented by Shannon Whalen (IL); Vicki Schmidt represented by Dennis Jones (KS); Sharon P. Clark represented by Juan Garret (KY); James J. Donelon represented by Matthew Stewart (LA); Anita G. Fox represented Jill Huisken (MI); Grace Arnold represented by Michael Marben (MN); Chlora Lindley-Myers represented by Carrie Couch and Marjorie Thompson (MO); Mike Causey represented by Tracy Biehn (NC); Jon Godfread represented by Dale Pittman (ND); Chris Nicolopoulos represented by Brendan Harries (NH); Glen Mulready represented by Rick Wagon (OK); Doug Slape represented by Chris Davis (TX); and Scott A. White represented by Mike Beavers (VA).

### 1. Adopted its Oct. 30 and Oct. 26 Minutes

The Task Force met Oct. 30 and Oct. 26. During these meetings, the Task Force took the following action: 1) adopted its Summer National Meeting minutes; and 2) adopted its 2021 proposed charges.

Mr. Mueller made a motion, seconded by Mr. Beavers to adopt the Task Force's Oct. 30 (Attachment One) and Oct. 26 (Attachment Two) minutes. The motion passed unanimously.

### 2. Reviewed its 2021 Proposed Charges

Commissioner Navarro the Task Force met Oct. 26 to review and adopt its 2021 proposed charges. He said that there were no new recommendations submitted and that the only changes were to reflect the new deadlines for 2021. Commissioner Navarro said, unfortunately, the Task Force did not reach quorum during the meeting, so it conducted an e-vote that concluded Oct. 30 to adopt its 2021 proposed charges.

Commissioner Navarro said, in addition to its charges, throughout this year the Task Force has been monitoring the COVID-19 pandemic for potential related fraud. The Task Force held meetings and set time aside during the Summer National Meeting to specifically discuss this topic. Commissioner Navarro said, moving forward into 2021, the Task Force will continue to collaborate and monitor the development of any new fraud trends resulting from the pandemic.

### 3. Adopted the Report of the Antifraud Technology (D) Working Group

Commissioner Navarro said this year, the Antifraud Technology (D) Working Group has been working on revisions to the *Antifraud Plan Guideline* (#1690). He said the Working Group adopted these revisions Oct. 29 and presented them to the Task Force for review. Commissioner Navarro said the guideline was exposed for a public comment period ending Nov. 12. Commissioner Navarro said no comments were received. Commissioner Navarro said to provide the Task Force with more detail on the process and revisions that took place, he has asked Ms. Rafeld to provide an overview.

Ms. Rafeld said the Working Group met on several different occasions to complete the revision process and that this overview of the guideline will also serve as the Working Group report. She said the intent of the guideline is to be used as a template in creating the NAIC Antifraud Plan submission and repository system that will streamline the process of industry getting their fraud plan to the appropriate insurance departments.

Ms. Rafeld said the track changes document looks as though a lot of new updates were made. However, she said a lot of the information was reused and rearranged from other sections to simplify the process. Ms. Rafeld said the Working Group incorporated a comprehensive narrative to the guideline explaining that it is not mandated in all states but, rather, is a best practice. She said the guideline will be used to promote uniformity amongst the states and to assist those states wanting to incorporate this regulation into their legislative process.

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Ms. Rafeld said the Working Group recognizes some language was changed to flow smoothly with a state's legislative process. She said the guideline covers the application, definitions, the creation and submission of an antifraud plan, the requirements for creating an antifraud plan, regulatory compliance, and the confidentiality of an antifraud plan.

Ms. Rafeld said no additional comments were received from Working Group members, state insurance regulators or interested parties. However, they noticed that three definitions differed from definitions found in other NAIC models that have already been adopted. Ms. Rafeld said that this would be a technical change in nature but that she thought it was worth bringing up during the overview of the guideline.

Ms. Rafeld said the definition for "insurance commissioner" or "commissioner" is already used in the *Insurance Data Security Model Law* (#668) and suggested, to stay uniform, that definition should be used for this guideline.

Ms. Rafeld said the next definition is for the term "insurer." She said in the draft document, the Working Group defines "insurer" as a business entity, who is in the process of obtaining or has obtained a certificate of authority to enter into arrangements of contracts of insurance or reinsurance and who agrees to: 1) pay or indemnify another as to loss from certain contingencies called "risks," including through reinsurance; 2) pay or grant a specified amount or determinable benefit to another in connection with ascertainable risk contingencies; 3) pay an annuity to another; or 4) act as surety. Ms. Rafeld said the *Suitability in Annuity Transactions Model Regulation* (#275) definition for "insurer" is a company required to be licensed under the laws of this state to provide insurance products, including annuities. Ms. Rafeld said she proposed that this definition from Model #275 be used, except for the "including annuities."

Ms. Rafeld said the last definition is for "NAIC." She said the definition found in the draft indicates that the NAIC is the organization of insurance regulators from 50 states, the District of Columbia and four U.S. territories. She said, to remain uniform, she proposes that the definition be changed to state that the NAIC is the organization of state insurance regulators from the 50 states, the District of Columbia and all participating U.S. territories. The Task Force agreed with the proposed changes.

Mr. Mueller made a motion, seconded by Mr. Beavers to adopt the report of the Antifraud Technology (D) Working Group, including its Oct. 29 (Attachment Three), Oct. 14 (Attachment Four) and Sept. 17 (Attachment Five) minutes. The motion passed unanimously.

#### 4. Adopted Revisions to Guideline #1690

Mr. Marben made a motion, seconded by Ms. Biehn to adopt the revised Guideline #1690, including the technical changes to the definitions as discussed during this meeting (Attachment Six). The motion passed unanimously.

Commissioner Navarro said the guideline will be presented to the Market Regulation and Consumer Affairs (D) Committee for consideration of adoption during the Fall National Meeting.

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

Ms. Rafeld said that on Sept. 30, the Working Group hosted a webinar titled, "Safety Training for State Department of Insurance Investigators." She said the webinar had great participation, with more than 230 participants attending from all over the country. She said the course also received a review rating of 4.6 out of 5. Ms. Rafeld said she would like to thank Mr. Mueller, Mr. Wagnon, Mr. Glick and Mr. Torres for serving as presenters regarding the information and for the personal experiences they shared, which helped emphasize how critical investigator safety is in this field work. She said an additional thank-you goes to Gerald Pepper (DE) for the assistance he provided when the course content was being developed.

Ms. Rafeld said the Working Group has scheduled a webinar for Nov. 19 provided by EcoATM. She said the ability to recover or obtain discarded cell phones can be critical to state insurance fraud investigators as they conduct criminal investigations. Ms. Rafeld said the webinar will provide information on how EcoATM can assist state fraud investigators investigating fraudulent claims involving mobile devices.

Ms. Rafeld said the Working Group is also in the process of trying to arrange an "Open Source Investigators" course for state investigative personnel, and is working with a specific company to arrange an overview of specific data the company collects and their willingness to make their data available to state insurance fraud investigators free of charge.

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### 6. Heard a Report from the Coalition

Matthew Smith (Coalition Against Insurance Fraud—Coalition) said this week, Nov. 15–21, is International Fraud Awareness Week. He said the Coalition website has several resources available for state insurance departments to utilize. Mr. Smith said the Global Insurance Fraud Summit is also taking place this week, with 28 nations participating. He said earlier today was a U.S. fraud panel to discuss U.S. fraud prevention and regulation. Mr. Smith said the panelists included Ms. Rafeld, Mr. Mueller, Simon Blank (FL) and Anthony DiPaolo (MA). Likewise, he said on Nov. 19, Commissioner Navarro and Ms. Rafeld will be on a panel discussing international insurance fraud.

Mr. Smith said on Nov. 17, the Coalition would be providing a webinar on the civil and criminal sides regarding the impact of COVID-19. He said the Coalition distributed a fraud directors survey concerning COVID-19 to determine whether there has been an impact from the pandemic. The survey will be distributed again in April 2021 to determine any changes in fraud associated directly with COVID-19.

Mr. Smith said the Coalition's new website has been up and running for 60 days. He said the web page includes an interactive map of the U.S., which allows an individual to search state regulation and all pending regulation.

Mr. Smith said, lastly, the Coalition's annual year-end meeting will be held Dec. 15 in a virtual format, and he encouraged everyone to join. He said they currently have more than 300 registrants and can easily accommodate more with it now being virtual.

### 7. Heard a Report from the NICB

Alan Haskins (National Insurance Crime Bureau—NICB) said this year the NICB hired a new CEO and determined new pillars for moving forward: intelligence; analytics; and strategy policy and plan. He said the NICB's mission is to be an intelligence-driven, operational-focused organization leading the united front with companies, law enforcement regulators and the public to identify and prevent insurance fraud.

Mr. Haskins said the NICB's top priorities include property/casualty (P/C) fraud, commercial fraud, organized fraud and investigative data. He said on the government side, the NICB's focus will lean toward the budget restrictions the states are experiencing due to the pandemic. Mr. Haskins said the NICB will work with the states to help maintain necessary staff.

Mr. Haskins said the NICB has continued its work on communication and public affairs with a new NICB magazine. He said the NICB has also been participating in the Global Insurance Fraud Summit. In addition, he said the NICB has continued its work on learning and development.

Mr. Haskins said the NICB will continue to host webinars and other virtual training. On Dec. 3, the NICB will host a dedicated prosecutor fraud webinar and will also continue planning programs for Fraud Academy 2021, which it hopes to hold in person.

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

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## 2021 Charges

### ANTIFRAUD (D) TASK FORCE

The mission of the Antifraud (D) Task Force is to serve the public interest by assisting the state insurance supervisory officials, individually and collectively, through the detection, monitoring and appropriate referral for the investigation of insurance crime, both by and against consumers. The Task Force will assist the insurance regulatory community by conducting the following activities: 1) maintain and improve electronic databases regarding fraudulent insurance activities; 2) disseminate the results of research and analysis of insurance fraud trends, as well as case-specific analysis, to the insurance regulatory community; and 3) provide a liaison function between state insurance regulators, law enforcement (federal, state, local and international), and other specific antifraud organizations. The Task Force will also serve as a liaison with the NAIC Information Technology Group (ITG) and other NAIC committees, task forces and/or working groups to develop technological solutions for data collection and information sharing. The Task Force will monitor all aspects of antifraud activities by its working groups on the following charges.

#### Ongoing Support of NAIC Programs, Products or Services

1. The **Antifraud (D) Task Force** will:
  - A. Work with NAIC committees, task forces and working groups (e.g., Title Insurance (C) Task Force, etc.) to review issues and concerns related to fraud activities and schemes related to insurance fraud.
  - B. Coordinate efforts to address national concerns related to agent fraud and activities of unauthorized agents related to insurance sales.
  - C. Coordinate the enforcement and investigation efforts of state and federal securities regulators with state insurance fraud bureaus.
  - D. Coordinate with state, federal and international law enforcement agencies in addressing antifraud issues relating to the insurance industry.
  - E. Review and provide comments to the International Association of Insurance Supervisors (IAIS) on its Insurance Core Principles (ICPs) related to insurance fraud.
  - F. Coordinate activities and information from national antifraud organizations and provide information to state insurance fraud bureaus.
  - G. Coordinate activities and information with state and federal fraud divisions to determine guidelines that will assist with reciprocal involvement concerning antifraud issues resulting from natural disasters and catastrophes.
  - H. Coordinate efforts with the insurance industry to address antifraud issues and concerns.
  - I. Evaluate and recommend methods to track national fraud trends.
2. The **Antifraud Education Enhancement (D) Working Group** will:
  - A. Develop seminars, trainings and webinars regarding insurance fraud. Provide three webinars by the 2021 Fall National Meeting.
3. The **Antifraud Technology (D) Working Group** will:
  - A. Review and provide recommendations for the development of an Antifraud Plan Repository to be used by insurers to create and store an electronic fraud plan for distribution among the states/jurisdictions.
  - B. Evaluate sources of antifraud data and propose methods for enhancing the utilization and exchange of information among state insurance regulators, fraud investigative divisions, law enforcement officials, insurers, and antifraud organizations. Complete by the 2021 Fall National Meeting.

NAIC Support Staff: Greg Welker/Lois E. Alexander

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