

# Department of Commerce's Civil Insurance Complaint Investigations

Update to 2022 Evaluation Report

February 2024

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## Problems Identified

- **Inconsistent Antifraud Plan Reviews.** Minnesota statutes require insurers to implement and maintain antifraud plans that outline how they will prevent, report, and cooperate with the prosecution of insurance fraud. Insurers must notify Commerce in writing when they institute or materially modify their antifraud plan. The department did not enforce this notification requirement for all insurers. Statutes *allow* but do not *require* Commerce to review these plans, and three teams in two Commerce divisions reviewed the antifraud plans of a small fraction of Minnesota licensed insurance companies, but did not coordinate these reviews across teams.
- **Lack of Clear, Comprehensive Investigation Policies.** Commerce's Enforcement Division had not adopted written policies to guide certain aspects of its civil insurance complaint investigations. Some written policies that *did* exist did not reflect industry best practices, were poorly communicated, or were not in use. For example, investigators prioritized some civil insurance complaint investigations over others, but written policies did not establish prioritization criteria or timeframes for completing investigations based on prioritization level. The lack of written, clearly communicated policies and case-handling procedures have resulted in inconsistent communication and practices among investigators.

## Changes Implemented

- **Implemented Policy Changes.** Commerce finalized an Enforcement Division Operations Manual and provided training on the procedures in the manual in 2023. The manual contains case prioritization criteria that are associated with specific timeframes and reflect industry best practices. The manual also includes standards for communicating with the individuals and entities involved in investigations, documenting evidence, and maintaining data according to data practices requirements.

## Actions Needed

- **Implement Antifraud Plan Review Improvements.** Commerce reports that the National Association of Insurance Commissioners is in the process of implementing an online Antifraud Plan Repository, which will allow insurers to create and store plans, and provide notifications to and share plans with Commerce. In the interim, Commerce is creating a form for insurers to provide antifraud plan notifications via the department website.
- **Review Department Responsibilities.** The Legislature should review Commerce's legal responsibilities related to antifraud plans to ensure they meet the Legislature's expectations.