



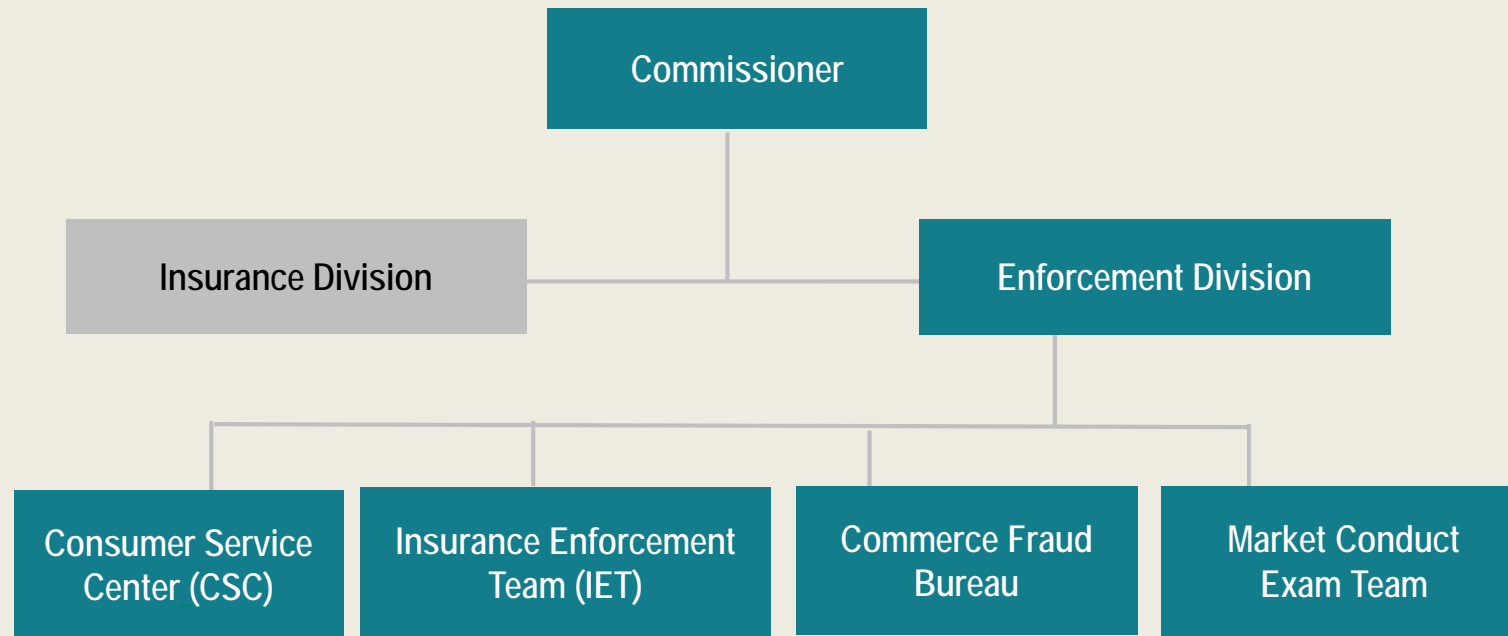
Department of Commerce's Civil Insurance Complaint Investigations

February 7, 2022





Key Findings

- Commerce has not adopted written policies for all civil insurance complaint investigations, leading to inconsistent practices.
- Commerce completed most civil insurance investigations within a reasonable period of time.
- The department does not enforce antifraud plan notification requirements for all insurers.

Structure of Insurance Regulation in Minnesota



Enforcement Division – Insurance Oversight

				
Primary Responsibilities	Consumer Service Center (CSC)	Insurance Enforcement Team (IET)	Commerce Fraud Bureau	Market Conduct Exam Team
	<ul style="list-style-type: none">• Insurance questions• Simple civil investigations	Complex civil investigations	Criminal investigations	Reviews of insurance providers' operations

Fraud Prevention Activities

The Enforcement Division largely focuses on responding to allegations of insurance fraud or misconduct, rather than preventing it.

- Required: Antifraud plan notification
- Not Required: Antifraud plan review

Recommendations

The Legislature should:

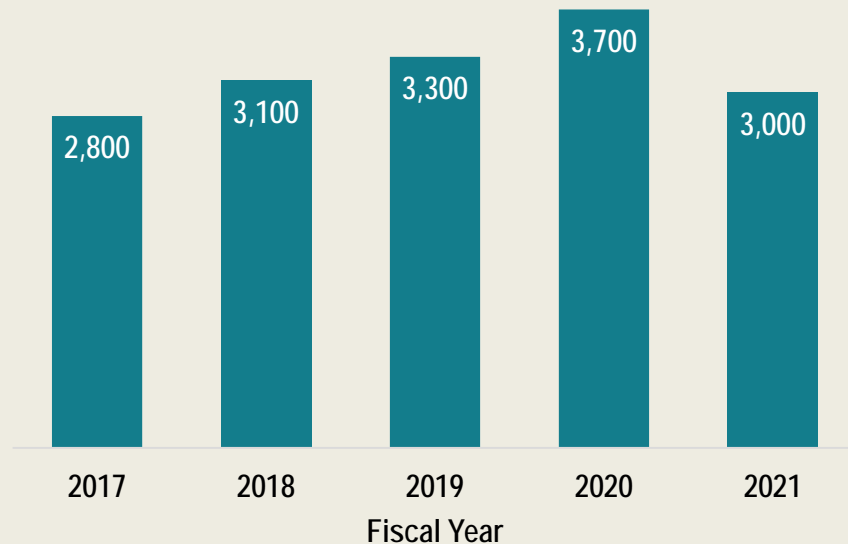
- Review Commerce's responsibilities related to antifraud plans.

The Department of Commerce should:

- Ensure all insurance companies comply with notification requirements.
- Coordinate antifraud plan review efforts across teams.

Civil Insurance Complaints Characteristics

Civil Insurance Complaints Closed By CSC and IET



- Closed about 16,000 complaints in FY 2017-2021
- Complaints were most frequently:
 - Submitted by insured individuals
 - Related to claims handling issues, including denials and delays
 - Regarding auto or accident and health insurance

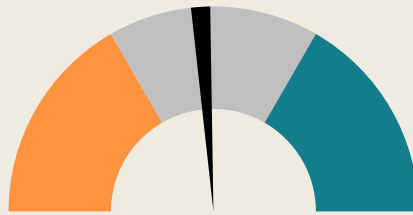
Policies

Commerce has not developed written policies to guide all of its civil insurance complaint investigations:

- Enforcement Division: Draft policies
- IET: No formal policies
- CSC: Formal policies; not well communicated

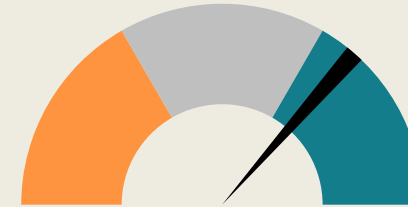
Policies

CSC Policies

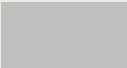


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Enforcement Division Draft Manual



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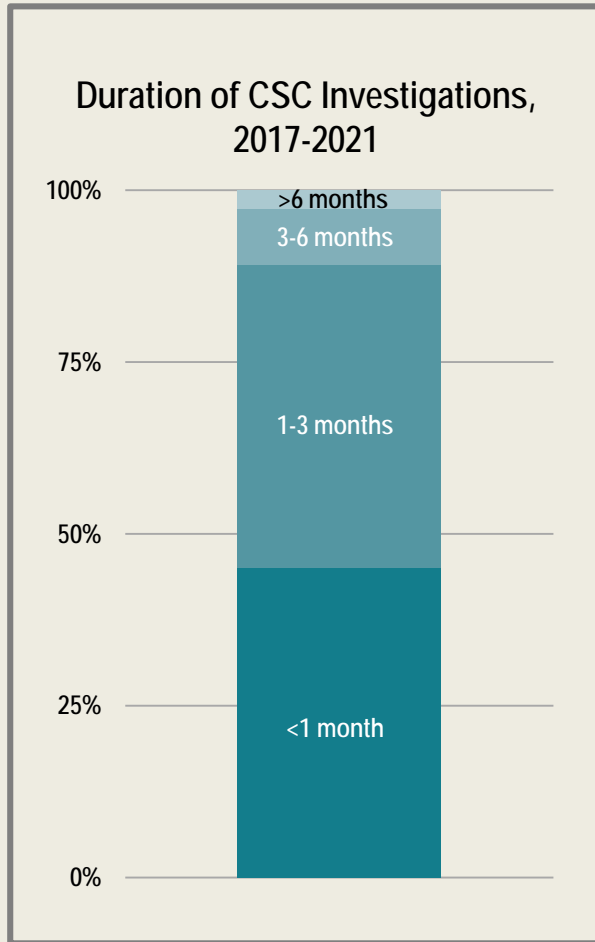
 Few recommendations reflected  Some recommendations reflected  Many recommendations reflected

Policies for investigating civil insurance complaints reflect some, but not all, key National Association of Insurance Commissioners (NAIC) recommendations.

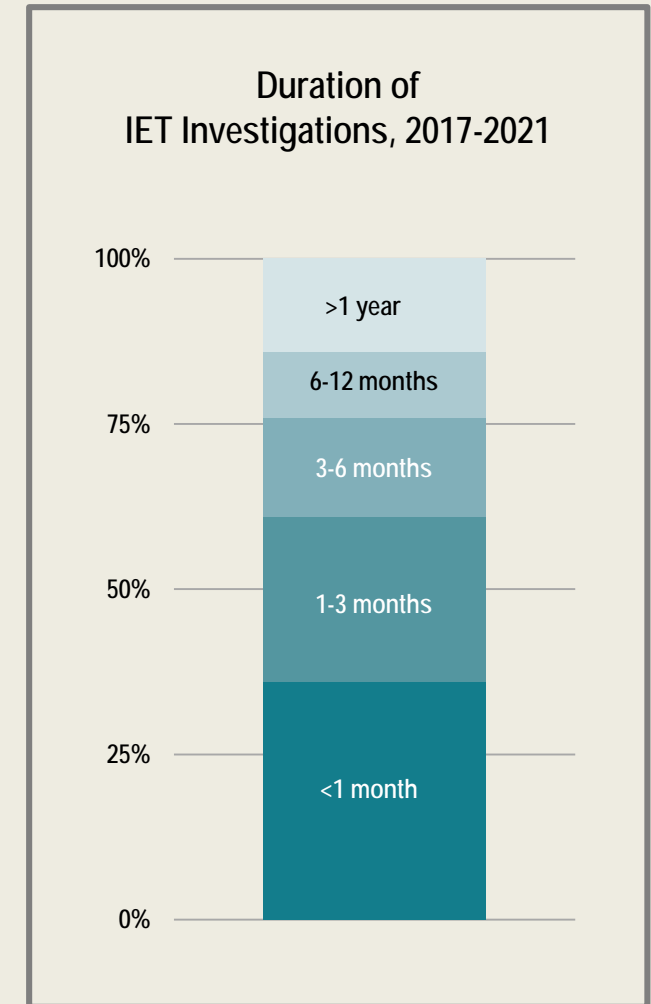
Investigative Activities

- Limited CSC expectations for investigative activities
- IET practices not always consistent:
 - Data on activities not consistently recorded
 - Incomplete documentation

Timeliness



- CSC closed complaints within a median of 35 days.
- IET closed complaints within a median of 58 days.



Communication and Data Practices

- CSC policies do not provide sufficient direction.
- IET does not provide complainants with consistent information after investigations.
- IET and CSC have different communication practices.

Recommendations

The Department of Commerce should:

- Adopt policies for key components of civil insurance investigations.
- Clearly communicate these policies to staff.
- Ensure investigators consistently follow these policies.

Recommendations

The Department of Commerce should establish:

- Formal timelines for completing key investigation activities.
- Written policies for reviewing complaints that are open for an extended period of time.
- Policies for communications with complainants and respondents.

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