

# Inside The D.O.I.



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*A monthly publication of the Idaho Department of Insurance providing an inside look at the state's insurance industry.*

## Update on State Rulemaking Activity for Department of Insurance

The 65th Idaho Legislative session began January 7 and includes a number of individual rule sections that will impact health care and the state insurance industry. At this time, all DOI rule proposals summarized below have passed committees in both the House and Senate and are expected to be approved upon adjournment of the legislature.

**IDAPA 18-0130 – Individual Disability and Group Supplemental Disability Insurance Minimum Standards Rule** – The proposed rule change will require health carriers to provide coverage to children who suffer hearing loss.

**IDAPA 18.01.06 – Rule to Implement Uniform Coverage for Newborn and Newly Adopted Children** – Proposal to modify the language that refers to “premiums” which denotes health coverage only and causes confusion regarding self-funded plans. The correct term is “contribution.”

**IDAPA 18.01.23 – Rules pertaining to Idaho Acquisitions of Control and Holding Company Systems** – Proposal to update language regarding extraordinary dividends of group holding companies and to align rule with existing law.



**IDAPA 18.01.24 – Advertisement of Disability Insurance** – Seeking to modify the rule to eliminate the reference to ‘direct response’ advertising for disability accident and sickness policies.

**IDAPA 18-0154 – Rule to Implement NAIC Medicare Supplement Insurance Standards Model Rule** – Seeking to add definitions for the 2020 Standardized Medicare Supplement Plan and add more detailed sections.

**IDAPA 18.01.62 – Rule Pertaining to Annual Financial Reporting** – Seeking provisions supporting the requirement of an independent internal audit function for large companies or holding groups with over \$500 million in yearly premiums written. The change will require a ‘standard best governance practice’ to maintain solvency and policyholder obligations.

**IDAPA 18.01.70 – Rules Governing Small Employer Health Insurance Availability Act Plan** – Follows House Concurrent Resolution 45 adopted last year to revise language excluding coverage for hearing aids for children and to provide an exception for treatment when medically necessary and involving a congenital anomaly.

## Fire Investigations Increase 9% Statewide in Idaho in 2018

**Home fires claimed the lives of 11 Idahoans this past year. State Fire Marshal says working smoke alarms could have saved most.**

Smoke alarms save lives. This simple, yet highly effective message is one that Idaho State Fire Marshal Knute Sandahl says can never be stressed enough when it comes to surviving a home fire.

“We constantly, daily, remind citizens to install, maintain and check the smoke alarms in their homes,” he said. “All too often we find that smoke alarms are not installed, or batteries have been removed. This can be deadly.”



*“Sadly, nine of these individuals could have survived the event if working smoke alarms had been installed in their residence.”*

*-- State Fire Marshal  
Knute Sandahl*

State investigators combed through 129 fires in Idaho in 2018, an increase of 9 percent over the previous year. The blazes resulted in 11 fire-related fatalities. Authorities recommend a smoke alarm be placed in each sleeping room, outside sleeping areas, in each living space and on every level of a home.

As one of the fastest growing states, Idaho also experienced a 44 percent spike in the number of fire inspections and plan reviews of homes and other structures in 2018.

## 'Consumer Complaints' One of Many Topics DOI Staff Available to Speak On

Dealing with an array of insurance matters daily, staff members from the Idaho Department of Insurance are available to share their expertise and address a variety of insurance industry topics with local groups and businesses at no cost.

DOI employees handle an assortment of insurance-related issues and topics regarding consumer complaints, fraud, licensing, state laws and regulations, Medicare, and even continuing education for insurance industry professionals.

Karl Fromm, a member of the DOI Consumer Affairs department, recently gave a presentation to the National Association of Insurance and Financial Advisors on the process the DOI uses to handle a variety of consumer complaints. The division deals with nearly 1,000 complaints annually, and helps Idaho consumers recover hundreds of thousands of dollars as a result of these inquiries. To schedule a DOI representative to visit your organization or to speak at your function, please call 208-334-4250.

**Ask the DOI >>>**

### ***QUESTION: What are the key components of 'insurance fraud' as defined by Idaho law?***

According to the Idaho Fraud Code, "if there is a lie, meaning 'intent' to defraud or deceive in action for the purpose of gaining the benefit," such action is considered to be insurance fraud. But when it comes to prosecuting acts alleged to be fraudulent, prosecutors must prove two key elements:

#### ***1. The defendant knowingly made a false or misleading statement.***

The key word is "knowingly" – meaning the person charged – intended to make the statement and was fully aware that it was false. Simply not stating the truth is not enough to obtain a conviction.

## DOI Proudly Sponsors Annual Smart Women Smart Money Event

### ***Conference aims to help women empower themselves financially.***

The goal: help women to take control of their finances. The message: "It's never too late or too early to practice financial literacy.

To help inspire women towards financial stability and independence, the Consumer Services Bureau of the Idaho Department of Insurance will be among the many sponsors of the 19th annual Smart Women Smart Money (SWSM) conference, Friday, February 15. The event takes place from 8 a.m. to 4:30 p.m. at the Boise Centre.

The free conference aims to provide women of all ages, from young teen mothers, to those retired or approaching retirement, with the tools and information to enjoy the rewards of financial freedom and stability.

"Whether a woman is the financial decision maker of the household or is suddenly

faced with a financial decision, the conference provides information to empower women with financial knowledge," said Elaine Mellon, who oversees the DOI Consumer Services Bureau.



A host of top, local and national speakers will lead sessions focused on investing, retirement, debt reduction and budgeting. The aim is to help steer women on a "pathway to financial freedom and success."

The gathering will include interactive teaching, hands-on learning opportunities and resources for continuing education. There is no cost to register; sponsors cover all costs for meals and event materials will be provided free of charge. Visit [SWSM](#) for further details and conference information.



#### ***2. The statement is material.***

In this case, 'material' means the false statement must be 'important' to the payment or claim filed. Again, lying during the course of an investigation that does not impact the actual or potential bearing on the outcome of the ongoing case does not constitute fraud.

For investigators, insurance fraud is typically divided into two categories: soft fraud and hard fraud. In a soft fraud case, the claimant 'exaggerates' an existing claim, such as damages to a home or car. But with hard fraud, the individual filing the claim is alleged to have purposefully caused or fabricated a loss in order to collect an insurance payout.

Simply put, insurance fraud is "any act that is committed with the intent to obtain a favorable financial outcome." Because insurance fraud often goes unnoticed, it is hard for investigators to pinpoint exactly how much money is lost due to those who seek ways to cheat the system.

Industry experts believe that more than \$80 billion is lost annually in the U.S. to those who commit insurance fraud. The penalties for those who defraud insurance companies vary widely depending on the state where the prosecution occurred.

**[Consumer Services Bureau](#)  
Idaho Department of  
Insurance  
208-334-4250**

***To report a suspected or known case of insurance fraud, please contact the Idaho Department of Insurance. Investigators from the Consumer Services Bureau can determine if there is enough evidence to open a case.***