

Bulletin 279

Antifraud Plans

The Act to Implement the Recommendations of the Commission to Study Insurance Fraud, P.L. 1997, ch. 675 (L.D. 2174), will take effect on June 30, 1998. Among its provisions is a requirement, set forth at 24-A M.R.S.A. § 2186(5), that every insurer transacting any line of direct insurance business in the State of Maine (including health maintenance organizations, multiple-employer welfare arrangements, and Title 24 nonprofit health carriers) develop and implement an antifraud plan by December 30.

To meet the standards of the law, a plan "must outline specific procedures, appropriate to the lines of insurance the insurer writes in the State, to:

"A. Prevent, detect and investigate all forms of insurance fraud;

"B. Educate appropriate employees on the antifraud plan and fraud detection;

"C. Provide for the hiring of or contracting for fraud investigators; and

"D. Report insurance fraud to appropriate law enforcement and regulatory authorities in the investigation and prosecution of insurance fraud."

The antifraud plan should not be filed with the Bureau of Insurance, but must be maintained by the insurer in written form and be available for review at the Bureau's request.

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