

Sections 1 to 28 are effective July 1, 2002, and apply to persons who sell, solicit, or negotiate insurance in this state for any class or classes of insurance on or after that date. However, a person required to be licensed under Minnesota Statutes, chapter 60K, who holds a valid license under Minnesota Statutes 2000, sections 60K.01 to 60K.20, on July 1, 2002, may continue to sell, solicit, or negotiate insurance in this state under the authority of that license. Upon the expiration of that license, the person shall not sell, solicit, or negotiate insurance in this state for any class or classes of insurance unless the person is licensed in that line of authority under Minnesota Statutes, chapter 60K.

**Sec. 33. REVISOR INSTRUCTION.**

The revisor of statutes is instructed to amend the headnote of Minnesota Statutes, section 62J.535, to read "Uniform Billing Requirements for Claim Transactions."

**Sec. 34. EXPIRATION.**

Section 30 expires June 1, 2003.

**Sec. 35. REPEALER.**

Minnesota Statutes 2000, section 62J.535, subdivision 1, is repealed.

**Sec. 36. EFFECTIVE DATE.**

Sections 7 and 30 are effective the day following final enactment. Section 3 is effective for dividends paid after December 31, 2000.

Presented to the governor April 4, 2002

Signed by the governor April 8, 2002, 4:20 p.m.

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**CHAPTER 331—S.F.No. 3015**

*An act relating to commerce; establishing a division of insurance fraud prevention within the department of commerce to investigate and prosecute insurance fraud; appropriating money; prescribing criminal penalties; amending Minnesota Statutes 2000, sections 60A.951, subdivisions 1, 2, by adding subdivisions; 60A.952, subdivisions 1, 2, by adding subdivisions; 60A.953; proposing coding for new law in Minnesota Statutes, chapters 45; 60A; 609; repealing Minnesota Statutes 2000, section 175.16, subdivision 2; 2002 H.F. No. 2988, sections 30, if enacted, 34, if enacted.*

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

**Section 1. [45.0135] DIVISION OF INSURANCE FRAUD PREVENTION.**

Subdivision 1. CREATION. The division of insurance fraud prevention is established in the department of commerce. The division of insurance fraud prevention shall:

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(1) initiate inquiries and conduct investigations when the division has reason to believe that insurance fraud has been or is being committed;

(2) respond to notifications or complaints of suspected insurance fraud generated by state and local police, other law enforcement authorities, governmental units, including the federal government, and any other person;

(3) review notices and reports of insurance fraud submitted by authorized insurers, their employees, and agents or producers, and to investigate those incidents of alleged fraud that, in its judgment, require further investigation; and

(4) report incidents of alleged insurance fraud disclosed by its investigations to appropriate law enforcement authorities, including, but not limited to, the attorney general, county attorneys, and to any other appropriate law enforcement, administrative, regulatory, or licensing agency, and to assemble evidence, prepare charges, and otherwise assist any law enforcement authority having jurisdiction.

Subd. 2. POWERS. The division of insurance fraud prevention may employ investigators who are certified by the board of peace officers standards and training. The general laws applicable to law enforcement officers of this state are applicable to the investigators. The powers of the division include, but are not limited to, the following powers:

(1) to administer oaths and affirmations, subpoena witnesses, compel their attendance, take evidence, and require production of any books, papers, correspondence, memoranda, agreements, or other documents or records that the division considers relevant or material to an inquiry concerning insurance fraud;

(2) to make arrests for criminal violations established as a result of their investigations; and

(3) to execute arrest and search warrants for the same criminal violations.

Subd. 3. EVIDENCE, DOCUMENTATION, AND RELATED MATERIALS. If the division seeks evidence, documentation, and related materials pertinent to an investigation, and the matter is located outside of this state, the division may designate representatives, including officials of the state where the matter is located, to secure the matter or inspect the matter on its behalf.

Subd. 4. CONFIDENTIALITY AND IMMUNITY. The provisions of chapter 13, including, but not limited to, section 13.82, apply to the classification, disclosure, and collection of data relating to the division of insurance fraud prevention.

Subd. 5. ANNUAL REPORT ON ACTIVITIES AND COST-EFFECTIVENESS. The division of insurance fraud prevention shall maintain records and information in order to produce an annual report of its activities as may be prescribed by the commissioner of commerce. The commissioner shall report annually to the house and senate standing committees with jurisdiction over insurance issues as to the activities of the division and the cost-effectiveness of the programs established by the division.

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Subd. 6. INSURANCE FRAUD PREVENTION ACCOUNT. The insurance fraud prevention account is created in the state treasury. It consists of any appropriations made by law. Money in this fund is appropriated to the commissioner of commerce for the purposes specified in this section and sections 60A.951 to 60A.956.

Sec. 2. Minnesota Statutes 2000, section 60A.951, subdivision 1, is amended to read:

Subdivision 1. **APPLICATION.** The definitions in this section apply to sections 60A.951 to ~~60A.955~~ 60A.956.

Sec. 3. Minnesota Statutes 2000, section 60A.951, subdivision 2, is amended to read:

Subd. 2. **AUTHORIZED PERSON.** "Authorized person" means the county attorney, sheriff, or chief of police responsible for investigations in the county where the suspected insurance fraud occurred; the superintendent of the bureau of criminal apprehension; the commissioner of commerce; the division of insurance fraud; the commissioner of labor and industry; the attorney general; or any duly constituted criminal investigative department or agency of the United States.

Sec. 4. Minnesota Statutes 2000, section 60A.951, is amended by adding a subdivision to read:

Subd. 4a. **INSURANCE POLICY OR POLICY.** "Insurance policy" or "policy" means the written instrument in which are set forth the terms of any certificate of insurance, binder of coverage, or contract of insurance, including a certificate, binder, or contract issued by a state-assigned risk plan; benefit plan; nonprofit hospital service plan; motor club service plan; or surety bond, cash bond, or any other alternative to insurance authorized by the Minnesota Financial Responsibility Act.

Sec. 5. Minnesota Statutes 2000, section 60A.951, is amended by adding a subdivision to read:

Subd. 4b. **INSURANCE PROFESSIONAL.** "Insurance professional" means sales agents, agencies, managing general agents, brokers, producers, claims representatives, adjusters, and third-party administrators.

Sec. 6. Minnesota Statutes 2000, section 60A.951, is amended by adding a subdivision to read:

Subd. 4c. **INSURANCE TRANSACTION.** "Insurance transaction" means a transaction by, between, or among:

(1) an insurer or a person who acts on behalf of an insurer; and

(2) an insured, claimant, applicant for insurance, public adjuster, insurance professional, practitioner who performs professional services as defined by section 319B.02, subdivision 19, attorney, or any person who acts on behalf of any of the foregoing for the purpose of obtaining insurance or reinsurance, calculating insurance premiums, submitting a claim, negotiating or adjusting a claim, or otherwise obtaining

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insurance, self-insurance, or reinsurance, or obtaining the benefits or annuities thereof or therefrom.

Sec. 7. Minnesota Statutes 2000, section 60A.951, is amended by adding a subdivision to read:

Subd. 5a. **PERSON.** “Person” means a natural person, company, corporation, unincorporated association, partnership, professional corporation, and any other entity.

Sec. 8. Minnesota Statutes 2000, section 60A.951, is amended by adding a subdivision to read:

Subd. 5b. **PREMIUM.** “Premium” means consideration paid or payable for coverage under an insurance policy. Premium includes any payment, whether due within the insurance policy term or otherwise; any deductible payment, whether advanced by the insurer or insurance professional and subject to reimbursement by the insured or otherwise; any self-insured retention or payment, whether advanced by the insurer or insurance professional and subject to reimbursement by the insured or otherwise; and any collateral or security to be provided to collateralize any such obligations to pay.

Sec. 9. Minnesota Statutes 2000, section 60A.952, subdivision 1, is amended to read:

Subdivision 1. **REQUEST.** After receiving a written request from an authorized person stating that the authorized person has reason to believe that a crime or civil fraud has been committed in connection with an insurance claim, insurance transaction, payment, or application, an insurer must release to the authorized person all relevant information in the insurer’s possession.

Sec. 10. Minnesota Statutes 2000, section 60A.952, subdivision 2, is amended to read:

Subd. 2. **NOTIFICATION BY INSURER REQUIRED NOTICE TO AND COOPERATION WITH THE DIVISION OF INSURANCE FRAUD PREVENTION.** If an insurer has reason to believe that an insurance fraud has been committed, the insurer shall, in writing, notify an authorized person and provide the authorized person with all relevant information in the insurer’s possession. It is sufficient for the purpose of this subdivision if an insurer notifies and provides relevant information to one authorized person. The insurer may also release relevant information to any person authorized to receive the information under section 72A.502, subdivision 2. Any insurer or insurance professional that has reasonable belief that an act of insurance fraud will be, is being, or has been committed, shall furnish and disclose all relevant information to the division of insurance fraud prevention or to any authorized person and cooperate fully with any investigation conducted by the division of insurance fraud prevention. Any person that has a reasonable belief that an act of insurance fraud will be, is being, or has been committed, or any person who collects, reviews, or analyzes information concerning insurance fraud may furnish and disclose any information in its possession concerning the act to the division of insurance fraud prevention, any authorized person, or to an authorized representative of an insurer that requests the

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information for the purpose of detecting, prosecuting, or preventing insurance fraud. The insurer may also release relevant information to any person authorized to receive the information under section 72A.502, subdivision 2. If disclosure is made to an authorized person other than the division of insurance fraud prevention, a copy of the disclosure must be sent to the division of insurance fraud prevention.

Sec. 11. Minnesota Statutes 2000, section 60A.952, is amended by adding a subdivision to read:

Subd. 4. TOLLING OF TIME PERIODS. If an insurer has a reasonable or probable cause to believe that an insurance fraud has been committed in connection with an insurance claim, and has properly notified the division of insurance fraud prevention of its suspicions according to subdivision 2, the notification tolls any applicable time period in any unfair claims practices statute or related regulations, or any action on the claim against the insurer to whom the claim had been presented for bad faith, until 30 days after determination by the division of insurance fraud prevention and notice to the insurer that the division will not recommend action on the claim.

Sec. 12. Minnesota Statutes 2000, section 60A.952, is amended by adding a subdivision to read:

Subd. 5. REWARD FOR INFORMATION. The division of insurance fraud prevention, in cooperation with authorized insurers and insurance professionals, may establish a voluntary fund to reward persons not connected with the insurance industry who provide information or furnish evidence leading to the arrest and conviction of persons responsible for insurance fraud.

Sec. 13. Minnesota Statutes 2000, section 60A.953, is amended to read:

**60A.953 ENFORCEMENT; REFUSAL TO COOPERATE WITH AN INVESTIGATION.**

The intentional failure to provide relevant information as required by section 60A.952, subdivision 1, or to provide notification of insurance fraud as required by section 60A.952, subdivision 2, is punishable as a misdemeanor. It is unlawful for any person to knowingly or intentionally interfere with the enforcement of the provisions of sections 60A.951 to 60A.956 or investigation of suspected or actual violations of sections 60A.951 to 60A.956 and is punishable as a misdemeanor.

**Sec. 14. [60A.956] OTHER LAW ENFORCEMENT AUTHORITY.**

Nothing in sections 60A.951 to 60A.956 preempts the authority of or relieves the duty of any other law enforcement agencies to investigate and prosecute alleged violations of law, prevents or prohibits a person from voluntarily disclosing any information concerning insurance fraud to any law enforcement agency other than the division of insurance fraud prevention, or limits any of the powers granted elsewhere by the laws of this state to the commissioner of commerce to investigate alleged violations of law and to take appropriate action.

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**Sec. 15. [609.612] EMPLOYMENT OF RUNNERS.**

Subdivision 1. DEFINITIONS. (a) As used in this section, the following terms have the meanings given.

(b) "Public media" means telephone directories, professional directories, newspapers and other periodicals, radio and television, billboards, and mailed or electronically transmitted written communications that do not involve in-person contact with a specific prospective patient or client.

(c) "Runner," "capper," or "steerer" means a person who for a pecuniary gain procures patients or clients at the direction of, or in cooperation with, a health care provider when the person knows or has reason to know that the provider's purpose is to fraudulently perform or obtain services or benefits under or relating to a contract of motor vehicle insurance. The term does not include a person who procures clients through public media.

Subd. 2. ACT CONSTITUTING. Whoever employs, uses, or acts as a runner, capper, or steerer is guilty of a felony and may be sentenced to imprisonment for not more than three years or to a payment of a fine of not more than \$6,000, or both. Charges for any services rendered by a health care provider, who violated this section in regard to the person for whom such services were rendered, are noncompensable and unenforceable as a matter of law.

**Sec. 16. TRANSFER OF POWERS.**

The powers and duties of the department of labor and industry under Minnesota Statutes, section 175.16, subdivision 2, are transferred to the division of insurance fraud prevention of the department of commerce. The provisions of Minnesota Statutes, section 15.039, apply to this transfer of powers.

**Sec. 17. REPEALER.**

Minnesota Statutes 2000, section 175.16, subdivision 2, is repealed.

**Sec. 18. REPEALER.**

Sections 30 and 34 of 2002 H.F. 2988, if enacted, are repealed effective retroactive to their date of enactment.

**Sec. 19. EFFECTIVE DATE.**

Sections 16 and 17 are effective July 1, 2003.

Presented to the governor April 9, 2002

Signed by the governor April 10, 2002, 3:05 p.m.

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**CHAPTER 332—H.F.No. 2719**

*An act relating to higher education; providing for registration of agents of student athletes;*

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