

Section 11:16-6.5 - Training program and manual for the prevention and detection of fraud

(a) The requirements with respect to fraud prevention and detection training programs are set forth in this subsection. Except for automobile insurers that insure fewer than 2,500 New Jersey automobile policies and health insurers that insure fewer than 10,000 lives, the plan shall provide anti-fraud education for SIU investigators, SIU specialists, claims adjusters, and underwriters that shall include a detailed and comprehensive program of insurance fraud awareness and education to prepare claims adjusting and underwriting personnel for insurance fraud prevention and detection.

1. The training program shall include Basic Entry Level Training and Continuing Education Training for all adjusters, claims processors, underwriters, SIU investigators, and SIU specialists, and shall be submitted to and approved by the Department. The Continuing Education Training instructions format may be classroom instruction, self-guided instruction, videotape, seminar, computer based, or by any other means.

2. The training programs referred to in (a)1 above shall be provided as follows:

i. In the case of automobile insurers, training shall include, but not be limited to, the following areas as appropriate: automobile theft investigations, automobile property damage and fire investigations, personal injury protection investigations, bodily injury liability claim investigation, statutory requirements for fraud referrals, techniques for the identification of fraudulent applications for coverage, insurance rate making practices, tier rating plans used by the insurer, PIP medical expense benefits and medical treatment protocols and precertification plans, and current indicators of fraud.

ii. In the case of health insurers, training shall include, but not be limited to, the following areas as appropriate: overcharging and overpayment detection, claims processing guidelines, medical coding, duplicate bills, excessive charges, unnecessary services or supplies, over-utilization, services never rendered, miscoded or misleading claim information, hospital inpatient or outpatient billing abuse or inappropriate commitment or confinement, abusive or fraudulent referrals, statutory requirements dealing with fraud referrals, techniques for the identification of fraudulent applications for coverage, the type, methods of service and operating procedures of various health insurers, and current indicators of fraud.

iii. Each company shall submit for approval the Basic Entry Level Training, which shall be no less than nine hours of classroom instruction for SIU personnel and no less than four and one-half hours of classroom instruction for non-SIU personnel. Continuing Education Training shall be no less than nine hours of training per year for SIU personnel and no less than two hours per year for claims and underwriting personnel. Basic Entry Level Training shall be given to all employees within 180 days from the commencement of their employment at each of these positions: underwriters, adjusters, claims processors, SIU investigators, or SIU specialists. The no less than two hours of continuing education training provided to non-SIU personnel shall emphasize the responsibility of all employees to identify and report indications of internal and external fraud to the proper authority.

(b) The requirements with respect to fraud prevention and detection procedures manuals are set forth in this subsection. Except for insurers which insure fewer than 2,500 New Jersey automobile policies, or

health insurers fewer than 10,000 lives, the plan shall provide a fraud prevention and detection procedure manual and disseminate it to, or make it available to, as appropriate, all SIU, claims adjusters, and underwriting personnel. The fraud prevention and detection procedure manual shall include, at a minimum, the following:

1. Information for claim adjusters, underwriting personnel, SIU investigators and SIU specialists regarding general investigation guidelines; unfair claims practices; conducting interviews; report writing; information disclosure; law enforcement relations; and the New Jersey Insurance Fraud Prevention Act;
2. The process to be employed for reporting to OIFP when specific facts and circumstances are identified, in connection with a claim or application, which upon further SIU investigation leads to a reasonable conclusion that a violation of 17:33A-4 has occurred;
3. For automobile insurers, the "fraud indicators" used for automobile theft, automobile physical damage fraud, personal injury claims fraud, bodily injury claims fraud, and application fraud;
4. For health insurers, "fraud factors" or "indicators" for health fraud, application fraud, and claims fraud;
5. The duties and functions of the SIU;
6. The procedure for referral of a claim or application to the SIU;
7. The post-referral procedure for communication between the claims unit and/or the underwriting unit and the SIU regarding claim resolution and file closure;
8. All update pages for the protocol, training program, and procedure manual shall include a description of the content being updated, the page number, and its effective date;
9. Hard copy procedure manuals shall include version/filing numbers in footers along with page numbering and a table of contents;
10. Internet-based procedure manuals shall provide home pages displaying hyperlinks or other navigation to the required content; and
11. Updates shall be referenced in hard copy and Internet manuals.

(c) As used in (b) above:

1. "Unfair claims practices" is understood to include copies of or valid hyperlinks to both:
 - i. 17B:30-13 and N.J.A.C. 11:2-17, Unfair Claim Settlement Practices, (health insurers); and
 - ii. 17:29B-4(9) and N.J.A.C. 11:2-17, Unfair Claim Settlement Practices, (property/casualty);
2. "New Jersey Insurance Fraud Prevention Act" is understood to include copies of or valid hyperlinks to both:
 - i. 17:33A-1 et seq., New Jersey Insurance Fraud Prevention Act; and
 - ii. N.J.A.C. 11:16-6, Fraud Prevention and Detection; and
3. "Information disclosure" is understood to include copies of or valid hyperlinks to:

- i. P.L. 106-102, Gramm-Leach-Bliley;
- ii. P.L. 104-191, Health Insurance Portability and Accountability Act of 1996;
- iii. 56:11-44 et seq., Identity Theft Prevention Act;
- iv. 17:23A-13, Disclosure limitations and conditions; and
- v. N.J.A.C. 13:45F, Identity Theft.

(d) Specimen formats of the anti-fraud prevention and detection protocol, anti-fraud prevention and detection training program, and anti-fraud prevention and detection procedure manual are available for viewing on-line at http://www.state.nj.us/dobi/division_consumers/insurance/mceu.html.

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Amended by R.2014 d.035, effective February 18, 2014.

See: 45 N.J.R. 1989(a), 46 N.J.R. 358(a).

Rewrote the section.