

New Law in Minnesota Add More Anti-Fraud Measures

By: Coalition Against Insurance Fraud

Minnesota has added new powers to lodge civil actions against insurance fraudsters and kick swindlers out of the insurance system, the Coalition Against Insurance Fraud announced.

The strong anti-fraud measures became law when Gov. Mark Dayton signed a larger omnibus bill containing the provisions into law Sunday.

“These powers will add teeth to the state’s anti-fraud effort by injecting penalties that can empty the wallets of swindlers who try to rip off the insurance system,” said Howard Goldblatt, the Coalition’s director of government affairs.

Dayton vetoed the original bill recently. The legislature held a special session to resolve his differences over measures unrelated to fraud fighting. The result was a shorter bill that included the anti-fraud measures.

Insurance fraud has become a major problem in areas of Minnesota. Organized rings have infiltrated the state, defrauding auto insurers with large claims for bogus treatment involving setup vehicle wrecks. The new anti-fraud powers were aimed in part at these operations.

Civil actions are potent anti-fraud measures. The state commerce department gains flexibility to take swift action without waiting for the often slow-moving criminal justice system to prosecute. Large civil fines also can bankrupt swindlers and deter others.

Kicking dishonest providers out of the insurance system can choke off their primary source of income. Many swindlers are out of business when deprived of the ability to lodge false insurance claims against insurers.

Fraud fighters have lobbied for two years to enact the crime-fighting provisions. The Coalition had recommended them to legislators two years ago. They were drafted into proposals, and added this year to the large omnibus bill. The Coalition also mounted a grassroots letter-writing campaign urging fraud fighters to have their legislators to support the bill.

“The new anti-fraud provisions send strong signals to the criminal underworld that Minnesota is becoming a high-risk state with dwindling prospects of illegal profits,” Goldblatt said.

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