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John Choi: Insurance fraud: Time for Minnesota to take a strong stand

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Recently, I was proud to stand alongside Democrats, Republicans, law enforcement, the National Insurance Crime Bureau and the Insurance Federation of Minnesota at the state Capitol to support a bipartisan, common-sense bill that will help combat insurance fraud in Minnesota.

Although it doesn't always make the headlines, this white collar crime is all too common in our state. An analysis of questionable insurance claims by the NICB in Minnesota indicates a significant increase in medical fraud schemes — namely, overzealous solicitation of patients and either faked or grossly exaggerated injuries and billings. Additional problem areas include staged auto accidents and collusion among fraudulent medical providers, lawyers and others hired to take advantage of unsuspecting claimants.

What's worse? Some of these activities are the product of organized crime rings.

Insurance fraud is a very difficult crime to detect and prosecute, yet it affects most every Minnesotan. According to the Coalition Against Insurance Fraud, the average Minnesota family pays more than \$1,400 a year in higher insurance premiums and other costs because of this fraudulent activity. It's such an important issue that I've worked over the past three years to identify and champion solutions like those a bipartisan group of legislators is working to adopt.

Minnesota is targeted by out-of-state organized crime rings that have moved here specifically to engage in insurance fraud. This robs innocent Minnesotans of their hard-earned money. Suspicious vehicle accidents and related questionable medical claims have spiked significantly; in fact, insurance fraud costs us \$30 billion annually in the United States and is the second-most-costly white collar crime behind tax evasion.

For these reasons, I have advocated with DFL and Republican legislators the past several years to pass bipartisan legislation that protects consumers, provides fraud investigators and prosecutors the resources and tools needed to hold offenders accountable and takes steps to prevent insurance fraud.

Such legislation, SF782/HF864, was carefully crafted by a bipartisan group of legislators after months of research, public testimony and expert technical advice on the issue. It is also supported by the Minnesota County Attorneys Association, whose members end up prosecuting these cases when there are criminal violations.

This legislation gives regulators additional tools necessary to fight this costly crime by adding a civil penalty to the insurance fraud statute, reasonably limiting solicitation of accident victims by unscrupulous medical providers and lawyers and prohibiting anyone convicted of insurance fraud from being paid by an insurance company. These common-sense measures have been successfully passed into law in other states that saw similar fraudulent activities victimizing their residents. Minnesota owes its residents no less.

In addition, more investigative and prosecution resources need to be devoted to this problem. That is why I have also been a strong proponent of fully restoring the state's auto theft fund and expanding it to include combating insurance fraud. SF1038/HF1290 would return the estimated \$1.3 million in revenue generated by the \$1 annual fee we all pay on our auto insurance premiums to a dedicated account to prevent auto theft and insurance fraud. Instead of the status quo, which uses a large portion of your surcharge money to balance the general fund, we can put it to something that will keep our insurance rates down as was originally intended by lawmakers.

I encourage you to contact your legislators to let them know you support both SF782/HF864 and SF1038/HF1290 to help protect Minnesota consumers from insurance fraud and enhance law enforcement resources dedicated to combating this crime.

John Choi is Ramsey County attorney.

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