

Background Information on Commerce Department Division of Insurance Fraud Prevention

The Division of Insurance Fraud Prevention was established in the Department of Commerce in 2002 (Laws 2002, Ch. 331, Sec. 1). The division was charged with:

- initiating inquiries and conducting investigations when the division has reason to believe that insurance fraud has been or is being committed,
- responding 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,
- reviewing notices and reports of insurance fraud submitted by authorized insurers, their employees, and agents or producers,
- investigating those incidents of alleged fraud that, in its judgment, require further investigation,
- reporting incidents of alleged insurance fraud disclosed by its investigations to appropriate law enforcement authorities, and
- assembling evidence, preparing charges, and otherwise assisting any law enforcement authority having jurisdiction.

To perform these duties, the Insurance Fraud Prevention Division of the Department of Commerce was authorized to employ investigators in 2002 who were certified by the Peace Officer Standards and Training Board and those investigators were covered by the general laws applicable to law enforcement officers.

In 2004 (Laws 2004, Ch. 269, Art. 1), the Insurance Fraud Division of the Department of Commerce was substantially revised. The Commerce Commissioner was empowered to appoint peace officers and to establish a law enforcement agency. The division is authorized to conduct investigations and make arrests with or without a warrant, and retained the same duties as under the 2002 law. The Division of Insurance Fraud Prevention has both primary and secondary responsibility for arrests and investigations and must coordinate its investigations with other law enforcement agencies. The Commissioner of Commerce was also empowered to employ a full-time peace officer as the chief law enforcement officer in charge of the division, which must have full-time managerial employees and which must function under all law enforcement operations and management statutes and administrative rules.