



STATE OF ILLINOIS  
DEPARTMENT OF INSURANCE  
320 WEST WASHINGTON STREET  
SPRINGFIELD, ILLINOIS 62767-0001

CC: Johnson ✓  
Dixon  
File  
Law

ROD R. BLAGOJEVICH  
GOVERNOR

J. ANTHONY CLARK  
DIRECTOR

January 20, 2004

National Insurance Crime Bureau  
10330 South Roberts Road  
Palos Hills, IL. 60465

Attention: Thomas P. Dixon

Re: Memorandum of Understanding between Department of Insurance  
and National Insurance Crime Bureau (NICB)


Dear Mr. Dixon,

This letter encloses the signed Memorandum of Understanding (MOU) between the Department of Insurance and the National Insurance Crime Bureau. The MOU designates NICB as the repository and developer of a database for questionable insurance claims within the State of Illinois.

The Department desires that NICB make arrangements to meet with staff to discuss the day to day working of this agreement. Mr. Michael W. Hessler, Deputy Director Consumer Division, has designated Don Wulf, Assistant Deputy Director, Cost Containment Section as our person who will act as liaison with NICB.

The Department looks forward to a long productive working relationship and we will meet at your earliest convenience. Mr. Wulf may be reached at 217-785-1680 ([don\\_wulf@ins.state.il.us](mailto:don_wulf@ins.state.il.us)) or at our regular mailing address.

Very truly yours,

  
Dale Emerson, CPCU, CIE  
Assistant Deputy Director

CC: Michael W. Hessler  
Don Wulf

**MEMORANDUM OF UNDERSTANDING  
BETWEEN  
THE ILLINOIS DEPARTMENT OF INSURANCE  
AND THE NATIONAL INSURANCE CRIME BUREAU**

**THIS MEMORANDUM OF UNDERSTANDING** ("MOU") constitutes an agreement between the Illinois Department of Insurance ("DOI") and the National Insurance Crime Bureau ("NICB") concerning the DOI's decision to officially designate the NICB as the repository and developer of a database for questionable insurance claims (the "Database") within the State of Illinois (the "State").

The National Insurance Crime Bureau is a national organization supported by approximately 1,000 property and casualty insurers. The NICB was formed as a not-for-profit corporation in the State of Illinois on June 2, 1991. On September 9, 1991, the Internal Revenue Service issued a determination letter stating that the NICB is exempt from federal taxation as a social welfare organization under Section 501(C)(4) of the Internal Revenue Code. As organized, the purposes of the NICB are civic and educational. Part of this mission as enumerated in the NICB By-Laws is "to gather pertinent information and data with respect to insurance-related crime and fraud and disseminate such information and data to its members, public officials and law enforcement officials consistent with applicable law." Being named as the entity which will collect questionable insurance claims will assist the NICB in the fulfillment of its mission.

**PURPOSE**

The purpose of this MOU is to outline the responsibilities of the DOI and the NICB in the development, maintenance and use of the Database. In addition, this MOU will formalize the relationship between the DOI and the NICB (the "parties") with respect to policy, planning and procedure and clarify the role of each organization.

**GOAL**

The goal of this cooperation between the parties is to establish a repository and create a questionable claims database for the State. The ultimate reason for and goal of the project of mandatory reporting of questionable claims is to determine whether an insurance fraud problem exists in the State and to determine if the establishment of an insurance fraud bureau is warranted at this time.

**AUTHORITY**

Public Act 92-0233 (the "Act"), which became effective on January 1, 2002, requires insurance companies, insurance support organizations and self-insured entities to report questionable insurance claims and application or premium fraud to an entity as designated by the Director of the Illinois Department of Insurance. The NICB is now that designee, pursuant to correspondence dated April 18, 2002 from the Deputy Director of the DOI which advised of the DOI's decision to name the NICB as such.

### **NICB RESPONSIBILITIES**

- a. Through the NICB Fraud Bureau Reporting Program the NICB currently has a mechanism in place to allow the insurance industry to electronically transmit questionable claim information. Using this mechanism, the NICB will collect the data and ensure that the claim information confirms to the guidelines set forth in the Act.
- b. The NICB will ensure that the information gathered will be kept confidential and that it will only be forwarded to those agencies designated in the Act.
- c. The NICB will, on a timely basis, forward reports to the DOI regarding the data being received, with time frames for and format of the reports to be agreed upon at a future date.
- d. The NICB will adhere to a strict Privacy and Security Policy to protect the integrity of the collected data.
- e. The NICB will not sell or resell any of the data it collects or maintains pursuant to this MOU.
- f. The NICB will audit member company access to the Database.

### **DOI RESPONSIBILITIES**

- a. The DOI will give NICB reasonable notice prior to requesting data reports and or data runs regarding the questionable claims information.

### **DURATION AND SCOPE**

- a. This MOU shall be effective on the date of acceptance by the DOI, as signified by the signature below of an authorized DOI representative, and shall terminate only if, or when, the DOI determines that it no longer requires the services of the NICB. If the NICB becomes unable to provide the services defined in this MOU it shall give prompt notice to the DOI with reasonable explanation as to its inability to perform. The DOI shall not unreasonably withhold acceptance of any NICB notice of termination.
- b. NICB and its employees shall have no authority, actual or implied, to obligate and/or bind the DOI to any contractual obligation, and obligations so made are the sole responsibility of NICB and not the DOI. The DOI and its employees shall have no authority, actual or implied, to obligate and/or bind the NICB to any contractual obligation, and obligations so made are the sole responsibility of the DOI and not the NICB.

### **INDEMNIFICATION**

- a. The NICB shall indemnify and hold harmless the DOI, its employees, officers, agents and representatives, past, current and future, against any and all claims, causes of

action, judgment fees, personal injuries and any action, whether in tort or in contract, that may arise out of this MOU resulting from NICB's negligence or misuse of the Database including, but not limited to, reasonable attorneys' fees. NICB shall notify the DOI immediately of any such claims.

- b. The DOI assumes no liability for the actions of NICB and is unable to indemnify or hold NICB or any third-party harmless for claims based on this Agreement or use of NICB provided services. Unless provided by law, NICB is not eligible for indemnity under the State Employee Indemnification Act (5 ILCS 350/1). The State's liability for damages is expressly limited by and subject to the provisions of the Illinois Court of Claims Act (705 ILCS 505/1) and to the availability of suitable appropriations.
- c. Neither party hereto shall be liable for incidental, special or consequential damages.

#### **NOTICES**

Any notice required or permitted to be given under this Agreement, and all correspondence regarding changes to the Agreement, changes relating to the Records or the data elements included on the Records, shall be sent by certified mail, return receipt requested, and addressed to:

If to the DOI:

Illinois Department of Insurance  
320 West Washington St.  
Springfield, IL 62767-0001  
Attn: Michael Hessler, Deputy Director

If to the NICB:

National Insurance Crime Bureau  
10330 S. Roberts Road  
Palos Hills, Illinois 60465  
Attention: Robert M. Bryant, President and Chief Executive Officer

#### **GOVERNING LAW**

This Agreement shall be construed and enforced in accordance with the laws of the State of Illinois.

#### **SEVERABILITY**

If any provision of this Agreement is held to be illegal, invalid or unenforceable, the remaining terms shall not be affected. This Agreement shall be interpreted as if the illegal, invalid or unenforceable provision had not been included in it, and the illegal, invalid or unenforceable provision shall be replaced by a mutually acceptable provision, which, being valid and enforceable comes closest to the intention of the parties underlying the invalid or unenforceable provision.

**LEGAL EFFECT**

This MOU is a formal expression of the purpose and intent of the parties. This MOU does not confer, grant, or authorize any rights, privileges, or obligations on any persons other than the undersigned parties and their official representatives.

**IN WITNESS WHEREOF**, the parties hereto have executed this Agreement as of the dates below written.

**ILLINOIS DEPARTMENT OF INSURANCE**

By: *J. G. Old*

Its: Director

Date: 1/14/04

**NATIONAL INSURANCE CRIME BUREAU**

By: *Franklin Bryant*

Its: President / CEO

Date: 1/6/04