

BILL ANALYSIS

Senate Research Center
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S.B. 918
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Business & Commerce
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Under current law, insurers are required to report suspected, anticipated, or completed fraudulent insurance acts to the Texas Department of Insurance Fraud Unit (TDI Fraud Unit), or another authorized government agency. Insurers that are members of an organization primarily dedicated to the detection, investigation, and prosecution of insurance fraud can report fraudulent insurance acts to the organization. The organization has a duty to report this information to the TDI Fraud Unit or other authorized agency on behalf of the insurer.

Under Section 701.052 (Immunity for Furnishing Information Relating to a Fraudulent Insurance Act), Insurance Code, as it currently exists, limited immunity from libel or slander in a civil action is provided to persons reporting suspected, anticipated, or completed fraudulent insurance acts if the information is provided to: an authorized government agency or the TDI Fraud Unit; a law enforcement officer or agent of the officer; the National Association of Insurance Commissioners; a state or federal agency established to prevent fraudulent insurance acts; or a special investigative unit of an insurer or entity that contracts with an insurer to investigate suspected fraudulent insurance acts. S.B. 918 adds a person who is a member of an organization primarily dedicated to the detection, investigation, and prosecution of insurance fraud as provided in Section 701.051(c) (relating to an organization primarily dedicated to the detection, investigation, and prosecution of insurance fraud), Insurance Code

As proposed, S.B. 918 amends current law relating to immunity for reporting insurance fraud.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 701.052(a), Insurance Code, as follows:

(a) Provides that a person is not liable in a civil action, including an action for libel or slander, and a civil action may not be brought against the person, for furnishing information relating to a suspected, anticipated, or completed fraudulent insurance act if the information is provided to certain entities, including an organization described by Section 701.051(c) (relating to an organization primarily dedicated to the detection, investigation, and prosecution of insurance fraud), if the person is a member of the organization and, either, the person has reported the information as required by Section 701.051(a) (relating to reporting a fraudulent insurance act to certain agencies), or the organization has reported the information to the insurance fraud unit as required by Section 701.051(c) on behalf of the person and in a manner that fully complies with the person's obligations under Section 701.051(a).

SECTION 2. Makes application of the change in law made by this Act to the furnishing of information described by Section 701.052(a), Insurance Code, as amended by this Act, prospective.

SECTION 3. Effective date: September 1, 2011.