

# Texas Department of Insurance Fraud Unit

Authority provided within Texas Insurance Code (TIC) Article 1.10D §2(a):

- \* “The Insurance Fraud Unit is created in the Texas Department of Insurance (TDI) to enforce laws relating to fraudulent insurance acts.”

TIC Article 1.10D §1 (a) (2) defines a “Fraudulent Insurance Act” as an act that is a violation of any penal law and that:

- (A) is committed or attempted to be committed while engaging in the business of insurance or as part of or in support of an insurance transaction; or
- (B) is part of an attempt to defraud an insurer.

In accordance with TIC Article 1.10D §4, suspected insurance fraud is required to be reported to TDI's Fraud Unit. Information sources include:

- \* Insurers
- \* Consumers
- \* Law enforcement

A fraud report may contain:

- \* Limited data, (submitted to the Unit for information purposes only), or
- \* Detailed information about the suspected fraudulent activity (sufficient to decide whether or not to open a criminal investigation).
- \* Fraud reports opened into a criminal investigation are pursued for the purpose of submitting a completed investigation report to a state or federal prosecutor for prosecution.

Fraud Unit investigators conduct criminal investigations of the following types of insurance fraud:

- \* **Claim fraud:** fraudulent claims submitted to an insurer. This form of insurance fraud is committed or attempted by a claimant, service provider, or medical provider against a property/casualty, life, or health insurer.
  
- \* **Insurer fraud:** fraudulent activity by persons engaged in the insurance business. Fraud may involve conversion of premiums, officer and director fraud, company fraud or unauthorized (unlicensed) insurance activities.

Pursuant to the Texas Labor Code, Sec. 414.005, the Texas Workers Compensation Commission's (TWCC) Investigation Unit is charged with the responsibility for conducting investigations of workers compensation insurance fraud.

# **TDI Fraud Unit and TWCC Initiatives**

TDI and TWCC cooperate by offering a toll-free hotline (888-327-8818) for the public to report suspected insurance fraud.

- \* Active since September 2000.
- \* Hotline telephone number is listed on TDI's website, on posters distributed to businesses, and publicized in statewide media.
- \* Approximately 40 calls per month are directed to TWCC.

Suspected workers compensation insurance fraud is also reported to TDI's Fraud Unit by insurers, consumers, and law enforcement as required by TIC Article 1.10D Sec. 4. These reports are entered into a Fraud Unit database and if appropriate, cases involving workers compensation fraud are forwarded to the TWCC Investigation Unit.

TDI and TWCC share a common interest in the identification and investigation of medical providers who may be suspected of participating in schemes to defraud insurers.

TDI and TWCC have enhanced communications between investigative divisions for the purpose of pursuing criminal investigations of provider claim fraud committed against insurers.

- \* Monthly meeting between TWCC and TDI investigative divisions' management,
- \* Procedures for joint criminal investigations and sharing investigative information as appropriate,
- \* Share specialized database resources, such as All Claims Database (ISO) and Juicer (TWCC database), between investigative divisions of TDI and TWCC,

- \* Formal meetings between investigative divisions of TWCC and TDI with representatives from several of the State's medical provider licensing agencies,
- \* TWCC's investigative division is included in quarterly meetings between TDI's Fraud Unit and prosecutors from the Travis County D.A's office,
- \* TDI Fraud Unit and TWCC Investigative Division participate in the Texas Committee on Insurance Fraud (TCIF). TCIF is a group of interested parties including, insurance industry, government and anti-fraud organizations with the common goal of fighting insurance fraud.