

By: Thompson

H.B. No. 2388

A BILL TO BE ENTITLED

AN ACT

relating to insurance fraud reporting requirements.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 701.051(a), Insurance Code, as effective April 1, 2005, is amended to read as follows:

Not later than the 30th day after the date the person makes the determination or has reasonable grounds for suspicion, a ~~[(a)]~~ A] person who determines or reasonably suspects that a fraudulent insurance act has been or is about to be committed:

(1) shall report the information in writing to the insurance fraud unit of the department; and

(2) may also report the information to another ~~[or an]~~ authorized governmental agency ~~[not later than the 30th day after the date the person makes the determination].~~

SECTION 2. Section 701.108, Insurance Code, as effective April 1, 2005, is amended to read as follows:

Sec. 701.108. ~~[INSURER'S]~~ DUTY TO PROVIDE INFORMATION. On the written request of an authorized governmental agency, an insurer, or a person authorized to act on behalf of the insurer, shall provide to the agency any relevant information or material relating to a matter under investigation.

SECTION 3. Section 701.109, Insurance Code, as effective April 1, 2005, is amended to read as follows:

Sec. 701.109. REQUEST FOR INVESTIGATION BY INSURER. (a) An

1 insurer who conducts [~~must complete~~] an independent investigation
2 of suspected insurance claim fraud is not required to complete that
3 investigation [~~and draft a report of the insurer's findings~~] before
4 requesting that the commissioner conduct an investigation.

5 (b) The insurer shall draft a report of the insurer's
6 findings and [~~must~~] submit the report and any [~~the~~] related
7 investigation file to the commissioner as soon as practicable on
8 the conclusion [~~as part~~] of the insurer's independent [~~request that~~
9 ~~the commissioner conduct an~~] investigation.

10 SECTION 4. Sections 701.151(a) and (b), Insurance Code, as
11 effective April 1, 2005, are amended to read as follows:

12 (a) Information or material acquired by the department that
13 is relevant to an investigation by the insurance fraud unit is
14 privileged and is not a public record [~~for the period the~~
15 ~~commissioner considers reasonably necessary to:~~

16 [~~(1) complete the investigation,~~

17 [~~(2) protect the person under investigation from~~
18 ~~unwarranted injury, or~~

19 [~~(3) serve the public interest~~].

20 (b) The information or material is not subject to a subpoena
21 by another governmental entity, other than a grand jury subpoena,
22 unless, [~~until:~~

23 [~~(1) the information or material is released for~~
24 ~~public inspection by the commissioner, or~~

25 [~~(2)~~] after notice and a hearing, a district court
26 determines that obeying the subpoena would not jeopardize the
27 public interest and any investigation by the commissioner.

1 SECTION 5. Sections 701.051(b), 701.052(f), 701.151(c),
2 and 701.154(c), Insurance Code, as effective April 1, 2005, are
3 repealed.

4 SECTION 6. This Act takes effect September 1, 2005.