

1-1 By: Thompson (Senate Sponsor - Fraser) H.B. No. 2388
1-2 (In the Senate - Received from the House May 16, 2005;
1-3 May 17, 2005, read first time and referred to Committee on Business
1-4 and Commerce; May 19, 2005, reported favorably by the following
1-5 vote: Yeas 9, Nays 0; May 19, 2005, sent to printer.)

1-6 A BILL TO BE ENTITLED
1-7 AN ACT

1-8 relating to insurance fraud reporting requirements.

1-9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-10 SECTION 1. Section 701.051, Insurance Code, is amended to
1-11 read as follows:

1-12 Sec. 701.051. DUTY TO REPORT. (a) Not later than the 30th
1-13 day after the date the person makes the determination or reasonably
1-14 suspects that [A person who determines] a fraudulent insurance act
1-15 has been or is about to be committed in this state, the person:

1-16 (1) shall report the information in writing to the
1-17 insurance fraud unit of the department, in the format prescribed by
1-18 the fraud unit or by the National Association of Insurance
1-19 Commissioners; and

1-20 (2) may also report the information to another [or an]
1-21 authorized governmental agency [not later than the 30th day after
1-22 the date the person makes the determination].

1-23 (b) A report made to [one authorized governmental agency or]
1-24 the insurance fraud unit [department] constitutes notice to each
1-25 other authorized governmental agency [and the department].

1-26 (c) A person who is a member of an organization primarily
1-27 dedicated to the detection, investigation, and prosecution of
1-28 insurance fraud fully complies with the person's obligations under
1-29 Subsection (a) by authorizing the organization to report on the
1-30 person's behalf information required to be reported under
1-31 Subsection (a). The person retains any liability resulting from
1-32 the failure of the organization to report in a manner that complies
1-33 with Subsection (a).

1-34 SECTION 2. Section 701.109, Insurance Code, is amended to
1-35 read as follows:

1-36 Sec. 701.109. REQUEST FOR INVESTIGATION BY
1-37 INSURER. (a) An insurer who conducts [must complete] an
1-38 independent investigation of suspected insurance [claim] fraud is
1-39 not required to complete that investigation [and draft a report of
1-40 the insurer's findings] before requesting that the commissioner
1-41 conduct an investigation.

1-42 (b) When requesting the commissioner to conduct an
1-43 investigation, the [The] insurer shall draft a report of the
1-44 insurer's findings and [must] submit the report and any [the]
1-45 related investigation file to the commissioner as soon as
1-46 practicable on the conclusion [as part] of the insurer's
1-47 independent [request that the commissioner conduct an]
1-48 investigation.

1-49 SECTION 3. Section 701.052(f), Insurance Code, is repealed.

1-50 SECTION 4. This Act takes effect September 1, 2005.

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