

# *The Texas Committee on Insurance Fraud*

*fighting insurance fraud through public education, communication and cooperation*

The Texas Committee on Insurance Fraud (TCIF) began as an initial meeting between the Insurance Council of Texas (ICT), an insurance trade organization that represents more than 500 P/C companies, and the Texas Department of Insurance Fraud unit on August 19, 2003. That meeting led to a list of goals and possible accomplishments to bringing in others who have had years of experience in fighting insurance fraud. A subsequent meeting, phone calls and e-mails have shown the need for other individuals and organizations to be brought onto the Committee to address Life and Health Care fraud as well as drafting of proposed legislation.

Organizations/individuals who are participants of the Texas Committee on Insurance Fraud are:

- Association of Fire and Casualty Companies in Texas (AFACT)
- National Insurance Crime Bureau (NICB)
- International Association of Special Investigative Units (IASIU)
- Property Casualty Insurers Association of America (PCI)
- National Health Care Anti-Fraud Association (NHCAA)
- Coalition Against Insurance Fraud (CAIF)
- Automobile Insurance Agents of Texas (AIAT)
- The Insurance Council of Texas (ICT)
- Texas Department of Insurance (TDI)
- Texas Workers' Compensation Commission (TWCC)
- Independent Insurance Agents of Texas (IIAT)
- Blue Cross Blue Shield of Texas (BCBSTX)
- State Office of Risk Management (SORM)
- Office of Public Insurance Counsel (OPIC)
- Texas District and County Attorneys Association (TDCAA)
- State Fire Marshals Office (SFMO)
- Office of the Attorney General (OAG)
- America's Health Insurance Plans (AHIP)
- Texas Association of Business (TAB)
- National Federation of Independent Businesses (NFIB)
- Texas Association of Life and Health Insurers (TALHI)
- Texas Police Chiefs Association
- Thompson, Coe, Cousins & Irons, LLP
- AARP
- AFLAC
- Dallas County DA's Specialized Crime Unit
- Travis County DA's Insurance Fraud Unit
- Texas Mutual Insurance Company

- Royce Poinsett, Governor's office
- Karen Barratt, Lt. Governor's office
- Rep. Larry Taylor
- State Farm
- Unitrin
- Unitrin Specialty Lines
- Union Standard
- Texas Farm Bureau
- United Fire
- Liberty Mutual
- Humana
- Mutual of Omaha
- Aetna
- Farmers
- Texas Select Lloyds
- Allstate
- Principal Financial Group
- Golden Rule
- Amerigroup
- Travelers
- Prudential
- Hartford
- Progressive
- GEICO
- Zurich
- Compliance Partners Inc.
- CNA
- KPMG
- Nationwide
- Republic
- MJM Investigations
- Texas Association of Business
- American Health & Life
- Texas Data Mining Research Institute
- USAA
- John Hancock Financial Services
- Spectrum Investigations
- HDR
- Texas International Life Insurance Co.
- National Health Insurance Co.
- Dallas County Sheriff's Department

## GOAL

The goal of TCIF is for committee members to discuss what tools are lacking in the fight against insurance fraud. TCIF members would list a set of priorities and in turn, propose legislation that could help everyone who is involved in making arrests, prosecuting and ultimately convicting persons responsible for insurance fraud. The Texas Committee on Insurance Fraud is a cohesive group of state and national fraud fighters that meets in Austin on a quarterly basis and shows consumers that the industry is doing something to combat insurance fraud in an effort to bring down rates.

## MISSION STATEMENT

The Texas Committee on Insurance Fraud is a group of concerned representatives of the insurance industry, state and county government, as well as Texas and national anti-fraud organizations who share a common goal in fighting insurance fraud. The Committee seeks ways to expand the state's fraud fighting capabilities through public education, by enhancing communication and cooperation among fraud-fighting organizations and by proposing legislation to strengthen existing laws.

## INITIAL MEETING

The Committee met Wednesday, January 28, 2004 in Room 100 at the Texas Dept. of Insurance, 333 Guadalupe, Austin, Texas. The Committee meeting was followed by break-out group sessions discussing priority legislation.

## MEETING

The second meeting of the Texas Committee on Insurance Fraud took place on April 20, 2004 in Room 100 at the Texas Department of Insurance, 333 Guadalupe, Austin, Texas. Proposed legislation in five of the six Groups was discussed.

## MEETING

The third meeting of the Texas Committee on Insurance Fraud took place on September 22, 2004 in Room 100 at the Texas Department of Insurance, 333 Guadalupe, Austin, Texas. The Committee discussed our proposed legislation and potential sponsors.

## MEETING

A conference call with Texas Committee on Insurance Fraud members took place on January 6, 2005. The Committee heard Rep. Larry Taylor and Shannon Phillips discuss the proposed legislation and where it stood. Committee members agreed to leave out any provisions dealing with prompt pay. Rep. Taylor said lawmakers with backgrounds in criminal law would review the legislation before it is sent to the

Legislative Council for drafting. After the Legislative Council has drafted the bill, it would be forwarded to all TCIF committee members for review and comment. Rep. Taylor and Bo Gilbert of IIAT agreed that we are ahead of schedule in having the legislation ready for the start of the session that begins Jan. 11.

#### 79th LEGISLATIVE SESSION

The 79<sup>th</sup> session of the Texas Legislature passed three bills (SB 781, HB 2388 and HB 3376) that will play in a major role in the arrest and conviction of persons committing insurance fraud.

#### MEETING

Members meet September 28, 2005 at the Texas Department of Insurance to consider future legislation and direction for the Committee.

#### MEETING

Members met on April 18, 2006 at the Texas Department of Insurance to discuss proposed legislation dealing with runners/cappers. Chairman Dennis Devlin convened the meeting. Testifying were Mark Stolle, Howard Goldblatt, Colleen Waters, Michael Schneider and Robert Kahn. Parks Sterns discussed legislation regarding the use of black boxes by SIUs.

#### MEETING

The final meeting of the Committee prior to the 80<sup>th</sup> session of the Texas Legislature will take place in Room 100 at the Texas Department of Insurance at 2 p.m. on Wednesday, December 8, 2006. Proposed legislation on insurance fraud items concerning auto and workers compensation will be discussed.

#### 80th LEGISLATIVE SESSION

The 80<sup>th</sup> session of the Texas Legislature failed to pass our proposed legislation (HB 2828/SB 1210 and HB 1245/SB 1715) which would assisted the fight against insurance fraud in Texas. HB 2828 and its companion bill SB 1210 would have curtailed the release of police crash reports to telemarketers who coerce crash victims into the offices of chiropractors and legal representatives. This bill died in the last few days of the session. A similar bill was vetoed by Governor Perry.

HB 1245 and its companion bill SB 1715 would have allowed prosecutors to go after insurance fraud criminals in any county where a part of the crime had been committed. This legislation also failed.

## POST LEGISLATIVE SESSION

Insurance fraud can also be fought outside the floor of the Texas Legislature. An executive group of the Texas Committee on Insurance Fraud met with the Office of the Attorney General, the Office of the Governor, the Texas Department of Public Safety and the Texas Department of Transportation. These meetings would lead to a major change in Peace Officer Crash Reports that are filed by every law enforcement officer in the state. The phone numbers of the crash victims would be removed making it harder for telemarketers to contact unsuspecting motorists who neither asked for the assistance nor asked to be bothered by present day ambulance chasers.

### MEETING

Members meet Thursday, March 6, 2008 at 2 p.m. at the Texas Department of Insurance to discuss the progress on removing phone numbers from crash reports as well as lining up priority issues for the 2009 81<sup>st</sup> session of the Texas Legislature.

### MEETING

October 22, 2008, TCIF conference call and met Governor's staff.

## 81st LEGISLATIVE SESSION

Two key bills were supported by the TCIF, HB 148 and HB 1634. HB 148 was the barratry bill that included health professionals from soliciting crash victims. HB 148 passed and was signed by Governor Perry. The bill became law Sept. 1, 2009.

HB 1634 restricted crash reports from certain individuals for the first 30 days. HB 1634 faced unexpected opposition from police departments who profit from the sale of crash reports. HB 1634 CONTESTED.

September 2, 2009, an Austin chiropractor filed suit in district court to stop HB 148 from taking affect saying it would hurt his business.

September 24, 2009, the Texas Department of Transportation hears a staff recommendation not to remove the phone numbers from crash reports.

October 9, 2009, first preliminary hearing in Federal Judge Lee Yeakel's courtroom on halting HB 148

October 14, 2009 – TCIF conference call

October 29, 2009, second hearing on McKinley vs Abbott

November 18, 2009, testimony delivered in McKinley vs Abbott

January 26, 2010, TCIF meeting

March 25, 2010, Judge Yeakels voids HB 148 saying it is discriminatory

April 29, 2010, TCIF conference call

September 14, 2010, TCIF meets to discuss legislation

November, 2010, AOG appeals Yeakel decision

#### 82nd LEGISLATIVE SESSION

March 1, 2011, TCIF meets to discuss legislation

June 8, 2011, 5<sup>th</sup> Circuit Court of Appeals in New Orleans upholds HB 148

July 8, 2011, HB 148 finally becomes law