

## Fraud Reporting

### I. Background

Under Texas Insurance Code Section 701.051, there is an affirmative duty for the Texas Windstorm Insurance Association ("TWIA")/Texas Fair Plan Association ("TFPA"), as an insurer engaged in the business of insurance in Texas, to report suspected insurance fraud to the Texas Department of Insurance ("TDI"). In addition to reporting suspected fraud to TDI, fraud may be reported to another authorized governmental agency, such as the District Attorney. This duty is also applicable to employees, contractors, and members of the board of directors of TWIA and TFPA.

TWIA/TFPA is committed to the reporting and thorough investigation of any alleged insurance fraud. TWIA/TFPA will assist the TDI and other law enforcement agencies in the prosecution of fraud in the criminal justice system and in TDI agency enforcement proceedings.

### II. The Duty to Report Suspected Insurance Fraud

Under Section 701.051(a), there is a duty to report suspected insurance fraud not later than the 30th day after the date:

- 1) A determination is made that a fraudulent insurance act has been or is about to be committed in this state; or
- 2) There is a reasonable suspicion that a fraudulent insurance act has been or is about to be committed in this state.

Under Texas Insurance Code Section 2210.012(d), a TWIA board member or TWIA employee who reasonably suspects that a fraudulent insurance act has been or is about to be committed by any TWIA board member or TWIA employee shall, not later than the 30th day after discovering the conduct, report the conduct and identity of the person engaging in the conduct to the TDI and may report the conduct and the identity of the person engaging in the conduct to another authorized governmental agency. The TDI shall forward a report received under this subsection to the authorized governmental agency in accordance with Chapter 701.

### III. Review and Reporting of Suspected Insurance Fraud

TWIA/TFPA is legally required to report fraud to TDI, but the statute does not prohibit or limit TWIA/TFPA's authority to conduct an independent investigation of suspected fraud. In fact, TWIA/TFPA may also report the information regarding fraud to federal, state, and local law enforcement agencies or prosecuting attorneys. All suspected fraud will be thoroughly investigated and documented by TWIA/TFPA Legal and Compliance.

Upon a determination or suspicion of fraud, an employee of TWIA/TFPA should immediately report the information to the employee's Department Manager. In the event the employee believes the Department Manager will or does not take any action

regarding the report, the employee may report the information to the General Manager, Compliance Manager, Vice President of Legal, or to TDI directly.

In addition, TWIA/TFPA maintains a whistle blower program which allows the reporting of suspected fraud anonymously using Lighthouse Services. If any employee, officer, director, or contractor believes at any time that he or she or any other person might be engaged in suspected fraud, a person can report using the TWIA/TFPA whistle blower program. Although we want to encourage the reporting of suspected fraud pursuant to this policy, the whistle blower program does provide anonymity to those who wish to report suspected fraud in this matter.

Within one business day, the Department Manager shall send written notice of the suspected fraud and any other related activities or facts to the Compliance Manager, senior management, or directly to an authorized governmental agency. The Compliance Manager shall schedule a meeting with the reporting employee and Department Manager to discuss an initial review of any evidence related to the suspected act of fraud.

TWIA and TFPA provide a fraud referral form to aid in reporting of any suspicion of fraud. The [Suspected Insurance Fraud Report](#) form is attached to this policy and available to all employees on the [Employee Reference](#) shared drive. [Elements of a Comprehensive Fraud Report](#) are available to assist employees in completing the form.

The Compliance Manager has all authority necessary to reasonably investigate the information provided by the employee including but not limited to:

- 1) Reassignment of any TWIA/TFPA employee(s) to the Compliance Manager for the purposes of investigating the suspected act of fraud; and
- 2) Communicating with TDI Fraud staff and/or appropriate federal, state, or local law enforcement or other governmental agency regarding information related to the suspected fraud.

The Compliance Manager shall coordinate a final review of the materials accumulated related to the suspected act of fraud. If the Compliance Manager makes a determination or reasonably suspects that a fraudulent act has been or is about to be committed in this state, the Compliance Manager shall report the information in writing to the TDI insurance fraud unit using the [online form](#) for insurance companies and special investigative units. In addition, the Compliance Manager shall report any findings regarding the investigation to the TWIA/TFPA General Manager and Counsel.

#### **IV. Immunity for Furnishing Information Related to Fraud**

Under Section 701.052, Insurance Code, unless the act is done with malice, fraudulent intent, or bad faith, 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 act if the

information has been provided to the appropriate federal, state, or local law enforcement or other government agency including the TDI.

In the event the suspected fraud involves a claim, the examiner must continue the reasonable investigation of the claim after the initial referral to the Compliance Manager. Reporting of suspected fraud does not affect any claim handling timelines outlined in House Bill 3 (HB3) or Texas Insurance Code sections 541 and 542, unless the fraudulent act is arson. It is imperative that an examiner continues the investigation and issues the appropriate claims decision with the timeframes outlined in applicable statutes.

#### **V. TDI Contact Information**

Texas Department of Insurance  
Fraud Unit  
P.O. Box 149336  
Mail Code 109-3A  
Austin, TX 78714-9336  
Telephone: 512-463-6492  
Fax: 512-490-1001

Insurance Fraud Toll-Free Hotline 1-888-327-8818  
FraudReport@tdi.state.tx.us  
<http://www.tdi.state.tx.us/fraud/onlinereport.html>

#### **VI. Travis County District Attorney, Public Integrity Unit**

The Travis County District Attorney, Public Integrity Unit has statewide jurisdiction on the investigation and prosecution of certain insurance fraud. TWIA/TFPA may concurrently file any suspected insurance fraud report at the same time as filing the fraud report with the TDI.

Travis County District Attorney's Office - Contact Information  
Mailing Address: P.O. Box 1748, Austin, TX 78767  
Special Prosecution Division (Public Integrity Unit)  
Telephone: (512) 854-9530 Fax: (512) 854-4810  
<http://www.traviscountyda.com>

#### **VII. TWIA/TFPA Whistle Blower Program**

Although the Whistle Blower Program was established to report improperly activity observed by employees not related to fraud, TWIA/TFPA does not want to restrict the use of the Whistle Blower Program in the event you wish to utilize it for the reporting of fraud and/or remain anonymous. Please use the contact information below:

Phone: English (877) 472-2110  
Spanish (800) 216-1288



---

TEXAS WINDSTORM  
INSURANCE ASSOCIATION

---



---

TEXAS FAIR PLAN  
ASSOCIATION

---

Fax: 1 (215) 689-3885  
Include Company Name in Fax

Email: [reports@lighthouse-services.com](mailto:reports@lighthouse-services.com)  
Must include company name with report

Website: [www.lighthouse-services.com](http://www.lighthouse-services.com)  
Click submit a report



TEXAS WINDSTORM  
INSURANCE ASSOCIATION



TEXAS FAIR PLAN  
ASSOCIATION

## Suspected Insurance Fraud Report For Use by TWIA/TFPA Employees and Contractors

Instructions: Please use this form when submitting suspected insurance fraud on the part of any policyholder or third party claimant for review by the Compliance Department. Please refer to the Operations Manual Fraud Reporting Procedures for additional information.

<b>Date of Report:</b>	<b>Company:</b>	<b>Your First Name:</b>	<b>Last Name:</b>
<b>Insured:</b>	<b>Policy No.:</b>	<b>Claim No.:</b>	
<b>Date of Loss:</b>	<b>Location of Loss:</b>		<b>City, State:</b>
<b>Agent:</b>	<b>Agent's Address:</b>		<b>City, State:</b>

**Fraud Scheme (check all that apply):**

- |   |   |   |  |
|---|---|---|--|
| <input type="checkbox"/> Adjuster Fraud           | <input type="checkbox"/> Agent Theft/Conversion     | <input type="checkbox"/> Agent Fraud              | <input type="checkbox"/> Altered Dec Page  |
| <input type="checkbox"/> Arson for Profit         | <input type="checkbox"/> Auto Burglary              | <input type="checkbox"/> Case Running             | <input type="checkbox"/> Catastrophe Fraud |
| <input type="checkbox"/> Employee Fraud           | <input type="checkbox"/> Company Officer Fraud      | <input type="checkbox"/> False Claim Documents    | <input type="checkbox"/> False Statements  |
| <input type="checkbox"/> Inflated Claim           | <input type="checkbox"/> Mold Claim                 | <input type="checkbox"/> Mortgage Fraud           | <input type="checkbox"/> Premium Fraud     |
| <input type="checkbox"/> Policy Application Fraud | <input type="checkbox"/> Provider Billing Fraud     | <input type="checkbox"/> Public Adjuster Contract | <input type="checkbox"/> Slip & Fall       |
| <input type="checkbox"/> Soft Tissue Injury       | <input type="checkbox"/> Staged Accident/Loss       | <input type="checkbox"/> Unknown                  | <input type="checkbox"/> Unlicensed Agent  |
| <input type="checkbox"/> Unlicensed Company       | <input type="checkbox"/> Unlicensed Public Adjuster | <input type="checkbox"/> Water Damage             |  |

**Amount of Loss:**

Amount Claimed:	Has Claim Been Paid: <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	Current Reserve Amount:
Loss Amount Paid:	Expense Amount Paid:	Is investigation ongoing? <input type="checkbox"/> Yes <input type="checkbox"/> No
Have fraudulent benefits been paid? <input type="checkbox"/> Yes <input type="checkbox"/> No		If so, list amount?
Premium Amount:	Premium Amount Remitted:	

**Subject of Suspected Fraud:**

<input type="checkbox"/> Policyholder <input type="checkbox"/> Public Adjuster <input type="checkbox"/> Attorney <input type="checkbox"/> Agent <input type="checkbox"/> Contractor <input type="checkbox"/> Claimant <input type="checkbox"/> Other		
<b>First Name:</b>	<b>Last Name:</b>	<b>Alias:</b>
<b>Phone Number:</b>	<b>Sex:</b> <input type="checkbox"/> Male <input type="checkbox"/> Female <input type="checkbox"/> Unknown	
<b>Address:</b>		<b>City/State/Zip:</b>
<b>Employer:</b>	<b>Occupation:</b>	<b>SS#/DL #:</b>
Additional Info:		

**Brief Synopsis of the situation and the proof of the fraud, including any detailed information that will help identify the parties, companies and transactions. Include dates when the fraudulent act occurred, when you discovered it or developed a reasonable suspicion, when the claim was reported, etc. Please attach any supporting documentation to this form.**

Employee Signature: \_\_\_\_\_

Manager Signature: \_\_\_\_\_