Insurance Fraud is a very serious problem facing the Property – Casualty Insurers and their customers. The “Coalition against Insurance Fraud” estimates that nearly $80 billion in fraudulent claims are made annually in the U.S. This is a conservative figure because much insurance fraud goes undetected and unreported. In response to this problem, our company created our SIU to protect the company and our policyholders from being the victim of insurance fraud.

In response to this problem, many states have enacted statutes requiring insurance carriers to report suspected acts of fraudulent activity to a State Fraud Bureau or local law enforcement. If you feel you are working on a matter where you suspect the possibility of fraud, please contact any member of the Special Investigation Unit (SIU) to review the situation. SIU will be responsible for reporting the matter to the appropriate authorities if warranted.

Here are just a few of the state statutes that require us to report suspected insurance fraud.

**California Fraud reporting requirement:**
§ 2698.37. Referral of Suspected Insurance Fraud.
(a) The SIU shall provide for the referral of acts of suspected insurance fraud to the Fraud Division and, as required, district attorneys.

§ 2698.30. Definitions.

(b) “Suspected insurance fraud” includes any misrepresentation of fact or omission of fact pertaining to a transaction of insurance including claims, premium and application fraud.

**Maryland Fraud reporting requirement:**
§ 27-802. (a) (1) An authorized insurer, its employees, fund producers, or insurance producers.....who in good faith has cause to believe that insurance fraud has been or is being committed shall report the suspected insurance fraud in writing to the Commissioner, the Fraud Division, or the appropriate federal, State, or local law enforcement authorities.

**Texas Fraud reporting requirement:**
SUBCHAPTER B. REPORTING FRAUDULENT INSURANCE ACTS

Sec. 701.051. DUTY TO REPORT. (a) Not later than the 30th day after the date the person makes the determination or reasonably suspects that a fraudulent insurance act has been or is about to be committed in this state, the person:

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

(2) may also report the information to another authorized governmental agency.

(b) A report made to the insurance fraud unit constitutes notice to each other authorized governmental agency.

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

Our toll free anti-fraud reporting hotline (1-866-877-6397) and reportfraud@stillwater.com may also be used to facilitate the reporting of suspected fraud to the SIU.

If anyone has any questions, please contact any member of the SIU.

Sincerely,

Mark P Kleine
AVP Claims - SIU

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