

BILL ANALYSIS

Senate Research Center

C.S.S.B. 782
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Business & Commerce
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Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Chapter 701 (Insurance Fraud Investigations), Insurance Code, authorizes the Texas Department of Insurance (TDI) to investigate insurance fraud and aid in enforcing laws related to fraudulent insurance acts. Section 701.102 includes an outdated reference to investigating the offense of fraud under Section 35.02(a), Penal Code. Section 35.02 was amended in 2005 to reflect the increasingly sophisticated and complex nature of fraudulent insurance activity, but the Insurance Code has not been updated, and offenses are often investigated and prosecuted under other sections of the Penal Code.

C.S.S.B. 782 amends the Insurance Code to remove the reference to Penal Code Section 35.02(a). The bill also clarifies the parameters of the TDI fraud unit's existing authority to provide investigation and prosecution assistance when requested by local jurisdictions.

C.S.S.B. 782 amends current law relating to the investigation by the commissioner of insurance of acts of insurance fraud.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 701.102, Insurance Code, as follows:

Sec. 701.102. INVESTIGATION OF CERTAIN ACTS OF FRAUD. Authorizes the commissioner of insurance (commissioner) to conduct any investigation necessary inside or outside this state, if the commissioner has reason to believe a person has engaged in, is engaging in, has committed, or is about to commit a fraudulent insurance act, rather than commit a fraudulent insurance act or the offense of insurance fraud under Section 35.02(a) (relating to certain actions constituting insurance fraud), Penal Code, to:

- (1) determine whether the act occurred, rather than whether the act or offense occurred; or
- (2) aid in enforcing laws relating to fraudulent insurance acts, including by providing technical or litigation assistance to other governmental agencies, rather than aid in enforcing laws relating to fraudulent insurance acts or insurance fraud.

SECTION 2. Effective date: September 1, 2015.