

BILL ANALYSIS

Senate Research Center
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S.B. 783
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Insurance fraud is a multi-billion dollar problem in the United States (U.S.), and the costs of fraud are borne by policyholders through premium increases. According to the FBI, the total cost of non-health-related insurance fraud is estimated to be over \$40 billion per year, costing the average U.S. family between \$400 and \$700 per year in increased premiums.

Education and improvements in technology have proven to be effective tools in combating insurance fraud. Public education about insurance fraud helps Texans identify fraud and protect themselves from becoming victims. Similarly, improvements in crime-fighting technology help the Texas Department of Insurance's (TDI) Fraud Unit and local law officials detect and investigate fraudulent insurance activity and take appropriate action quickly.

S.B. 783 gives the Fraud Unit the authority to apply for and receive grants. With these additional resources, the Fraud Unit can also obtain better crime-fighting technologies and enhance its annual educational conference. The funds will additionally support the Fraud Unit's other educational goals, improve prevention and deterrence of fraudulent crimes, and promote public awareness about insurance crimes in Texas.

As proposed, S.B. 783 amends current law relating to the development of antifraud educational programs by the Texas Department of Insurance and acceptance of gifts, grants, and donations for the department's fraud unit.

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 Subchapter A, Chapter 701, Insurance Code, by adding Sections 701.004 and 701.005, as follows:

Sec. 701.004. ANTIFRAUD EDUCATION. Requires the commissioner of insurance (commissioner), through the insurance fraud unit, to develop fraud prevention educational programs and disseminate materials necessary to educate the public effectively regarding antifraud programs.

Sec. 701.005. GIFTS, GRANTS, AND DONATIONS. (a) Authorizes the insurance fraud unit to accept gifts, grants, and donations to enable the fraud unit to perform its duties under this chapter.

(b) Prohibits the insurance fraud unit from not accepting gifts, grants, or donations from a regulated entity.

(c) Requires all gifts, grants, or donations to the insurance fraud unit to be deposited to the credit of the Texas Department of Insurance's operating account; and distributed to the insurance fraud unit to be used to perform its duties under this chapter.

SECTION 2. Effective date: September 1, 2015.