

NOTICES

Arson and Insurance Fraud Reporting; Notice 2017-10

[47 Pa.B. 6281]

[Saturday, October 7, 2017]

This notice is issued to advise and remind insurers of their obligations under Commonwealth law in the reporting of suspected arson and insurance fraud, as well as to advise licensees that they are permitted to file reports of suspected arson or insurance fraud electronically with the National Insurance Crime Bureau (Bureau).

Arson and insurance fraud are recognized in this Commonwealth as serious crimes. Commonwealth law requires insurer reporting of suspected arson (section 3(b)(1) of the Arson Reporting Immunity Act (40 P.S. § 1610.3(b)(1)), suspected automotive insurance fraud (75 Pa.C.S. § 1817 (relating to reporting of insurance fraud)) and suspected viatical fraud (section 10(c) of the Viatical Settlements Act (40 P.S. § 626.10(c)) to a law enforcement agency for consideration of criminal investigation and prosecution. Commonwealth law provides immunity to encourage and protect persons in that reporting. Accordingly, the Insurance Department (Department) releases the following guidance to insurers seeking to meet their statutory obligation for reporting of suspected arson and insurance fraud:

1. Each insurer has the burden of determining through investigation when the probable cause of a fire loss is arson or when a reasonable basis exists to believe that insurance fraud has occurred, is occurring or is to occur.
2. Upon reaching a determination, insurers will, within 30 days, make a written report of the suspected arson or insurance fraud to a Federal, State or local criminal law enforcement agency. Instead of making a written report, insurers are authorized to file reports electronically to the Bureau by ISO ClaimSearch to satisfy their obligations under the law.
3. An insurer's entry of the suspected arson or suspected insurance fraud matter to any other claims database or information system serving the insurance industry will not in and of itself be viewed by the Department as satisfying that insurer's statutory obligation to report suspected arson or insurance fraud to a criminal law enforcement agency.
4. Examination of insurer fraud control programs will include a review of insurer determination of suspected arson and insurance fraud, and a confirmation of the insurer's reporting to a criminal law enforcement agency.
5. As the Bureau does not forward referrals to the Department, an insurer's entry of the suspected insurance fraud matter to the Bureau by ISO ClaimSearch or any other information system serving the insurance industry will not satisfy insurer's statutory obligation to report suspected violations to the Department.

Questions regarding this notice may be addressed to the Anti-Fraud Compliance Division, Bureau of Enforcement, Insurance Department, 12th Floor, Strawberry Square, Harrisburg, PA 17120, ra-in-fraud@state.pa.us.

This notice supersedes the notice published at 46 Pa.B. 2251 (April 30, 2016).

JESSICA K. ALTMAN,
Acting Insurance Commissioner

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