

# Chapter 591

(House Bill 1097)

AN ACT concerning

## Insurance – Suspected Fraud – ~~Reporting Requirement~~ Liability for Reporting or for Furnishing or Receiving Information

FOR the purpose of altering the list of persons ~~that are required to report suspected insurance fraud to certain persons and entities in a certain manner under certain circumstances; authorizing the withholding of certain information provided by certain persons~~ to whom a person may report suspected insurance fraud and not be subject to civil liability; providing that a person is not subject to civil liability for furnishing or receiving information relating to suspected, anticipated, or completed fraudulent insurance acts under certain circumstances; making stylistic changes; and generally relating to required reporting of suspected insurance fraud.

BY repealing and reenacting, with amendments,  
Article – Insurance  
Section 27–802  
Annotated Code of Maryland  
(2011 Replacement Volume)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:

### Article – Insurance

27–802.

(a) ~~THIS SECTION APPLIES TO:~~

- (1) ~~{An}~~ authorized ~~{insurer, its}~~ ~~INSURERS AND THEIR~~ employees~~{,};~~
- (2) fund producers~~{,}~~ ~~AND~~ insurance producers~~{, a};~~
- (3) viatical settlement ~~{provider, or a}~~ ~~PROVIDERS;~~
- (4) viatical settlement ~~{broker 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.}~~ ~~BROKERS;~~

~~[(2)] (5)~~ ~~[(An)]~~ independent insurance ~~[(producer)]~~ shall meet the reporting requirement of this subsection by reporting the suspected insurance fraud in writing to the Fraud Division. ~~[(PRODUCERS);~~

~~[(3)] (6)~~ ~~[(A)]~~ registered premium finance ~~[(company)]~~ shall meet the requirement of this subsection by reporting suspected insurance fraud in writing to the Fraud Division. ~~[(COMPANIES AND THEIR EMPLOYEES);~~

~~(7) THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS AND ITS EMPLOYEES;~~

~~(8) ORGANIZATIONS ESTABLISHED TO DETECT AND PREVENT FRAUDULENT INSURANCE ACTS AND THE AGENTS, EMPLOYEES, AND DESIGNEES OF THE ORGANIZATIONS; AND~~

~~(9) PROVIDERS OF A RECOGNIZED COMPREHENSIVE DATABASE SYSTEM APPROVED BY THE COMMISSIONER TO MONITOR ACTIVITIES INVOLVING INSURANCE FRAUD AND THE EMPLOYEES OF THE PROVIDERS.~~

~~(B) IF A PERSON SUBJECT TO THIS SECTION HAS CAUSE TO BELIEVE IN GOOD FAITH THAT INSURANCE FRAUD HAS BEEN OR IS BEING COMMITTED, THE PERSON SHALL REPORT THE SUSPECTED INSURANCE FRAUD IN WRITING TO THE COMMISSIONER, THE FRAUD DIVISION, OR THE APPROPRIATE FEDERAL, STATE, OR LOCAL LAW ENFORCEMENT AUTHORITY.~~

~~[(b)] (c)~~ In addition to any protection provided under § 10-618 of the State Government Article, any information, documentation, or other evidence provided under this section ~~[(by an insurer, its employees, fund producers, or insurance producers, a viatical settlement provider, a viatical settlement broker, an independent insurance producer, or a registered premium finance company)]~~ to the Commissioner, the Fraud Division, or a federal, State, or local law enforcement authority in connection with an investigation of suspected insurance fraud is not subject to public inspection for as long as the Commissioner, Fraud Division, or law enforcement authority considers the withholding to be necessary to complete an investigation of the suspected fraud or to protect the person investigated from unwarranted injury.

~~[(c)] (d)~~ A person is not subject to civil liability for a cause of action by virtue of reporting suspected insurance fraud, OR FURNISHING OR RECEIVING INFORMATION RELATING TO SUSPECTED, ANTICIPATED, OR COMPLETED FRAUDULENT INSURANCE ACTS, if:

(1) the report was made, OR THE INFORMATION WAS FURNISHED TO OR RECEIVED FROM:

**(I)** the Commissioner, Fraud Division, or an appropriate federal, State, or local law enforcement authority;

**(II) THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS OR ITS AGENT, EMPLOYEE, OR DESIGNEE;**

**(III) A NOT-FOR-PROFIT ORGANIZATION ESTABLISHED TO DETECT AND PREVENT FRAUDULENT INSURANCE ACTS OR ITS AGENT, EMPLOYEE, OR DESIGNEE;**

**(IV) A PERSON THAT CONTRACTS TO PROVIDE SPECIAL INVESTIGATIVE UNIT SERVICES TO AN INSURER; OR**

**(V) A PROVIDER OF A RECOGNIZED COMPREHENSIVE DATABASE SYSTEM THAT THE COMMISSIONER APPROVES TO MONITOR ACTIVITIES INVOLVING INSURANCE FRAUD OR AN EMPLOYEE OF THE PROVIDER;** and

(2) the person that reported the suspected insurance fraud, **OR FURNISHED OR RECEIVED THE INFORMATION,** acted in good faith when making the report **OR FURNISHING OR RECEIVING THE INFORMATION.**

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2012.

**Approved by the Governor, May 22, 2012.**