

Anti-Fraud Coalition Asks Texas Court to Side With Allstate over Billings Claims

By: Frank Klimbo

The Coalition Against Insurance Fraud urged the Texas Supreme Court to approve Allstate Insurance Co.'s request for a rehearing on allegations it was duped into wrongly paying the claims of legitimate crash victims who received false injury treatment.

The carrier claims a medical provider, Houston-based Rehab Alliance of Texas Inc., submitted fraudulent billings for real accident victims. The clinic billed for false injury treatment, by upcoding therapies, charging physician rates for nurses' work and performing unneeded tests, the lawsuit alleges.

Allstate lost at the lower court level and appealed to the state's highest court for a new hearing.

If the initial decision is left standing, it could have a broad impact for insurers across the state, said Dennis Jay, the coalition's executive director.

"Texas is a very important jurisdiction for insurers and insurance fraud," Jay told Best's News Service. "This could stand to embolden other medical providers to defraud and entice fraud rings to come into the state."

The case revolves around 107 settlement claims the carrier paid from 2004 to 2008, discovering later what it alleged were elements of fraud. According to the lawsuit, it would not have agreed to the \$415,000 in settlements if it had been aware of the practices it said it uncovered.

In addition to the alleged unnecessary medical procedures, the carrier also claims the clinic had release-of-liability agreements with the victims. It was only paid if there was recovery on a victim's insurance claim, the lawsuit said.

However, Allstate produced no evidence to back up its claims it would have reduced the size of settlement payments if it had known about the practices it is now alleging, attorneys for the clinic said.

"Allstate's attempt to create a special carve out from the requisite level of proof to sustain a claim as serious as fraud should be flatly rejected," the clinic's brief said.

Final briefs are due Aug. 12. Attempts to reach Allstate for comment were unsuccessful; attorneys for the clinic refused comment.

The company is second-largest homeowners and personal automobile insurer in Texas. One hail event in Texas accounted for more than half of an estimated \$680 million in pretax catastrophe

The Coalition Against Insurance Fraud urged the Texas Supreme Court to approve Allstate Insurance Co.'s request for a rehearing on allegations it was duped into wrongly paying the claims of legitimate crash victims who received false injury treatment.



Coalition Against Insurance Fraud

losses at Allstate Corp. in April, the company said (Best's News Service, May 19, 2016).

Allstate Insurance Group companies currently have a Best's Financial Strength Rating of A+ (Superior).

On the afternoon of June 24, shares of Allstate Corp. (NYSE: ALL) were trading at \$66.76, down 1.62% from the previous close.

The top five writers of all passenger automobile insurance in Texas during 2015 were State Farm Group, 18.09% market share; Allstate Insurance Group, 11.65%; Berkshire Hathaway Insurance Group, 10.11%; Farmers Insurance Group, 9.82%; and Progressive Insurance Group, 8.56%, according to BestLink.