

New Oklahoma Bill Puts Teeth Into Anti-Fraud Unit's Insurance Embezzlement Investigations Ground in Fight Against Fraud

By: David Hodes, BestWire

A recently-enacted law gives the Oklahoma Insurance Department the power to elevate separate smaller insurance-related embezzlement crimes committed by the same perpetrator to the felony level.

It also requires anyone convicted of felony embezzlement to pay twice the stolen amount in a plan that could bring millions of dollars of recovered assets to the department's anti-fraud unit, and specifies penalties for fraudulent insolvency claims.

SB 1439 makes insurance-related aggregated embezzlement a felony punishable by up to 10 years in prison and a fine of \$10,000. Officials can seize any property bought by a perpetrator with embezzled funds. The bill also includes civil immunity for whistleblowers.

Adding the crimes together is the important element of the bill, according to Howard Goldblatt, director of government affairs for the **Coalition Against Insurance Fraud**. "Each offense alone might be a lower crime," he said. "So you are able to get a bigger bite of the apple against the person who is embezzling the money."

Michael Copeland, director of the Anti-Fraud Unit for the Oklahoma Insurance Department, gave an example on how that would work. "Say an insurance agent starts selling insurance with nothing to back it up, basically a verification sticker. He gets a monthly payment of \$100 for a 12-month period. Previously it was not clear if we had to charge him with 12 misdemeanors. Under the new law, they can aggregate it to a felony "as long as its part of the common scheme and had the same victim."

The department is going after people from within the insurance company, and that is where the forfeiture of property provision comes from, Goldblatt said. "That means any tool that is used to commit the crime, any instrument, any fruit of the crime," he said. "So that is wide open of what you can probably seize."

Copeland said that if an insurance company makes money stealing from a consumer, and the regulator can't find the true victim, the department will be able to seize the assets of the company, sell them off and use them for anti-fraud activities.

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**Coalition Against
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any lobbying for this bill but is happy to see the Oklahoma legislators push it through. "We are supportive of the whole move for insurance fraud and bills that would support stiffer penalties," he said.

According to the CAIF, insurance fraud is a crime in every state except Oregon and Virginia. Virginia has a state statute that amounts to an insurance fraud unit within the Virginia state police, Goldblatt said. "They use existing laws of theft by deception and things like that to go after someone. So it's been a push and pull there because legislators say they don't need specific laws defining certain acts as a crime because common law will take care of it."

On May 10, the Alabama Senate passed legislation designed to strengthen fraud enforcement efforts in the state by creating an Insurance Fraud Unit within the state Insurance Department. Under provisions of that bill, HB 323, each insurer in the state would be required to pay a \$200 assessment each year to fund the fraud unit and the state insurance commissioner would have the authority to pass enforcement regulations. As with the Oklahoma bill, this bill would also provide civil immunity to insurance fraud whistleblowers and ramp up civil and