

Oklahoma Downsizes Its Fraud Unit

By: Marguerite Swallow, Property Casualty 360

Most industries are feeling the pinch of the economic downturn, so it's no surprise that Oklahoma has fired some of its fraud investigators. What is surprising is the explanation for doing so, which essentially claims that investigating fraud is not the business of the state.

According to the **Coalition Against Insurance Fraud (CAIF)** blog post written by Dennis Jay, six of nine investigators were fired on January 24, 2011. Randy Brogdon, the deputy commissioner of insurance who recommended the downsizing, was quoted in the local newspaper, *NewsOK*, as saying "The companies need to handle their own claims. Investigating policyholders is not a function of the Insurance Department."

The CAIF blog post, however, respectfully disagrees with Brogdon's stance, citing the state law that created the fraud unit which "clearly says its function is to investigate any violation of Oklahoma's insurance fraud statute, which includes claims fraud." The blog continues its argument, noting that, "It's a bit surprising that Mr. Brogdon doesn't know this since up until a few weeks ago he was a state senator."

Jay also brings up a few regulations, such as the annual assessment of \$750 insurers in the state are required to pay in order to fund the unit, and the requirement that they report any suspected fraud to the Department of Insurance.

One of the investigators fired expressed concern for the future of investigations, stating, "If I were going to commit insurance fraud in Oklahoma, I would feel pretty confident I could get by with it." The CAIF asserts that the cut to the force will mean increased rates for Oklahomans due to a rise in fraudulent claims that won't be investigated.

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