



Department of Business Regulation

Insurance Division
1511 Pontiac Avenue
Cranston, RI 02920

Insurance Bulletin Number 2010-3

Fraud Reporting Requirements

Insurers/licenseses are required to report suspected fraudulent/incendiary activities to the appropriate governmental units and entities that handle such investigations. If no governmental unit has been designated by statute for the activity, the report should be made to the Insurance Division. The following is a list of the Rhode Island Fraud Unit/Entity contacts, along with applicable statutory references:

Motor Vehicle Theft and Motor Vehicle Insurance Fraud

[R.I. Gen. Laws § 27-49-3\(b\)](#) requires that “[w]hen an insurer knows the identity of a person, or possesses information tending to establish the identity of a person, who it has reason to believe committed a criminal or fraudulent act relating to a motor vehicle theft or motor vehicle insurance claim, or has knowledge of a criminal or fraudulent act which is reasonably believed not to have been reported to an authorized governmental agency...” the insurer will report the information. Notice of such activity should be given to:

Office of Automobile Theft and Insurance Fraud
311 Danielson Pike
North Scituate, Rhode Island 02857
(401) 444 1035
www.risp.ri.gov

Lost and Salvage Vehicles

[R.I. Gen. Laws § 27-8-14](#) and [230-RICR-20-40-2.8\(E\)\(8\)\(e\)](#) require that “[a]ll insurers licensed to do business in Rhode Island shall report all vehicle thefts within thirty (30) days of the theft and all salvage declarations to the National Insurance Crime Bureau (NICB) or a similar organization acceptable to the department, that maintains a central database of automobile theft and salvage.”

Fire Losses

[R.I. Gen. Laws § 27-8.1-3\(d\)\(1\)](#) requires that “[w]hen an insurer, lending institution, or party in interest therewith has reason to suspect that a fire loss involving property insured by it, or its principal, respectively, is of incendiary or other suspicious origin, or results from other than accidental cause, the insurer, or the party in interest therewith, shall, in writing to be sent by registered mail, return receipt requested, notify the chief of the fire department of the city, town,

or fire district wherein the fire occurred, and shall thereupon forward a copy to the state fire marshal for the purpose of enabling him or her to investigate the loss.” The State Fire Marshal may be contacted as follows:

State Fire Marshal
118 Parade Street
Providence, Rhode Island 02909
(401) 462 4200

Workers Compensation

[R.I. Gen. Laws § 42-16.1-14](#) requires that “[a]ny insurer, or agent authorized by the insurer to act on its behalf, having reason to believe that an insurance transaction may be fraudulent, shall send to the fraud prevention unit a report of the transaction and any additional information requested by the unit.” The fraud prevention unit may be contacted as follows:

Rhode Island Department of Labor and Training
Workers’ Compensation Fraud Prevention Unit
P.O. Box 20190
Cranston, Rhode Island 02920
(401) 462 8110
www.dlt.state.ri.us

Insurance Fraud

[R.I. Gen. Laws § 27-54-4\(a\)](#) provides in relevant part “[w]henever an officer or director of an insurance company knows that a material false statement or representation has been made to the director or the director’s designee, or that false testimony has been given, or that a material false entry has been made in the books of the insurance company, or that the assets, property or securities of an insurance company have been materially overvalued, or that material information has been withheld from the director or the director’s designee, in violation of § 27-54-1 of this chapter, he or she shall notify the director or the director’s designee of such matters as soon as reasonably possible but in no event later than ten (10) days after the officer or director knows or has reason as to know of such matters.”

Fraud Warning

[R.I. Gen. Laws §§ 27-29-13.3](#) and [27-54.1-3 \(2010 P.L. ch. 54\)](#) requires a fraud warning on every claim form and application for insurance, regardless of the form of transmission, containing the following statement or a substantially similar statement:

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

The only exceptions to this requirement are worker's compensation insurance (which is governed by the requirements of Title 28), reinsurance and claim forms promulgated by CMS pursuant to 45 CFR Part 162.

Insurer Anti-Fraud Initiatives

R.I. Gen. Laws § 27-54.1-5 ([2010 P.L. ch. 54](#)) requires insurers to have anti-fraud initiatives (antifraud plans, fraud investigators/SIU units, etc.) However, insurers are **not required to file** such plans with the Rhode Island Insurance Division. The Insurance Division will confirm compliance with the statutory requirements through market conduct or specific request to the insurer.

Joseph Torti III
Superintendent of Insurance
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