

## CHAPTER 507E

### INSURANCE FRAUD

Referred to in §87.4, 296.7, 331.301, 364.4, 505.28, 505.29, 669.14, 670.7

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#### 507E.1 Title.

This chapter may be cited as the “*Iowa Insurance Fraud Act*”.  
 94 Acts, ch 1072, §1, 9; 95 Acts, ch 185, §46

#### 507E.2 Purpose.

An insurance fraud bureau is created within the insurance division. Upon a reasonable determination by the division, by its own inquiries or as a result of a complaint filed with the division, that a person has engaged in, is engaging in, or may be engaging in an act or practice that violates any provision of the Code subject to the jurisdiction of the commissioner, the division may administer oaths and affirmations, serve subpoenas ordering the attendance of witnesses, and collect evidence related to such act or practice.

94 Acts, ch 1072, §2; 2020 Acts, ch 1016, §2

#### 507E.2A Definitions.

As used in this chapter, unless the context otherwise requires:

1. “*Insurance*” means any and all contracts, arrangements, and agreements by or through which one party, for compensation, assumes risks of another party and promises to pay the second party or the second party’s nominee a certain or ascertainable sum of money on the occurrence of a specified contingency. “*Insurance*” includes any and all contracts, arrangements, or agreements contemplated by, falling within, and coming under [section 87.11](#). Without limiting the foregoing, “*insurance*” includes any contract of insurance, indemnity, subscription, membership, suretyship, or annuity that has been issued, is proposed for issuance, or is intended for issuance by any person or entity.

2. “*Insurer*” means any corporation, association, partnership, or individual engaged in the business of insurance, including but not limited to a corporation, association, partnership, or individual that issues a policy of workers’ compensation, a self-insured business for purposes of workers’ compensation liability, or a group or self-insured plan as described in [section 87.4](#). “*Insurer*” does not include a person required to be licensed to sell, solicit, or negotiate insurance pursuant to [chapter 522B](#).

2018 Acts, ch 1169, §22; 2021 Acts, ch 181, §3

#### 507E.3 Fraudulent submissions — penalty.

1. For purposes of this chapter, “*statement*” includes, but is not limited to, any notice, statement, proof of loss, bill of lading, receipt for payment, invoice, account, estimate of property damage, bill for services, diagnosis, prescription, hospital or physician record, X ray, test result, or other evidence of loss, injury, or expense.

2. A person commits a class “D” felony if the person, with the intent to defraud an insurer, does any of the following:

a. Presents or causes to be presented to an insurer, any written document or oral statement, including a computer-generated document, as part of, or in support of, a claim for payment or other benefit pursuant to an insurance policy, knowing that such document or statement contains any false information concerning a material fact.

b. Assists, abets, solicits, or conspires with another to present or cause to be presented to an insurer, any written document or oral statement, including a computer-generated

document, that is intended to be presented to any insurer in connection with, or in support of, any claim for payment or other benefit pursuant to an insurance policy, knowing that such document or statement contains any false information concerning a material fact.

c. Presents or causes to be presented to an insurer, any written document or oral statement, including a computer-generated document, as part of, or in, an application for insurance coverage, knowing that such document or statement contains false information concerning a material fact.

[94 Acts, ch 1072, §3, 9](#); [95 Acts, ch 185, §46](#); [96 Acts, ch 1045, §2](#)

Referred to in [§507E.6, 910.1](#)

#### **507E.3A Fraudulent sales practices — penalties.**

1. A person commits the offense of fraudulent sales practices if the person, with the intent to defraud another person in connection with any sale, solicitation, or negotiation of insurance in this state, willfully does any of the following:

a. Employs any deception, device, scheme, or artifice to defraud.

b. Misrepresents, conceals, or suppresses any material fact.

c. Engages in any act, practice, or course of business which operates as a fraud or deceit upon any person.

2. A person who violates [subsection 1](#) commits a class “D” felony.

3. Notwithstanding [subsection 2](#), a person commits a class “C” felony if the person violates [subsection 1](#), and such violation results in a loss of more than ten thousand dollars.

[2016 Acts, ch 1122, §5](#); [2017 Acts, ch 29, §143](#)

Referred to in [§910.1](#)

#### **507E.4 Examination of information outside the state.**

The bureau shall seek to obtain by request, any information related to the enforcement of [this chapter](#) in the possession of a person located outside the state. The bureau may designate a representative, including an official of the state where the information is located, to inspect the information on behalf of the bureau at the place where the information is located. The bureau may respond to similar requests from an official from another state.

[94 Acts, ch 1072, §4](#)

#### **507E.5 Confidentiality.**

1. All investigation files, investigation reports, and all other investigative information in the possession of the bureau are confidential records under [chapter 22](#) except as specifically provided in [this section](#) and are not subject to discovery, subpoena, or other means of legal compulsion for their release until opened for public inspection by the bureau, or upon the consent of the bureau, or until a court of competent jurisdiction determines, after notice to the bureau and hearing, that the bureau will not be unnecessarily hindered in accomplishing the purposes of [this chapter](#) by their opening for public inspection. However, investigative information in the possession of the bureau may be disclosed, in the commissioner’s discretion, to appropriate licensing authorities within this state, another state or the District of Columbia, or a territory or country in which a licensee is licensed or has applied for a license.

2. The commissioner may share documents, materials, or other information, including confidential and privileged documents, materials, or other information, with other state, federal, and international regulatory agencies, with the national association of insurance commissioners and its affiliates or subsidiaries, and with state, federal, and international law enforcement authorities, provided that the recipient agrees to maintain the confidential and privileged status of the document, material, or other information, pursuant to Iowa law.

3. The commissioner may receive documents, materials, or other information, including otherwise confidential and privileged documents, materials, or other information, from other local, state, federal, and international regulatory agencies, the national association of insurance commissioners and its affiliates or subsidiaries, and local, state, federal, and international law enforcement authorities, and shall maintain as confidential and privileged any document, material, or other information received with notice or the understanding that

it is confidential or privileged under the laws of the jurisdiction that is the source of the document, material, or other information.

4. The commissioner may enter into agreements governing the sharing and use of documents, materials, or other information consistent with [this section](#).

5. An insurance fraud bureau investigator or other staff member of the bureau is not subject to subpoena in a civil action concerning any matter of which the bureau investigator or other staff member has knowledge pursuant to a pending or continuing investigation being conducted by the bureau pursuant to [this chapter](#).

[94 Acts, ch 1072, §5](#); [2006 Acts, ch 1117, §30](#); [2020 Acts, ch 1016, §3](#)

Referred to in [§22.7\(54\)](#)

#### **507E.6 Duties of insurer.**

An insurer which believes that a claim or application for insurance coverage is being made which is a violation of [section 507E.3](#) shall provide, within sixty days of the receipt of such claim or application, written notification to the bureau of the claim or application on a form prescribed by the bureau, including any additional information requested by the bureau related to the claim or application or the party making the claim or application. The fraud bureau shall review each notification and determine whether further investigation is warranted. If the bureau determines that further investigation is warranted, the bureau shall conduct an independent investigation of the facts surrounding the claim or application for insurance coverage to determine the extent, if any, to which fraud occurred in the submission of the claim or application. The bureau shall report any alleged violation of law disclosed by the investigation to the appropriate licensing agency or prosecuting authority having jurisdiction with respect to such violation.

[94 Acts, ch 1072, §6](#); [2008 Acts, ch 1123, §13](#)

#### **507E.7 Immunity from liability.**

1. A person acting without malice, fraudulent intent, or bad faith is not liable civilly as a result of filing a report or furnishing, orally or in writing, other information concerning alleged acts in violation of [this chapter](#), if the report or information is provided to or received from any of the following:

a. Law enforcement officials, their agents and employees.

b. The national association of insurance commissioners, the insurance division, a federal or state governmental agency or bureau established to detect and prevent fraudulent insurance acts, or any other organization established for such purpose, and their agents, employees, or designees.

c. An authorized representative of an insurer.

2. [This section](#) does not affect in any way any common law or statutory privilege or immunity applicable to such person or entity.

[94 Acts, ch 1072, §7, 9](#); [95 Acts, ch 185, §46](#); [96 Acts, ch 1045, §3](#); [2002 Acts, ch 1111, §9](#)

#### **507E.8 Law enforcement authority.**

1. An individual employed by the division and designated as a peace officer shall be considered a law enforcement officer as that term is defined in [section 80B.3](#), and shall exercise the powers of a law enforcement officer as follows:

a. For purposes of an arrest resulting from a criminal violation of any provision of the Code subject to the jurisdiction of the commissioner established as a result of an investigation pursuant to [this chapter](#).

b. While conducting an investigation or engaged in an assignment authorized by [this chapter](#) or ordered by the commissioner.

c. To protect life if a public offense is committed in the presence of the peace officer.

d. While providing assistance to a law enforcement agency or another law enforcement officer.

e. While providing assistance at the request of a member of the public.

2. Laws applicable to an arrest of an individual by a law enforcement officer of the state shall apply to an individual employed by the division and designated as a peace officer. An

individual employed by the division and designated as a peace officer shall have the power to execute arrest warrants and search warrants, serve subpoenas issued for the examination, investigation, and trial of all offenses identified through the course of an investigation conducted pursuant to [this section](#), and arrest upon probable cause without warrant a person found in the act of committing a violation of [this chapter](#) or a law of this state.

[94 Acts, ch 1072, §8](#); [2011 Acts, ch 70, §7](#); [2020 Acts, ch 1016, §4](#); [2021 Acts, ch 181, §4](#)  
Referred to in [§97B.49B](#), [502.604A](#)