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BULLETIN 2021-03

TO: All Licensees of the South Carolina Department of Insurance, Stakeholders and Interested Persons

FROM: Raymond G. Farmer
Director

SUBJECT: New Insurance Fraud Prevention and Prosecution Unit

DATE: July 1, 2021

Insurance fraud is a multi-billion-dollar industry that directly affects the financial solvency of companies, the financial stability of policyholders and the cost and availability of the insurance products in the South Carolina insurance marketplace. This bulletin is issued to announce the formation of an Insurance Fraud Prevention and Prosecution unit (Insurance Fraud Unit) within the South Carolina Department of Insurance (Department).

This initiative is the result of the cooperation between the Office of the South Carolina Attorney General, the State Law Enforcement Division (SLED) and the South Carolina Department of Insurance. These agencies have signed a memorandum of understanding (MOU) aimed at enhancing the state's investigation, prosecution, and prevention of insurance fraud. Effective July 1, 2021, the South Carolina General Assembly appropriated money to fund a new Insurance Fraud Unit within the Department. The Department, SLED and the Attorney General's Office are preparing for the transition of responsibilities.

Under this enforcement model, the Attorney General's Office will designate certain attorneys hired by the South Carolina Department of Insurance as special attorneys general to prosecute insurance fraud. SLED will continue to investigate fraud cases and present indictments to the Attorney General's Office for approval. Additionally, the Department will prepare a public awareness campaign designed to prevent and combat fraud. It will make insurance fraud investigation, prosecution, and prevention a priority for the Department.

This bulletin announcing the formation of the Insurance Fraud Unit is the first in a series of bulletins on this subject.

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