

Spring, 2026

AEI CLAIMS LAW QUIZ

INSURER IMMUNITY FOR REPORTING SUSPECTED FRAUD

[Ref. Special Investigation, Para 4.01]

FACTS: Frazier was involved in a collision while driving a car owned by Grant. Grant's car was insured under a policy issued by Hanover Insurance Group. The driver of the other car involved in the collision, Williams, filed a claim with Hanover to recover the cost to repair her car. In her sworn statement to Hanover, Williams said the collision happened when Frazier swerved into her lane as the cars approached a toll plaza, and the front driver's side of his car struck the rear passenger side of her car. Although Williams said there was only minor damage to both cars, she still wanted to report the collision to the police. Frazier, however, convinced her not to call the police and, in exchange, he agreed to let Williams make a cell phone video recording in which he admitted that he hit the rear passenger side of her car with the front driver's side of his car when he swerved into her lane as the cars approached the toll plaza. Williams also took photos of the damage to both cars.

Williams' claim went unresolved for almost a month while Hanover tried to get statements from Grant and Frazier. While the adjuster assigned to Williams' claim was never able to get a statement from Grant, he did finally speak to Frazier, but Frazier's description of the collision and the resulting damage was different from the account Williams had provided. Frazier told Hanover that as the cars approached the toll plaza, Williams accelerated to get in front of him and the rear passenger side of her car hit the front driver's side of his car which then pushed his car into yellow posts near the toll booth causing damage to the passenger side of his car, not just the driver's side. Relying on Frazier's statement, Hanover's adjuster told Williams that he was holding her fifty percent responsible for the accident and that Hanover would compensate her accordingly. Williams said that was unacceptable and that she would retain an attorney.

Unbeknownst to Williams, Grant had filed a claim with Hanover for damage to her car, which included damage to the passenger side of the car. Williams first learned of Grant's claim when she received a subrogation letter from Hanover stating it was holding her responsible for nearly \$5,000 in damages to Grant's car. Williams was stunned at the amount because the damage to Grant's car, as well as hers, had been minor.

Angry about the liability determination as well as the amount of damages, Williams contacted a supervisor at Hanover. Williams then learned how Frazier described the accident to Hanover and as a result of that account, Grant was claiming damages to both sides of her car. Williams contested Frazier's account of the accident and provided Hanover with Frazier's video statement and the photos she had taken of the damage to both cars. Williams told Hanover that she believed Frazier and Grant were committing insurance fraud by claiming that both sides of Grant's car were damaged in the collision with her car. Hanover then submitted the claim to Michael Arline, an employee in Hanover's Special Investigations Unit. Arline was instructed to investigate the conflicting accounts given by Frazier and Williams.

Williams had also filed a report with the Division of Investigative and Forensic Services (DIFS), a division of the Florida Department of Financial Services. That state agency is responsible for conducting independent investigations to determine whether a fraudulent insurance act has been committed. Williams alleged in her report that Frazier and Grant were claiming damage to Grant's car that was not related to the accident in which she was involved. Williams was adamant that there was only minor damage to the driver's side bumper and fender of Grant's car and that there was no impact or damage to the passenger side. Based on Williams' allegations, DIFS opened an investigation.

While DIFS's investigation was ongoing, Arline conducted his own investigation on behalf of Hanover. Despite repeated attempts, Arline was unable to obtain statements from Grant or Frazier. Nonetheless, Arline concluded that the damage to the passenger side of Grant's car was not caused by the collision with Williams. Arline reached this conclusion based on Williams' sworn statement, Frazier's video statement obtained by Williams, Williams' photos, Hanover's photos of the damage to the passenger side of Grant's car, and his inspection of the toll plaza. Arline filed a report with DIFS as well, noting that it was a supplement or duplicate of the report that Williams had already filed.

DIFS's investigator, Tom Eberhart, interviewed Williams, reviewed her video of Frazier and the photos she took after the accident, interviewed Grant's neighbor and stepdaughter, and visited the toll plaza. Eberhart also obtained a copy of Hanover's claim file. He too was unable to obtain statements from either Grant or Frazier. Eberhart determined that there was probable cause to believe that Grant and Frazier "made material misrepresentations of fact in their claim" with Hanover in that they claimed Grant's car was damaged on the passenger side during the accident when it was not. Eberhart concluded that the damage on the passenger side was caused by a second accident that "was not disclosed." Eberhart then referred the matter to the state attorney's office. Frazier and Grant were charged with making a false statement to an insurance company and grand theft. The charges against Grant were dropped before trial. The case against Frazier, however, went to trial, but the jury found him not guilty. Frazier then filed an action for malicious prosecution against Hanover and Arline.

According to Florida's anti-fraud reporting statute, if an insurer has knowledge or believes that a fraudulent insurance act has been committed, it must provide the information it has which supports that knowledge or belief to DIFS, Fla. Stat. § 626.989(6). With respect to insurers, the reporting is mandatory. As part of this statutory anti-fraud program, § 626.989(4) provides insurers and their employees immunity from civil liability, absent fraud or bad faith, arising out of the furnishing of the information required by the statute. Hanover and Arline responded to Frazier's civil action by asserting this statutory immunity. Both at the summary judgment stage and at trial, the trial court rejected their claims of immunity and entered judgment in favor of Frazier. Hanover and Arline appealed.

QUESTION: Did the trial court err in denying appellants' claims of immunity from civil liability for Frazier's claim of malicious prosecution?

ANSWER: Yes, according to the Court of Appeal of Florida in *Hanover Insurance Group, Inc. v. Frazier*, 385 So3d 178 (Fla. App. 2024).

The court began its analysis by stating that the undisputed evidence in the record shows that all Arline did was investigate and report the suspected fraud which he was required to do under Florida's anti-fraud reporting statute. Arline was assigned to investigate Grant's claim with Hanover after it became apparent that Frazier made conflicting accounts of the accident – one on the post-accident video that he agreed to make with Williams, and another that he later made to Hanover's adjuster. The court said:

. . . Frazier's statement to the adjuster not only conflicted with his video statement, but it was also at odds with Williams' sworn statements. Arline also visited the accident scene, reviewed photos supplied by Williams, photos taken by Hanover's adjuster, and he

concluded that the damage to the passenger side of Grant's car was not caused by the collision with Williams. Because this information gave Arline a basis to believe that Frazier had made a false statement in connection with Grant's claim, pursuant to the anti-fraud statute he was required to supply the information he had gathered to DIFS. See § 626.989(6).

Absent fraud or bad faith, § 626.989(4)c immunizes insurers and their employees if they have done what is required by the anti-fraud statute. See *Saenz v. State Farm Fire & Casualty Co.*, 861 So2d 64, 67 (Fla. 3d DCA 2003) (affirming the trial court's grant of summary judgment for the defense based on immunity in an action for malicious prosecution, where the undisputed record evidence showed that neither State Farm nor its investigator acted fraudulently or in bad faith in reporting the matter to DIFS). Frazier's evidence entirely failed to show fraud or bad faith in connection with Arline's investigation or report to DIFS. Accordingly, we conclude that Arline and Hanover were statutorily immune from suit, and we reverse the judgment in favor of Frazier and remand for entry of judgment in favor of Hanover and Arline.

CONCLUSION: Like Florida, most states have statutes that require insurers to report all types of suspected insurance fraud to a designated state agency. Under most state statutes, this reporting is mandatory. The statutes typically include immunity provisions that protect insurers and their agents from civil liability for such torts as malicious prosecution or defamation, when they report suspected fraudulent conduct as the statutes require them to do. The immunity is designed to protect them against civil liability.

The immunity provided by these statutes is qualified immunity rather than absolute immunity, and this means that the immunity applies as long as the insurer and its agent act in good faith and without malice. In reporting suspicions of fraud, the insurer and its agent must have a reasonable belief in the truth of the information being reported to the state agency. In the *Frazier* case, if the claimant could have produced proof that the insurer or its agent knew that the information being reported was false, or if they had a high degree of awareness that it was probably false, the qualified immunity would not have applied to protect them. In *Frazier*, however, the appeals court held that the claimant failed to prove that either the insurer or its agent acted with fraud, bad faith, or malice. They were, therefore, protected by the immunity provided by the Florida statute.

Congratulations SCLA's

The following individuals earned their SCLA's in the months of February, March, and April 2026:

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Auto-Owners
Okemos, MI

Christopher Akins
Federated Mutual Ins.
Overland Park, KS

Megan Bates
Kentucky Farm Bureau
Campbellsville, KY

Chase M. Battafarano
Auto-Owners
Columbia, SC

Nick C. Bolettieri
Country Financial
Bloomington, IL

James T. Brunet
State of Louisiana
Baton Rouge, LA

Michele L. Burns
Peter J Crosa & Co. LLC
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Joshua Buttrum
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Richard J. Butts III
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Carol Arena Carr
United States Liability Ins.
Eagleville, PA

Daniel Carter
TN Farmers Mutual Ins.
Manchester, TN

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Jake England
TN Farmers Mutual Ins.
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Le'Chelle Gray-Kitchen
Sentry Insurance
Wimauma, FL

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USAA
Tampa, FL

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Country Financial
Beloit, WI

Jeff Hinkle
TN Farmers Mutual Ins.
Knoxville, TN

Samantha L. Hintz
Sentry Insurance
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Danielle Hodgson
Auto-Owners
Lakeland, FL

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Tiffany S. Jenkins
Utica National Insurance
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TN Farmers Mutual Ins.
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Auto-Owners
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