

# SENATE BILL REPORT

## SHB 2130

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As of February 14, 1996

**Title:** An act relating to insurance antifraud plans.

**Brief Description:** Clarifying submission of insurance antifraud plans.

**Sponsors:** House Committee on Financial Institutions & Insurance (originally sponsored by Representatives L. Thomas, Smith and Pelesky).

**Brief History:**

**Committee Activity:** Financial Institutions & Housing: 2/15/96.

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### SENATE COMMITTEE ON FINANCIAL INSTITUTIONS & HOUSING

**Staff:** David Cheal (786-7576).

**Background:** In 1995, the Legislature passed legislation to combat insurance fraud in Washington State. One of the provisions requires every direct insurer licensed in Washington to prepare and maintain an insurance antifraud plan. A direct insurer sells directly to consumers; this includes most of the insurance companies in the state.

The antifraud plan must establish procedures to reduce insurance fraud, including preventing fraud by employees or agents of the company, preventing fraudulent applications, and preventing claims fraud. Procedures also must be established to report insurance fraud to law enforcement officials, to undertake civil action when appropriate, and to train employees and agents in detecting and preventing insurance fraud.

**Summary of Bill:** Title insurance companies, life insurance companies, health carriers (health insurers, health maintenance organizations, and health care service contractors), and some medical malpractice insurers are not required to prepare or maintain insurance antifraud plans. Most credit-related insurance is not subject to antifraud plan requirements.

**Appropriation:** None.

**Fiscal Note:** Requested January 4, 1996.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.