
HOUSE BILL 2667

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By Representatives Zellinsky, R. Meyers, Mielke, Dyer, Kessler, Foreman, Grant, Scott, Dellwo, Tate, Padden, Kremen, King and Anderson

Read first time 01/19/94. Referred to Committee on Financial Institutions & Insurance.

1 AN ACT Relating to insurance fraud; adding a new chapter to Title
2 48 RCW; prescribing penalties; and repealing RCW 48.30.230.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 NEW SECTION. **Sec. 1.** PURPOSE. The purpose of this chapter is to
5 define what constitutes fraudulent insurance acts, facilitate the
6 detection of insurance fraud, allow reporting of suspected insurance
7 fraud, grant immunity for reporting suspected insurance fraud, and
8 prescribe penalties and require the restitution of fraudulently
9 obtained insurance benefits.

10 NEW SECTION. **Sec. 2.** DEFINITIONS. Unless the context clearly
11 requires otherwise, the definitions in this section apply throughout
12 this chapter.

13 (1) "Authorized agency" means the office of the attorney general;
14 a city or county police department; any criminal investigative agency
15 of the United States; the prosecuting attorney of any city, county, or
16 state of the United States, or any subdivision thereof; the office of
17 the insurance commissioner; or the department of licensing.

1 (2) "Designee of insurer" includes, but is not limited to, the
2 national insurance crime bureau.

3 (3) "Financial loss" includes, but is not limited to, loss of
4 earnings, out-of-pocket and other expenses, repair and replacement
5 costs, premium payment, and claims payment.

6 (4) "Fraudulent insurance act" includes, but is not limited to, any
7 false, incomplete, or misleading statement or representation of a
8 material fact relating to the application for an insurance policy, or
9 the determination of the rights of a person to a claim payment or other
10 benefit under an insurance policy.

11 (5) "Insurer" means any insurer as defined in RCW 48.01.050, as
12 well as any self-insurer, reinsurer, broker, producer, or any agent or
13 employee thereof.

14 (6) "Insurance" means any contract as defined by RCW 48.01.040.

15 (7) "Claim" means an assertion of a right under a policy of
16 insurance.

17 (8) "Person" includes any natural person, and where relevant, a
18 corporation, joint stock association, unincorporated association, or a
19 partnership.

20 NEW SECTION. **Sec. 3.** CRIMINAL LIABILITY FOR FRAUDULENT INSURANCE
21 ACTS. Any person who:

22 (1) Knowingly makes or causes to be made, or presents or causes to
23 be presented any false, incomplete, or misleading statement or
24 representation of a material fact relating to any application for
25 insurance; or

26 (2) Knowingly makes or causes to be made, or presents or causes to
27 be presented any false, incomplete, or misleading statement or
28 representation of a material fact for use in determining rights to a
29 claim payment or other benefit under insurance or knowingly falsifies,
30 conceals, or covers up by any trick, scheme, or device a material fact
31 in connection with such rights to claim payment or other benefit; or

32 (3) Having knowledge of the occurrence of any event affecting: (a)
33 The initial or continued right to any payment or other benefit; or (b)
34 the initial or continued right to any such payment or benefit of any
35 other individual in whose behalf he or she has applied for or is
36 receiving such payment or benefit, conceals or fails to disclose such
37 event with an intent fraudulently to secure such payment or benefit

1 either in a greater amount or quantity than is due or when no such
2 payment is authorized;
3 shall be guilty of a class C felony. Such person shall be ordered to
4 make restitution to the insurer or any other person for any financial
5 loss sustained as a result of a violation of this section.

6 NEW SECTION. **Sec. 4.** DISCLOSURE OF INFORMATION. (1)(a) When an
7 insurer has a reasonable belief or suspicion of a fraudulent insurance
8 act, it may notify an authorized agency of the knowledge or reasonable
9 belief and provide any additional information in accordance with
10 subsection (2) of this section.

11 (b) An insurer providing information to an authorized agency
12 pursuant to (a) of this subsection shall have the right to request in
13 writing information held by the authorized agency relating the same or
14 related suspected fraudulent insurance acts. The authorized agency
15 shall provide the requested information within thirty days of the date
16 of the request.

17 (c) An authorized agency receiving information under (a) of this
18 subsection may release or provide such information to any other
19 authorized agency.

20 (2) Upon written request by an insurer or an authorized agency,
21 either may release to the other any or all information related to any
22 reasonably suspected fraudulent insurance act. This information may
23 include, but is not limited to:

24 (a) Pertinent insurance policy information relating to the
25 suspected fraudulent insurance act, including any application for such
26 policy;

27 (b) Policy premium payment records;

28 (c) History of previous claims made by the insured;

29 (d) Information relating to the investigation of the suspected
30 fraudulent insurance act, including any statements of any person,
31 notice of loss, proof of loss, and any other evidence found in the
32 investigation.

33 NEW SECTION. **Sec. 5.** IMMUNITY. (1) No insurer or agent,
34 employee, or designee of an insurer, when acting without actual malice,
35 is subject to civil or criminal action, suit, or prosecution arising
36 from the release of information pursuant to section 4 of this act.

1 (2) No insurer or authorized agency or agent, employee, or designee
2 of either, when acting without actual malice, is subject to any civil
3 or criminal action, suit, or prosecution arising from the release of
4 information pursuant to section 4 of this act, including but not
5 limited to the release of any related bulletins or reports.

6 (3) This section does not abrogate or modify in any way any common
7 law or statutory privilege or immunity enjoyed by any person.

8 NEW SECTION. **Sec. 6.** Captions used in this act do not constitute
9 any part of the law.

10 NEW SECTION. **Sec. 7.** Sections 1 through 6 of this act shall
11 constitute a new chapter in Title 48 RCW.

12 NEW SECTION. **Sec. 8.** RCW 48.30.230 and 1990 1st ex.s. c 3 s 11 &
13 1947 c 79 s .30.23 are each repealed.

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