

FINAL BILL REPORT

HB 3052

FULL VETO

Synopsis as Enacted

Brief Description: Authorizing self-audits by insurers.

Sponsors: Representatives L. Thomas, Smith, Mielke, Grant, DeBolt, Dyer, Hickel, Sullivan and Robertson.

House Committee on Financial Institutions & Insurance
Senate Committee on Financial Institutions, Insurance & Housing

Background: Generally, a person who files reports or furnishes information required by the insurance code is immune from civil liability. Likewise, the Insurance Commissioner and the National Association of Insurance Commissioners are generally immune from civil liability for publishing insurance information.

An insurer must file an antifraud plan with the commissioner. The plan, which must be approved by the commissioner, must establish specific procedures to prevent insurance fraud, including internal fraud involving employees or company representatives. Each year, an insurer must file a summary of the actions it took under its antifraud plan. Both the plan and the annual reports are not public records, are proprietary, are not subject to public examination, and are not discoverable or admissible in civil litigation.

However, an insurer's internal audits, designed to improve compliance with state and federal law, are not privileged from discovery or admissibility in court.

Summary: The House Financial Institutions and Insurance Committee and the Senate Financial Institutions, Insurance, and Housing Committee must study insurance compliance self-evaluative audits and recommend whether the Legislature should recognize a limited privilege for such audits. The two committee chairs must organize a study group that includes voluntary participation by the insurance industry, the Office of the Insurance Commissioner, and other interested parties. The ranking minority members of each committee must also participate in the study group. If the committees recommend that the Legislature should recognize the privilege, the study must develop a bill for consideration in the 1999 legislative session.

Votes on Final Passage:

House 65 31

Senate 43 0 (Senate amended)

House 96 2 (House concurred)