

HOUSE BILL REPORT

SB 6144

As Reported By House Committee On:
Commerce & Labor

Title: An act relating to the statute of limitations for the repayment or recoupment of industrial insurance benefits induced by claimant fraud.

Brief Description: Recovering industrial insurance benefit payments.

Sponsors: Senators Schow, Heavey and Horn; by request of Department of Labor & Industries.

Brief History:

Committee Activity:

Commerce & Labor: 2/23/98, 2/26/98 [DP].

HOUSE COMMITTEE ON COMMERCE & LABOR

Majority Report: Do pass. Signed by 8 members: Representatives McMorris, Chairman; Honeyford, Vice Chairman; Conway, Ranking Minority Member; Wood, Assistant Ranking Minority Member; Boldt; Clements; Hatfield and Lisk.

Staff: Chris Cordes (786-7103).

Background: A person who fraudulently obtains industrial insurance benefits must repay the benefits, with a penalty of 50 percent of the benefits. The total may be recouped from any future benefits due to the person on any claim with the state fund or the self-insurer against whom the fraud was committed. The Department of Labor and Industries must demand or order repayment or recoupment within one year of the discovery of the fraud.

To show that a person fraudulently obtained industrial insurance benefits, the department must prove, by clear and convincing evidence, nine elements of fraud, including that the person knowingly represented a material fact as true when it was false, with intent that the fact would be acted on by the person to whom the representation was made.

The person may also be subject to criminal prosecution for the fraud claim. The prosecution generally must be brought within three years of the commission of the fraud.

Summary of Bill: The one-year period within which the Department of Labor and Industries must demand or order the repayment or recoupment of industrial insurance benefits induced by fraud is changed to three years after discovery of the fraud.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: It makes sense to give the department more time to investigate worker fraud cases. Allowing the department up to three years to bring these claims is a good compromise because it does not subject the worker to unlimited liability. It would be unfair to establish no time limit because of the penalties involved.

Testimony Against: Although the bill is an improvement over current law, worker fraud cases should be treated like other fraud cases in the industrial insurance system that are not subject to a time limit.

Testified: (In support) Robby Stern, Washington State Labor Council; Michael Temple, Washington State Trial Lawyers Association; and Douglas Connell, Department of Labor and Industries. (In support, with concerns) Rick Slunaker, Associated General Contractors of Washington.