

SENATE BILL REPORT

HB 1002

As Reported By Senate Committee On:
Financial Institutions, Insurance & Housing, March 27, 1997

Title: An act relating to insurance antifraud plans.

Brief Description: Clarifying submission of insurance antifraud plans.

Sponsors: Representatives L. Thomas, Dyer and Mielke.

Brief History:

Committee Activity: Financial Institutions, Insurance & Housing: 3/20/97, 3/27/97 [DP].

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, INSURANCE & HOUSING

Majority Report: Do pass.

Signed by Senators Winsley, Chair; Benton, Vice Chair; Finkbeiner, Hale, Heavey, Kline and Prentice.

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. Most of the insurance companies in the state are direct insurers.

The antifraud plan must establish procedures to reduce insurance fraud. The procedures must address 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: Not requested.

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

Testimony For: Anti-fraud plans were not intended to apply to insurers other than auto.

Testimony Against: None.

Testified: PRO: Representative Les Thomas, prime sponsor; Basil Badley, ACLI, HIAA; Mel Sorensen, NAIH, WA Physicians Service; John Woodall, Insurance Commissioner's Office.