HOUSE BILL ANALYSIS
HB 1051

Brief Description: Recovering industrial insurance benefits payments.

Sponsors: Conway and Clements

Hearing: January 27, 1999

BACKGROUND: To show that a person fraudulently obtained industrial insurance benefits, the Department of Labor and Industries must prove 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 nine fraud elements must be proved by clear and convincing evidence.

A person found to have committed fraud is subject to several penalties:

- The person must repay the benefits, along with a penalty of 50 percent of the benefits. This amount may be recouped from the person's future benefits on any claim with the state fund or the self-insurer against whom the fraud was committed. The demand or order for repayment or recoupment must be made within one year of the discovery of the fraud. The penalty amount is deposited in the supplemental pension fund.

- The person may 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 time period, following the discovery of fraud, that the Department of Labor and Industries has to order repayment or recoupment of fraudulently obtained industrial insurance benefits is changed to a three-year time period.

RULES AUTHORITY: The bill does not contain provisions addressing the rule making powers of an agency.

FISCAL NOTE: Not requested.

EFFECTIVE DATE: Ninety days after adjournment of a session in which bill is passed.

Prepared for the House Commerce & Labor Committee
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