

FINAL BILL REPORT

SSB 6234

PARTIAL VETO

C 284 L 06

Synopsis as Enacted

Brief Description: Creating the insurance fraud program.

Sponsors: Senate Committee on Financial Institutions, Housing & Consumer Protection (originally sponsored by Senators Fairley, Keiser, Spanel and Esser; by request of Insurance Commissioner).

Senate Committee on Financial Institutions, Housing & Consumer Protection

Senate Committee on Ways & Means

House Committee on Financial Institutions & Insurance

House Committee on Appropriations

Background: National studies show that more than 10 percent of insurance claims are fraudulent, costing consumers and insurance companies millions of dollars. Washington State is the tenth highest in the U.S. for questionable claims. Organized crime conspiracies are responsible for some of the fraudulent claim activity, costing Washington companies and consumers millions of dollars.

States with organized comprehensive antifraud units tend to have significantly lower rates of fraudulent claims. Forty one states have insurance antifraud units.

Summary: An antifraud unit is created within the Office of the Insurance Commissioner (OIC). The primary focus of the unit is high impact cases involving organized criminal activity. Insurers are mandated to report fraudulent activity, and provided with immunity from liability for reporting. Information is generally protected by the fraud unit, (by information-sharing agreements) but may, in some circumstances, be discoverable or admissible as evidence in private civil litigation. Some information may be exempted from public disclosure.

The antifraud unit includes investigation and prosecution of fraudulent claims. The unit is staffed within the OIC, with interagency agreements providing an investigator to the Washington State Patrol, and a prosecuting attorney in the Attorney General's Office. Grants reimburse local prosecutors for fraud case work.

Information is shared among various federal, state, and local law enforcement agencies and regulatory agencies. Fraud investigators who are statutorily certified have the status of limited authority peace officers.

A ten-member Insurance Fraud Advisory Board is created, and criminal penalties are increased. Fraud warnings are required on applications and claim forms.

Votes on Final Passage:

Senate	35	10	
House	98	0	(House amended)
Senate	29	18	(Senate concurred)

Effective: July 1, 2006

Partial Veto Summary: A redundant section of the law, dealing with documents exempted from the Public Disclosure Act, is vetoed, to prevent technical inconsistency in statute.