

FINAL BILL REPORT

SB 6049

C 195 L 20
Synopsis as Enacted

Brief Description: Creating the insurance commissioner's fraud account.

Sponsors: Senators Lias, Das, Keiser, Kuderer, Rolfes, Van De Wege and Wilson, C.; by request of Insurance Commissioner.

Senate Committee on Ways & Means
House Committee on Finance

Background: Under existing statute, the Office of the Insurance Commissioner (OIC) charges insurers a regulatory surcharge to pay reasonable costs, including overhead, or regulating insurers. A pro rata share of the cost is charged to insurers as a regulatory surcharge. Each insurer must contribute a sufficient amount to the OIC regulatory account to pay reasonable costs, including overhead. The surcharge is calculated separately for each class of insurer. The regulatory surcharge must not exceed 0.125 percent of receipts and the minimum regulatory surcharge is \$1,000.

The Criminal Investigations Unit (CIU) is the criminal investigations arm of the OIC. The CIU's focus is criminal investigations and prosecuting fraudulent activities against insurance companies. For insurance fraud, there is always an insurer involved as the victim of the alleged fraud, and typically the holder of critical evidence needed to evaluate and investigate the case. According to the OIC report to the Legislature in 2019, the OIC received 2,277 referrals in 2018. Between January 1, 2017 and December 31, 2018, the CIU opened 187 criminal cases and secured 52 convictions.

This CIU is currently funded through a regulatory surcharge that is charged to all classes of insurers.

Summary: An insurance fraud surcharge is created to cover the annual cost of operating the insurance fraud program. This surcharge is separate from the regulatory surcharge that exists under current statute. The insurance fraud surcharge is the cost of operating the insurance fraud program for a fiscal year, and the surcharge may not exceed 0.01 percent of one percent of receipts and the minimum surcharge is \$100. All funds collected must be deposited in the OIC's fraud account in the state treasury.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Votes on Final Passage:

Senate	48	0
House	97	0

Effective: July 1, 2020.