

# HOUSE BILL REPORT

## HB 2554

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**As Reported By House Committee On:**  
Financial Institutions & Insurance

**Title:** An act relating to insurance fraud.

**Brief Description:** Prohibiting offers of incentives to insurance claimants to reimburse claimants for costs of service.

**Sponsors:** Representatives Zellinsky, L. Thomas, Sullivan and Carrell.

**Brief History:**

**Committee Activity:**

Financial Institutions & Insurance: 1/26/98, 1/28/98 [DP].

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### HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

**Majority Report:** Do pass. Signed by 10 members: Representatives L. Thomas, Chairman; Zellinsky, Vice Chairman; Wolfe, Ranking Minority Member; Grant, Assistant Ranking Minority Member; Benson; Constantine; DeBolt; Keiser; Sullivan and Wensman.

**Staff:** Jim Morishima (786-7191).

**Background:** Insurance fraud is governed by state law. It is unlawful for a person who provides services (health care services, motor vehicle repair, and preparing, processing, presenting, or negotiating an insurance claim) to engage in the regular practice of waiving, rebating, giving, paying, or offering to waive, rebate, give, or pay all or part of a claimant's deductible.

**Summary of Bill:** The class of prohibited acts is broadened. It is unlawful for a person who provides services to offer a claimant a monetary, material, or nonmaterial incentive, regardless of actual monetary value. The person providing services need not engage in the regular practice of offering incentives to violate the act.

Violations of this act are also violations of the Washington consumer protection statute.

**Appropriation:** None.

**Fiscal Note:** Not requested.

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

**Testimony For:** When persons who provide services give incentives to claimants, they recover the cost of the incentives by lowering the quality of their services. Some service providers are circumventing the prohibition on paying the claimant's deductible by offering other incentives. This bill makes it harder to circumvent this prohibition. This bill also makes it harder for service providers to defend their actions by claiming that they do not engage in the regular practice of giving incentives and that private citizens cannot enforce the law.

**Testimony Against:** None.

**Testified:** James McFarlane, Independent Glass Professionals Association (pro); Larry Pfingston, Independent Glass Professionals Association (pro); and David Smith, Independent Glass Professionals Association (pro).