

HOUSE BILL ANALYSIS

HB 1002

Brief Description: Clarifying submission of insurance antifraud plans.

*Prepared by: Charlie Gavigan, Counsel (786-7340)
House Financial Institutions & Insurance Committee*

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; this includes most of the insurance companies in the state.

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: 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.

Fiscal Note: Not Requested.

Effective Date: Ninety days after the session in which the bill passes.

Rulemaking: Not Addressed.