

SENATE BILL REPORT

SHB 2886

AS REPORTED BY COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE,
FEBRUARY 28, 1992

Brief Description: Creating the insurance fraud advisory board.

SPONSORS: House Committee on Financial Institutions & Insurance (originally sponsored by Representatives Dellwo, Broback, Scott, R. Johnson, Paris, Jacobsen and Winsley)

HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Majority Report: Do pass.

Signed by Senators von Reichbauer, Chairman; Erwin, Vice Chairman; Moore, Pelz, Rasmussen, Sellar, and Vognild.

Staff: Benson Porter (786-7470)

Hearing Dates: February 28, 1992

BACKGROUND:

Numerous accounts have been reported about fraudulent insurance practices in both Washington and other states in the areas of auto, medical, and property insurance. However, because of the lack of centralized data collection, the total cost and extent of insurance fraud cannot be precisely determined. As such, it is also difficult to estimate the impact of insurance fraud upon premiums.

SUMMARY:

The Insurance Fraud Advisory Board is created. The board consists of the Insurance Commissioner as ex officio member and eight other members. There shall be one person representing the following interests: property and casualty insurers, health care service contractors and health maintenance organizations, life and disability insurers, insurance agents and brokers, health care providers, public adjusters, county prosecutors, and insurance claimants.

The board is to assist the commissioner in identifying and quantifying the nature and amount of insurance fraud in Washington. In addition, the board is to develop a statistical data base, recommend criminal penalties for insurance fraud, and review the effectiveness of the Health Care False Claims Act.

The board ceases to exist on January 1, 1996.

Appropriation: none

Revenue: none

Fiscal Note: none requested

TESTIMONY FOR:

Insurance fraud is a driving cost factor in insurance premiums. The board will allow the industry to work toward solutions to combat fraud.

TESTIMONY AGAINST:

The advisory board can do nothing that is not already being done or that could be accomplished without the board.

TESTIFIED: Craig McGee, Pemco Insurance (pro); Dave Rodgers, Chief Deputy Insurance Commissioner (pro); Basil Badley, AIA (con)