

HCS HB 1495 -- REPORTING OF INSURANCE FRAUD (Nance)

COMMITTEE OF ORIGIN: Committee on Insurance Policy

Currently, insurers and others can share information related to insurance fraud investigations without being subject to civil liability for libel. This substitute expands the immunity afforded to insurers and others for filing reports and furnishing other information related to an insurance fraud investigation so that the insurer will not be subject to civil liability of any kind, including libel and slander.

A civil cause of action of any nature cannot arise against a person for furnishing or receiving information related to suspected or anticipated fraudulent insurance acts to or from:

- (1) Law enforcement officials and their agents and employees;
- (2) Persons subject to the Fraudulent Insurance Act; and
- (3) Reports to a federal or state agency or office, the National Association of Insurance Commissioners, the National Insurance Crime Bureau, or any other organization established to detect and prevent fraudulent insurance acts or a department-recognized database system.

The substitute allows an insurer that has been injured in business or property by a fraudulent insurance act committed with the intent to defraud can recover:

- (1) Any profits, benefits, compensation, or payment received by the person directly resulting from the violation;
- (2) Reasonable attorney fees and other related legal expenses; and
- (3) All other economic damages directly resulting from the violation.

If the insurer can show by clear and convincing evidence that the violation was committed knowingly with an intent to defraud, it must be entitled to recover up to three times the amount of damages for its economic damages. An insurer must bring the action to recover damages within five years of the commission of the acts constituting the violation or within two years of the time the insurer discovered, or with reasonable diligence could have discovered, the violation, whichever is later.

FISCAL NOTE: No impact on state funds in FY 2013, FY 2014, and FY 2015.