

Regular Session, 2014

SENATE BILL NO. 281

BY SENATOR BROWN

INSURANCE DEPARTMENT. Provides with respect to insurance anti-fraud plans.
(8/1/14)

1 AN ACT

2 To amend and reenact R.S. 22:572.1, relative to insurance anti-fraud plan; to provide with
3 respect to an exemption for small companies from the requirement to prepare,
4 implement, maintain, and file with the commissioner an insurance anti-fraud plan;
5 and to provide for related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 22:572.1 is hereby amended and reenacted to read as follows:

8 §572.1. Insurance anti-fraud plan

9 A. Each authorized insurer, other than a "small company" as defined in
10 R.S. 22:46, and each health maintenance organization licensed to operate in this state
11 shall prepare, implement, ~~and maintain,~~ and file with the commissioner an
12 insurance anti-fraud plan for ~~the insurer's or health maintenance organization's~~ its
13 operations in this state.

14 B. The insurance anti-fraud plan ~~utilized by each authorized insurer and each~~
15 ~~health maintenance organization in this state~~ required by Subsection A of this
16 Section ~~shall be filed with the commissioner of insurance and shall outline specific~~
17 procedures, actions, and safeguards that ~~are applicable, relevant, and appropriate to~~

1 ~~the type of insurance the authorized insurer writes or the type of coverage offered by~~
2 ~~the health maintenance organization in this state and shall include how the authorized~~
3 insurer or health maintenance organization will:

4 (1) Detect, investigate, and prevent all forms of insurance fraud, including
5 fraud involving ~~the insurer's or health maintenance organization's~~ **its** employees or
6 agents; fraud resulting from misrepresentations in the application, renewal, or rating
7 of insurance policies; fraudulent claims; and **breach of** security of ~~the insurer's or~~
8 ~~health maintenance organization's~~ **its** data processing systems.

9 (2) Educate ~~appropriate~~ employees on fraud detection and the ~~insurer's or~~
10 ~~health maintenance organization's~~ **insurance** anti-fraud plan.

11 (3) Provide for fraud investigations, whether through the use of internal fraud
12 investigators or third-party contractors.

13 (4) Report a suspected fraudulent insurance act, as defined by R.S.
14 22:1923(1), to the Department of Insurance as well as ~~appropriate~~ law enforcement
15 and other regulatory authorities engaged in the investigation and prosecution of
16 insurance fraud.

17 (5) Pursue restitution for financial loss caused by insurance fraud; ~~when~~
18 ~~applicable, relevant, and appropriate.~~

19 C. The commissioner shall review the insurance anti-fraud plan submitted by
20 ~~each authorized insurer and each health maintenance organization~~ **pursuant to**
21 **Subsection A of this Section** to determine compliance with the requirements of this
22 Section.

23 D. The commissioner ~~shall have the authority to~~ **may** investigate and
24 examine the records and operations of ~~each~~ authorized insurers and ~~each~~ health
25 maintenance organizations to determine if ~~the insurer or health maintenance~~
26 ~~organization has~~ **they have** implemented and ~~maintained compliance~~ **complied** with
27 the insurance anti-fraud plan.

28 E. The commissioner is ~~authorized to~~ **may** direct ~~any authorized insurer or~~
29 ~~health maintenance organization to make~~ any modification to the insurer's or health

1 ~~maintenance organization's insurance anti-fraud plan necessary to obtain and~~
 2 ~~maintain compliance~~ **comply** with the requirements of this Section, and the
 3 commissioner may require ~~any other reasonable remedial action to the insurer's or~~
 4 ~~health maintenance organization's insurance anti-fraud plan if the investigation and~~
 5 ~~examination reveals~~ **remedy** substantial noncompliance ~~by the insurer or health~~
 6 ~~maintenance organization with the terms of the insurer's or health maintenance~~
 7 ~~organization's insurance anti-fraud plan.~~

8 F. The **insurance** anti-fraud plan and any summary report shall be filed with
 9 the commissioner on or before April first of each calendar year. Either on a calendar
 10 year basis or ~~on whatever~~ **such** other interval ~~he~~ **the commissioner** deems
 11 appropriate, the commissioner ~~is authorized to~~ **may** require that each authorized
 12 insurer and each health maintenance organization file a summary report of any
 13 material change to the insurance anti-fraud plan, including the total number of claims
 14 and the number of claims referred to the commissioner as suspicious, and the
 15 commissioner ~~is authorized to direct each insurer and each health maintenance~~
 16 ~~organization as to~~ **may prescribe** the format of the summary report.

17 G. The insurance anti-fraud plan ~~submitted to the department, as well as the~~
 18 ~~summary report of the insurer's or health maintenance organization's insurance anti-~~
 19 ~~fraud activities and results,~~ **and any summary report required by this Section** are
 20 not public records and are exempt pursuant to R.S. 44:1 et seq., and specifically R.S.
 21 44:4.1(B)~~(10)~~**(11)**, shall be and are hereby declared to be ~~company~~ proprietary and
 22 ~~business~~ confidential **business** records ~~and~~ not subject to public examination or
 23 subpoena.

The original instrument and the following digest, which constitutes no part
 of the legislative instrument, were prepared by Cheryl Horne.

DIGEST

Brown (SB 281)

Present law requires each authorized insurer and each health maintenance organization licensed to operate in this state to prepare, implement, and maintain an insurance anti-fraud plan for operations in the state.

Proposed law exempts a small company as defined in present law from the requirement to

have an anti-fraud plan.

Proposed law provides for technical changes.

Effective August 1, 2014.

(Amends R.S. 22:572.1)