

SENATE BILL NO. 281

BY SENATOR BROWN

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 shall be filed with the commissioner of~~  
16 ~~insurance and~~ **required by Subsection A of this Section** shall outline specific  
17 procedures, actions, and safeguards that ~~are applicable, relevant, and appropriate to~~  
18 ~~the type of insurance the authorized insurer writes or the type of coverage offered by~~  
19 ~~the health maintenance organization in this state and shall~~ include how the authorized  
20 insurer or health maintenance organization will **do each of the following**:

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

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

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

3 (4) Report a suspected fraudulent insurance act, as defined by R.S.  
4 22:1923~~(1)~~(2), to the Department of Insurance as well as ~~appropriate~~ law  
5 enforcement and other regulatory authorities engaged in the investigation and  
6 prosecution of insurance fraud.

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

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

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

18 E. The commissioner ~~is authorized to~~ **may** direct any authorized insurer or  
19 ~~health maintenance organization to make~~ any modification to the insurer's or health  
20 ~~maintenance organization's~~ insurance anti-fraud plan necessary to ~~obtain and~~  
21 ~~maintain compliance~~ **comply** with the requirements of this Section, and the  
22 commissioner may require ~~any other reasonable remedial~~ action to ~~the insurer's or~~  
23 ~~health maintenance organization's~~ insurance anti-fraud plan if the investigation and  
24 ~~examination reveals~~ **remedy** substantial noncompliance ~~by the insurer or health~~  
25 ~~maintenance organization with the terms of the insurer's or health maintenance~~  
26 ~~organization's~~ insurance anti-fraud plan.

27 F. The **insurance** anti-fraud plan and any summary report shall be filed with  
28 the commissioner on or before April first of each calendar year. Either on a calendar  
29 year basis or ~~on whatever~~ **such** other interval ~~he~~ **the commissioner** deems  
30 appropriate, the commissioner ~~is authorized to~~ **may** require that each authorized

1 insurer and each health maintenance organization file a summary report of any  
 2 material change to the insurance anti-fraud plan, including the total number of claims  
 3 and the number of claims referred to the commissioner as suspicious, and the  
 4 commissioner ~~is authorized to direct each insurer and each health maintenance~~  
 5 ~~organization as to~~ **may prescribe** the format of the summary report.

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

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PRESIDENT OF THE SENATE

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SPEAKER OF THE HOUSE OF REPRESENTATIVES

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GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: \_\_\_\_\_