

Bill as Introduced

HB 1244 - AS INTRODUCED

2010 SESSION

10-2676

04/01

HOUSE BILL **1244**

AN ACT relative to insurance fraud.

SPONSORS: Rep. Nixon, Hills 17; Rep. Leishman, Hills 3; Rep. Craig, Hills 9; Rep. E. Merrick, Coos 2; Rep. McEachern, Rock 16

COMMITTEE: Commerce and Consumer Affairs

ANALYSIS

This bill prohibits insurers from including warning language regarding insurance fraud in communications with an insured or potential claimant. The bill requires insurers to include language in all communications with an insured or a potential claimant advising them of their right to file a complaint with the New Hampshire insurance department.

Explanation: Matter added to current law appears in ***bold italics***.
Matter removed from current law appears [~~in brackets and struck through.~~]
Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Ten

AN ACT relative to insurance fraud.

Be it Enacted by the Senate and House of Representatives in General Court convened:

1 1 New Paragraph; Insurance Fraud. Amend RSA 638:20 by inserting after paragraph VII the
2 following new paragraph:

3 VIII.(a) No communication to an insured or potential claimant from an insurer shall contain
4 language that is the same or substantially similar to the following: "New Hampshire law requires us
5 to advise you of the following regulation: Any person who, with a purpose to injure, defraud, or
6 deceive any insurance company, files a statement of claim containing any false, incomplete, or
7 misleading information is subject to prosecution and punishment for insurance fraud as provided in
8 RSA 638:20."

9 (b) All communication from an insurance company to an insured or a potential claimant
10 shall contain the following language: "If you have a complaint concerning the way you have been
11 treated by an insurance company, you may obtain a complaint form from the New Hampshire
12 Insurance Department, 21 South Fruit Street, Suite 14, Concord, NH 03301-2430, Attention:
13 Complaint Division."

14 2 Effective Date. This act shall take effect 60 days after its passage.

Amendments

Rep. Nixon, Hills. 17
February 8, 2010
2010-0542h
04/09



Amendment to HB 1244

- 1 Amend the bill by inserting after section 1 the following and renumbering the original section 2 to
- 2 read as 3:
- 3
- 4 2 Repeal. RSA 402:82, relative to insurance claim forms and applications, is repealed.

Not Used

Speakers

Hearing Minutes

HOUSE COMMITTEE ON COMMERCE AND CONSUMER AFFAIRS

PUBLIC HEARING ON HB 1244

BILL TITLE: relative to insurance fraud.
DATE: 2-9-10
LOB ROOM: 302 **Time Public Hearing Called to Order:** 1115
Time Adjourned: 1158

(please circle if present)

Committee Members: Reps. Butler, DeStefano, Kopka, McEachern, Hammond, Nord, Winters,
Meador, Gidge, Schlachman, Keans, D. Eaton, Hunt, Quandt, Belanger, D. Flanders, R. Holden,
Dowling, Headd, Nevins and Palfrey.

Bill Sponsors: Rep. Nixon, Hills 17; Rep. Leishman, Hills 3; Rep. Craig, Hills 9; Rep. E. Merrick,
Coos 2; Rep. McEachern, Rock 16

TESTIMONY

* Use asterisk if written testimony and/or amendments are submitted.

Rep. David Nixon, prime sponsor – Opened bill. Referenced insurance fraud. Purpose is to amend RSA 638:20; addressed his concerns about intimidation of insurance. Amendment to the bill is to repeal RSA 402:83. Believes this is a positive for consumers.

Rep. Paul McEachern, co-sponsor – Supports the bill. Believes this to be a truth in packaging law; signs current letter to insurance company send out make you feel like a crook. Deter others from committing fraud. I am not aware if anyone really offended by the letter. Suggest we review Reg. 100 which explains the requirements of claim reporting and handling.

Q: Rep. Joel Winters – What's wrong with telling an insured that fraud is against the law?

A: I am intimidated.

Barbara Richardson, NH Insurance Dept. – Opposes the bill. Strongly against this bill. We get approximately 300 fraud claims at the department and we have been sending out letters since 1992. We don't actually prosecute 300 claims because the insurance companies' fraud investigator units bring federal information forward to us when they have actually investigated and found fraud. We actually prosecuted 9 last year. The others confessed and admitted their fraud.

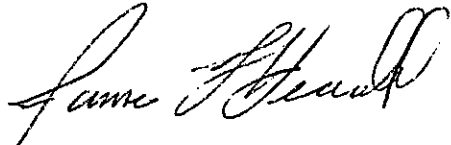
George Roussos, AIA/NH Assn. of Domestic Insurers – Opposes the bill. In 1992 the prosecutor position of assistant attorney general was created. Five to ten percent of all claims are fraudulent. That is a common number used in the industry. This 1992 change put insurance fraud on to the radar screen; when a case is prosecuted it does deter others from committing fraud. I am

not aware of anyone really offended by the letter. Suggest we review Regulation 1000 which explains the requirements of claim reporting and handling.

***Mike McLaughlin, PCIAA** – Opposes the bill. Handed out pamphlets titled “Insuring Against Fraud”. We think fraud is a legitimate issue to deal with; millions of dollars are taken from insurance companies fraudulently each year. The honorable insured’s pay for this fraud. National has claims bureau; produced the bulletin.

Jim Townsend of Manchester, representing self – Semi-retired attorney. Supports bill; disturbed by language.

Respectfully Submitted:

A handwritten signature in cursive script that reads "James F. Headd". The signature is written in black ink and is positioned above the printed name.

James F. Headd, Clerk

HOUSE COMMITTEE ON COMMERCE AND CONSUMER AFFAIRS

PUBLIC HEARING ON HB 1244

BILL TITLE: relative to insurance fraud.

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LOB ROOM: 302

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Committee Members: Reps. Butler, DeStefano, Kopka, McEachern, Hammond, Nord, Winters, Meader, Gidge, Schlachman, D. Eaton, Hunt, Quandt, Belanger, D. Flanders, R. Holden, Dowling, Heado, Nevins and Palfrey. KEANS

Bill Sponsors: Rep. Nixon, Hills 17; Rep. Leishman, Hills 3; Rep. Craig, Hills 9; Rep. E. Merrick, Coos 2; Rep. McEachern, Rock 16

TESTIMONY

* Use asterisk if written testimony and/or amendments are submitted.

Rep Nixon opened Bill Reference insurance fraud
Purpose is to ^{Amend} ~~Repeal~~ RSA 402.82 638.20.
Addressed his concerns about intimidation
& issues

Amendment to the Bill is to Repeal RSA 402.82
Believes this is a positive move for consumers

H 2 Rep McEachern - supports Bill -
Believe this to be a truth in packaging
law - says current letter box to
send out make you feel like a crook

Q winter - what's wrong will testify on
insured that fraud is against the
law.

A - I am interested

3 BARBARA Richardson - NH JW 2nd

Opposes: I strenuously against this Bill -
We get approximately 300 fraud
claims ~~against~~ at the Dept.

~~After~~ as we have been sent out letters
in 5/10/92 -

We don't actually prosecute 300
claims because the Ins companies
PRIMO investigation units Drug Fraud
w/ps forward to us when they have
actually investigated of fraud fraud.

We actually prosecuted 9 last year
the others confessed or admitted their
fraud

4 Les Rousso - AFA / NH

Opposes Bill - 1992 to

Prosecutor position of act atty general was created
5 to 10% of all claims are fraudulent
there is a common number used in the
industry - This of 1992 change per
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when a case is prosecuted it does

#3

HB 1244

letter others from community fraud.
I am not aware of anyone being
offended by the letter.

Suggest we review Reg. 1000
which explains the requirements of claim
reporting at handling.

#4

Dr. Ke McTighe - opponent
P.C.I.S.S.

Handed out pamphlet entitled
knowing against fraud.

We think fraud is a legitimate
issue to deal with - millions of
dollars are taken from ins. carriers
fraudulently each year - the honest
insureds pay for this fraud.

National Ins. Claims Bureau
produced the Bulletin -

#5

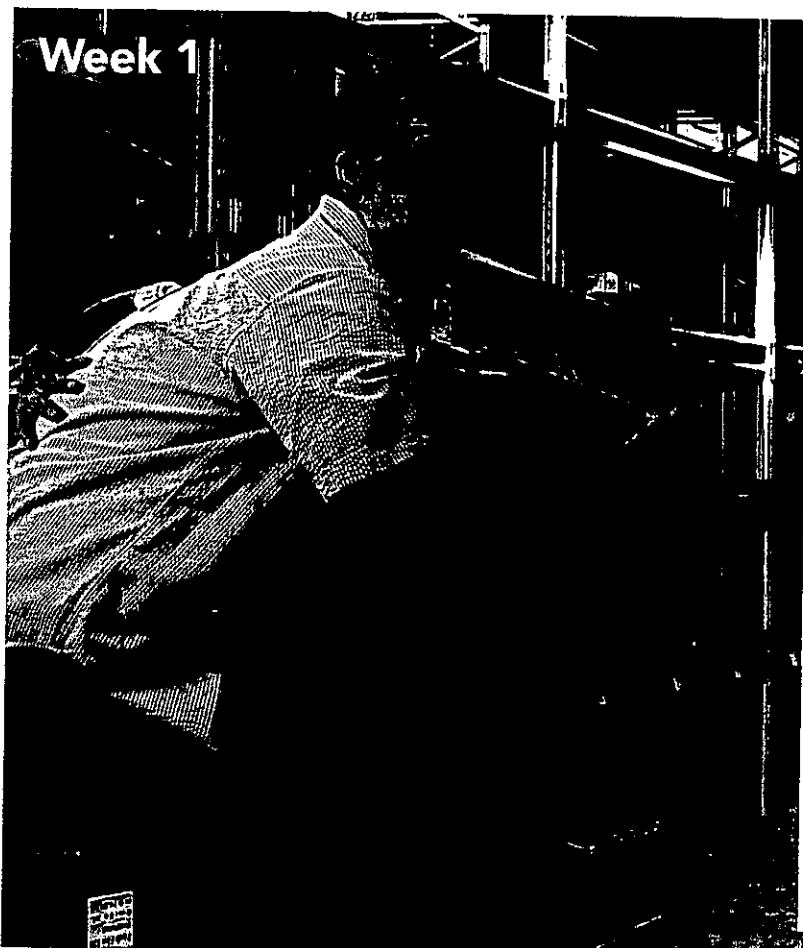
Tom Townsend - semi Retired aty
Representative ~~of~~ suit - supporter Bill
destroyed by lawyer -

Testimony

Insuring Ag

Today's turbulent economy fuels fraudulent claims.

BY ERIKA COHEN



Catharine Zdon of Derry filed a claim with State Farm Fire and Casualty Company reporting her diamond ring stolen—it wasn't. Wellington Potter of Jefferson filed a claim with Vermont Mutual Insurance Company to replace items lost in a fire, but rather than replace the items he took the cash and filed phony receipts. Donald Rankin of Goshen claimed workers' compensation for an injury he said prevented him from doing his job as a truck driver. However, Goshen found another truck driving job while still receiving compensation from MEMIC.

If you think those are unusual, they are not. Insurance fraud is on the rise in NH and nationally as people look for an easy source of cash in

a tough economy. In fact, between the first half of 2008 and the first half of 2009, the number of questionable claims reported to the National Insurance Crime Bureau jumped 13 percent. Suspected insurance fraud in the Granite State increased 28.3 percent from 2007 to 2008, the most of any New England State.

None of those statistics surprise Thomas F. Nickels, owner of Nickels Professional Investigations in Manchester, who explains that insurance fraud is the "bread and butter" of the private investigative industry. Worrying about job security? "Workers' compensation is better than unemployment" as it lasts longer, pays the medical bills and often leads to a settlement, he says. Is your business on the verge of bankruptcy? Funny, he says, "there are a lot more suspicious arsons these days."

But no one in the insurance industry is laughing. Nationally, about \$90 billion worth of fraudulent claims are filed annually, says Joe Zuromsky, manager of Liberty Mutual's Special Investigations Unit for agency markets, which covers personal and commercial policies, and business liability insurance.

An Easy Out?

While they say crime doesn't pay, fraudulent claims often do. Take the case of Donald Rankin and MEMIC. After receiving workers' compensation for over a year, Rankin pled guilty to a Class A felony. He paid \$2,279 restitution to MEMIC, wrote an apology letter and completed 200 hours of community service. That restitution pay, explains Matt Harmon, MEMIC's director of claims operations

ainst Fraud



Week 3



in Manchester, covered only the wage replacement Rankin received from MEMIC after it was determined he had gone back to work. "It's really a fraction of the overall claim," Harmon says. It did not cover medical bills or benefits paid to Rankin prior to the fraud investigation.

While having a felony on his record will undoubtedly hurt Rankin's job prospects, his conviction is not the norm. It is one of just 13 prosecutions in NH in fiscal years 2007 and 2008. The NH Insurance Department receives about 300 claims of suspected insurance fraud a year and resolves many outside court. The challenge, says Harmon of MEMIC, is proving fraud in court. Other options include going before a hearings officer at the NH Department of Labor to terminate benefits. At Liberty Mutual, Zuromsky estimates that about 2 percent of the

claims filed in his unit are fraudulent. Of those, the firm's 113 investigators can prove fraud about 60 percent of the time. They do so by seeking out such red flags as a claim for a stolen car that is seven or eight years old, as older cars aren't likely to be stolen, or a reported theft of electronics where everything is neatly removed as thieves grab and go in haste, he says.

And it appears people are as unsteady as the economy. Zuromsky sees more slip and fall claims that have no witnesses. Liberty Mutual is also seeing a rise in suspicious claims of jewelry theft from homes.

It's not just individuals who are investigated for insurance fraud. All employers are required by law to carry workers' comp coverage. At the NH Department of Labor, Attorney Martin Jenkins says there is an increase in businesses

misclassifying their employees to lower workers' comp rates or dropping coverage and then failing to get new coverage. In those cases, companies are fined more than it would have cost to maintain correct coverage. The department uncovers such practices through periodic wage and hour inspections of businesses. Jenkins says the department rarely has to investigate false claims as insurers are good at filtering those out and addressing them.

But not all cases of insurance fraud are for financial gain. At CIGNA, the majority of its NH cases involve prescription drug abuse where patients "doctor or pharmacy shop" to get additional medication, says Kenneth Faustine, director, special investigations, for CIGNA out of its Connecticut office. CIGNA combats the problem by limiting the number



Thomas F. Nickels, owner of Nickels Professional Investigations in Manchester

of drugs a patient can get at one time, and checking a patient's subscription history before a pharmacist fills a prescription. It also helps connect patients with health specialists to address any underlying addiction.

Investigating Fraud

Investigating insurance fraud is dicey. While it may seem easy to trail a suspect, Nickels says that is the hardest part. Investigators can't trespass and they can be accused of stalking. And investigators tend to be unpopular, which is why Nickels purposely has no sign outside his office. Besides wits, tools of the trade include pinhole cameras that clip on shirts, low light cameras and everyday video cameras. Nickels looks for boats in people's yards and then videotapes the allegedly injured waterskiing. He once paid a person who filed a worker's comp claim, but ran a hunting business on the side, to take him on a hunting trip. Nickels videotaped the trip to prove the man's physical fitness. By paying for such services, he can prove a case without being accused of a setup.

Insurance companies are required by law to have antifraud units and those units often hire private investigators for surveillance, a time-intensive process that can last days per case and cost more than \$1,000. Companies, as well as the individuals accused of fraud, also sometimes hire attorneys to represent their respective interests.

Despite the recession, there has only been a 2 percent increase nationally in workers' comp claims between the first half of 2008 and the same period in 2009. But, says Harmon of MEMIC, which covers more than 200 employers in NH with premiums totaling about \$15 million, that sort of fraud can be difficult to prove. "What we're seeing is a

select few people taking advantage of claims that start off as legitimate, but they have the desire to extend the length of the claim," he says. "I think the reason is there is reduced incentive to return to work when there is a likelihood of reduced hours, or, if while you were out, the company went out of business."

Once MEMIC suspects fraud—signs include lack of an objective finding by a doctor or an unusually long recovery for a basic sprain—it will decide whether to hire an investigator to prove its case. MEMIC also has an anonymous fraud hotline. Harmon says the company pays close attention to businesses that are going through financial difficulties or going out of a business, as people are more likely to file claims then to insure they will have some form of income coming to them.

David McGrath of McGrath Investigative Services in Seabrook spends most of his time on workers' compensation cases and says, "I've seen people get away with more than you think they should." McGrath says if he finds evidence of wrongdoing, like working for your brother

the landscaper while you supposedly have numbing back pain, it's up to the insurers to prosecute. And it's McGrath's opinion that the cost/benefit analysis—once lawyers and other costs are factored in—makes it more trouble than it's worth to prosecute many

cases. Harmon sees it differently. While he acknowledges his company "cherry picks" customers and will not work with businesses with high claim rates unless they are willing to pay appropriate rates, he says MEMIC investigates all cases fully. But having probable cause and proof of fraud—and being able to prove it in court—are two different things. That's why the company sometimes settles at a reduced rate rather than pursue a case it's likely to lose.

In some cases, investigations require technical know-how, not surveillance. Enter Judy Gosselin of J.A.G & Co. LLC Investigation in Manchester. She specializes in computer forensics, recovering data and e-mail from computers, even after a fire. She can go places virtually without being accused of stalking, for instance, catching someone setting up an online business after filing for worker's comp stating they can't do computer work due to carpal tunnel or eye strain.

Gosselin says she also sees a lot of dubious bookkeeping. For example, a medical provider might submit false Medicare and Medicaid claims, using fake social security numbers for services never provided. She looks for recurring names or locations or for charges to numerous members of a single family.

And Gosselin isn't the only person combating medical fraud. Insurers say patients are often the first line of defense. Calls to CIGNA's national 24-hour fraud hotline have increased 20 percent in the past year, says Faustine.

He says patients pay close attention to their bills and are quick to call if a bill lists a service not provided (called upcoding) or a visit that didn't happen. Those tips lead CIGNA to check for other misrepresentations by the same doctors—and if it's fraud, it is rarely limited to that one patient. "Investigators call doctors and usually get, 'oh, it's a clerical error or a billing error,'" he says of cases of suspected insurance fraud.

The Cost of Fraud

Both insurers and investigators say many people believe insurance fraud is a victimless crime. In fact, according to a 2008 study by the Coalition Against Insurance Fraud, one in

five adults (or about 45 million Americans) consider it acceptable to defraud insurance companies under certain conditions.

Zuromsky says that perception may be changing as people become aware

"If you're a citizen in hard economic times, would you rob a 7-Eleven and risk going to jail for seven years or steal thousands from insurance and get slapped on the wrist?"

-Joe Zuromsky, manager of Liberty Mutual's Special Investigations Unit

of the costs involved. Faustine of CIGNA estimates his company nationally prevents \$100 million worth of fraudulent claims a year. The savings can be staggering for an individual company, especially a self-insured company that pays its own claims, but uses CIGNA as a

Change in Nationally Reported Suspicious Insurance Claims
(First Half of 2008 to the First Half of 2009)

Reason	% Change
Automobile claims (inflated repairs, phantom accidents, auto glass fraud etc...)	21%
Property claims (hail damage, arson, lost jewelry etc...)	20%
Commercial claims (slip and fall, arson, theft etc...)	19%
Casualty claims (slip and fall, duplicate billing, staged accident etc...)	15%
Workers' compensation claims (false injuries, disability, claimant fraud etc...)	2%
Miscellaneous	31%

Source: National Insurance Crime Bureau

manager. If CIGNA stops a \$45,000 claim that should have been \$15,000, that's \$30,000 the employer doesn't have to pay, Faustine says.

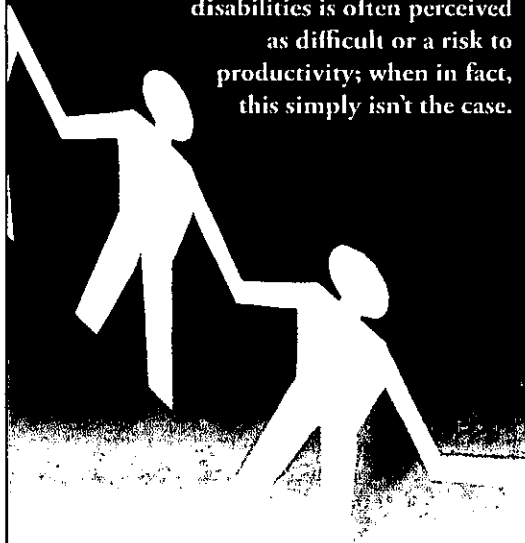
When it comes to workers' compensation, having a high number of claims is costly. Harmon says companies with low loss histories can have rates 30 to 40 percent below average, while those with higher losses can have rates 100 percent above average. Nickels says premiums can go up \$3,000 to \$4,000 per person when a company has a hike in claims. That high cost is why companies call in people like Sebastian Grasso, president and CEO of Windham Group. His company works with businesses and insurers to manage and prevent workers' compensation claims by assessing workspaces and suggesting ways to prevent injuries. But vigilance against fraud can make things harder on people with legitimate claims, he says.

His company has seen a slight decline in business this year as he says fewer people are filing for workers' compensation. The reason, Grasso says, is fear. Older workers who may have a legitimate injury don't want to risk filing a claim and losing their job in a tough market when they are just four years from retirement and have lost money in their 401k. Younger workers also worry about losing their jobs. "If they lose their jobs, there are fewer jobs to get," he says. And it could be a legitimate fear. According to the NH Department of Labor, "There are no job security laws in New Hampshire, but the employer may be required to reinstate you if you are released by your treating physician within 18 months of the date of injury."

Soft tissue or repetitive stress injuries, says Grasso, are subjective and challenging to prove. In those cases, private investigations can sometimes result in cutting off legitimate claims. As an example, Nickels points to a situation where an injured person may have doctor's orders not to lift more than five pounds. If investigators see the person carrying heavy grocery bags, he or she could lose their workers' compensation. "But what choice do you

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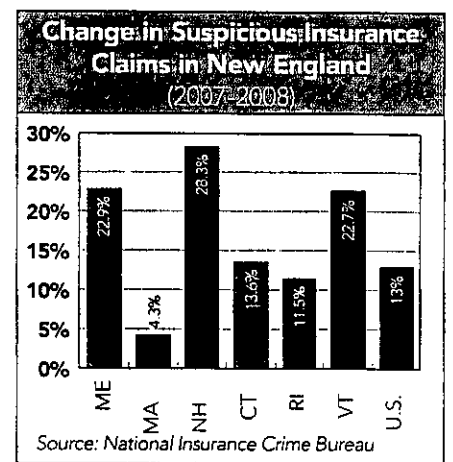
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have? You need the groceries," Nickels says. Zuromsky says abusers often seek the path of least resistance, and historically that path has been insurance fraud. "If you're a citizen in hard economic times, would you rob a 7-Eleven and risk going to jail for seven years or steal thousands from insurance and get slapped on the wrist?" he asks.

That is changing, however. The death of a 65-year grandmother in a staged car crash in Lawrence, Mass. led the Bay State to step up its anti-fraud efforts. Since then, automobile insurance in Lawrence has dropped 24 percent, according to Insurancefraud.org. But rather than giving up committing crimes, Zuromsky says criminals head to Northern New England. Suspected insurance fraud jumped only 4.3 percent in Massachusetts between 2007 and 2008 (the lowest in New England), while Maine, NH and Vermont all increased more than 20 percent, according to the National Insurance Crime Bureau.

Future Claims

Investigators and insurers fear fraudulent claims will increase if employers continue closing or laying off employees.

Barbara Richardson heads the four-person fraud investigation unit at The NH Insurance Department. Richardson says cases reported to her department have increased about 15 percent in the last 18 months, and she depends on the Labor Department and the Attorney General's office to help investigate and prosecute them. "In this economy, many people are having problems and they're turning to insurance," she says.

That wasn't how it used to be. When Jenkins started with the NH Department of Labor three years ago, he saw about 10 questionable claims a month. Now his department sees about 10 a week and half of those, as before, tend to be violations due to intentional fraud or negligence. Insurers report similar numbers. When Zuromsky started at Liberty Mutual in 1991, he was researching four to six cases a month. His investigators now research 12 to 14 each month. And it's likely to get worse. Harmon says employees have two years to file claims after a company closes. "The speculation is these claims are coming, both fraudulent and legitimate," says Grasso. "They are in hibernation." ■

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Voting Sheets

HOUSE COMMITTEE ON COMMERCE AND CONSUMER AFFAIRS

EXECUTIVE SESSION on HB 1244

BILL TITLE: relative to insurance fraud.

DATE: 2-11-10

LOB ROOM: 302

Amendments:

Sponsor: Rep. OLS Document #:

Sponsor: Rep. OLS Document #:

Sponsor: Rep. OLS Document #:

Motions: OTP, OTP/A, ITL, Interim Study (Please circle one.)

Moved by Rep.

Seconded by Rep.

Vote: (Please attach record of roll call vote.)

Motions: OTP, OTP/A, ITL, Interim Study (Please circle one.)

Moved by Rep. Hunt

Seconded by Rep. Headd

Vote: 11-5 (Please attach record of roll call vote.)

CONSENT CALENDAR VOTE: Consent or Regular (Circle One)

(Vote to place on Consent Calendar must be unanimous.)

Statement of Intent: Refer to Committee Report

Respectfully submitted,

Rep. James F. Headd, Clerk

HOUSE COMMITTEE ON COMMERCE AND CONSUMER AFFAIRS

EXECUTIVE SESSION on HB 1244

BILL TITLE: relative to insurance fraud.

DATE: 2-11-16

LOB ROOM: 302

Amendments:

Sponsor: Rep. OLS Document #:

Sponsor: Rep. OLS Document #:

Sponsor: Rep. OLS Document #:

Motions: OTP, OTP/A, ITL, Interim Study (Please circle one.)

Moved by Rep. Hunt

Seconded by Rep. Headd

Vote: 11-5 (Please attach record of roll call vote.)

Motions: OTP, OTP/A, ITL, Interim Study (Please circle one.)

Moved by Rep.

Seconded by Rep.

Vote: (Please attach record of roll call vote.)

CONSENT CALENDAR VOTE:

(Vote to place on Consent Calendar must be unanimous.)

Statement of Intent: Refer to Committee Report

Respectfully submitted,

Rep. James F. Headd, Clerk

Reg Cash

COMMERCE AND CONSUMER AFFAIRS

Bill #: HB 1244 Title: Redistricting of the 1st District

PH Date: 1/1/10 Exec Session Date: 2/11/10

Motion: ITL Amendment #: ~~03426~~

MEMBER	YEAS	NAYS
Butler, Edward A, Chairman	✓	
Schlachman, Donna L, V Chairman		
DeStefano, Stephen T		
Kopka, Angeline A	✓	
Meader, David R	✓	
McEachern, Paul		✓
Hammond, Jill Shaffer	✓	
Nord, Susi		✓
Winters, Joel F	✓	
Keans, Sandra B		✓
Gidge, Kenneth N		✓
Hunt, John B	✓	
Quandt, Matt J	✓	
Belanger, Ronald J		
Flanders, Donald H	✓	
Holden, Rip		
Dowling, Patricia A	✓	
Headd, James F, Clerk	✓	
Nevins, Chris F	✓	
Palfrey, David J		✓
	11	5
TOTAL VOTE:		

Committee Report

REGULAR CALENDAR

March 3, 2010

HOUSE OF REPRESENTATIVES

REPORT OF COMMITTEE

The Majority of the Committee on COMMERCE AND
CONSUMER AFFAIRS to which was referred HB1244,

AN ACT relative to insurance fraud. Having considered
the same, report the same with the following

Resolution: **RESOLVED**, That it is **INEXPEDIENT TO
LEGISLATE**.

Rep. John B Hunt

FOR THE MAJORITY OF THE COMMITTEE

**MAJORITY
COMMITTEE REPORT**

Committee:	COMMERCE AND CONSUMER AFFAIRS
Bill Number:	HB1244
Title:	relative to insurance fraud.
Date:	February 17, 2010
Consent Calendar:	NO
Recommendation:	INEXPEDIENT TO LEGISLATE

STATEMENT OF INTENT

This bill has two sections the first is to prohibit insurers from not only requiring as is current law but rather barring the warning language regarding insurance fraud in communications with an insured or potential claimant. This is standard language that most states require. The second section of the bill which requires insurers to include language in all communications with an insured or a potential claimant advising them of their right to file a complaint with the New Hampshire insurance department.

Although the committee does not have a problem with requiring insures to add the NH Insurance Department Complaint Department phone number but the committee is strongly opposed to repealing and penalizing insurance companies from requiring customers to be aware that "Any person who, with a purpose to injure, defraud, or deceive any insurance company, files a statement of claim containing any false, incomplete, or misleading information is subject to prosecution and punishment for insurance fraud as provided in RSA 638:20." Insurance fraud begins when someone files a false statement this bill would be a step backward in stopping insurance fraud.

Vote 11-5

Rep. John B Hunt
FOR THE MAJORITY

Original: House Clerk
Cc: Committee Bill File

Original: House Clerk
Cc: Committee Bill File

REGULAR CALENDAR

COMMERCE AND CONSUMER AFFAIRS

HB1244, relative to insurance fraud. **INEXPEDIENT TO LEGISLATE.**

Rep. John B Hunt for the **Majority** of **COMMERCE AND CONSUMER AFFAIRS**. This bill has two sections the first is to prohibit insurers from not only requiring as is current law but rather barring the warning language regarding insurance fraud in communications with an insured or potential claimant. This is standard language that most states require. The second section of the bill which requires insurers to include language in all communications with an insured or a potential claimant advising them of their right to file a complaint with the New Hampshire insurance department. Although the committee does not have a problem with requiring insurers to add the NH Insurance Department Complaint Department phone number but the committee is strongly opposed to repealing and penalizing insurance companies from requiring customers to be aware that "Any person who, with a purpose to injure, defraud, or deceive any insurance company, files a statement of claim containing any false, incomplete, or misleading information is subject to prosecution and punishment for insurance fraud as provided in RSA 638:20." Insurance fraud begins when someone files a false statement this bill would be a step backward in stopping insurance fraud.

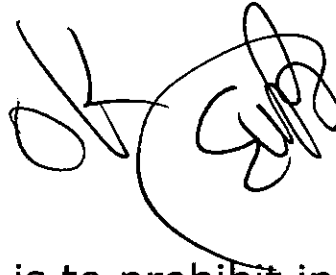
Vote 11-5.

Original: House Clerk

Cc: Committee Bill File

Stapler, Carol

From: John B. Hunt [jbhunt@prodigy.net]
Sent: Monday, February 15, 2010 10:28 AM
To: Stapler, Carol
Subject: Re: Your Blurbs
Attachments: Blurbs.doc

**HB 1244**

This bill has two sections the first is to prohibit insurers from not only requiring as is current law but rather barring the warning language regarding insurance fraud in communications with an insured or potential claimant. This is standard language that most states require. The second section of the bill which requires insurers to include language in all communications with an insured or a potential claimant advising them of their right to file a complaint with the New Hampshire insurance department.

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Insurance fraud begins when someone files a false statement this bill would ~~grant~~ step backward in stopping insurance fraud.

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HB 1340

This bill provides that certain condominium liens for unpaid monthly common expenses may be granted priority over the first mortgage and may form the basis for a foreclosure sale initiated by the unit owners' association. The amendment was

REGULAR CALENDAR

March 3, 2010

HOUSE OF REPRESENTATIVES

REPORT OF COMMITTEE

**The Minority of the Committee on COMMERCE AND
CONSUMER AFFAIRS to which was referred HB1244,**

**AN ACT relative to insurance fraud. Having considered
the same, and being unable to agree with the Majority,
report with the recommendation that the bill OUGHT
TO PASS.**

Rep. Paul McEachern

FOR THE MINORITY OF THE COMMITTEE

**MINORITY
COMMITTEE REPORT**

Committee: COMMERCE AND CONSUMER AFFAIRS

Bill Number: HB1244

Title: relative to insurance fraud.

Date: February 17, 2010

Consent Calendar: NO

Recommendation: OUGHT TO PASS

STATEMENT OF INTENT

The minority believes that removing the fraud warning from correspondence from insurance companies to their insured's removes the stigma of that which goes with making a loss claim under an insurance policy. The minority feels that the fraud warning is intimidating to honest policy holders who have suffered a loss.

Rep. Paul McEachern
FOR THE MINORITY

Original: House Clerk
Cc: Committee Bill File

REGULAR CALENDAR

COMMERCE AND CONSUMER AFFAIRS

HB1244, relative to insurance fraud. **OUGHT TO PASS.**

Rep. Paul McEachern for the **Minority** of COMMERCE AND CONSUMER AFFAIRS. The minority believes that removing the fraud warning from correspondence from insurance companies to their insured's removes the stigma of that which goes with making a loss claim under an insurance policy. The minority feels that the fraud warning is intimidating to honest policy holders who have suffered a loss.

Original: House Clerk
Cc: Committee Bill File

Minority Report

HB 1244 The minority believes that removing the fraud warning from correspondence from insurance companies to their insureds removes the stigma of that goes with making a loss claim under an insurance policy. the minority feels that the fraud warning is intimidating to honest policy holders who have suffered a loss.

Paul McEachern
Paul McEachern

OK
(Signature)

Release
1244

OK