

HB 2354



LINDA LINGLE
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TO THE HOUSE COMMITTEE ON CONSUMER
PROTECTION & COMMERCE

TWENTY-FIFTH LEGISLATURE
Regular Session of 2010

Monday, February 1, 2010
2:00 p.m.

TESTIMONY ON HOUSE BILL NO. 2354 - RELATING TO INSURANCE FRAUD

TO THE HONORABLE ROBERT N. HERKES, CHAIR, AND MEMBERS OF THE
COMMITTEE:

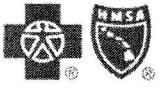
My name is J. P. Schmidt, State Insurance Commissioner, testifying on behalf of the Department of Commerce and Consumer Affairs ("Department"). Thank you for hearing this bill.

The Department supports this bill. This bill is patterned after Section 9 of the National Conference of Insurance Legislators ("NCOIL") Insurance Fraud Model Act.

This bill enhances the Department's ability to investigate insurance fraud by preventing individuals from failing to cooperate with the Department's investigations. In addition, the bill contains an enforcement provision that precludes individuals who do not cooperate with the Department's investigations and prosecutions from collecting proceeds or restitution.

We thank this Committee for the opportunity to present testimony on this matter and ask for your favorable consideration.

HMSA



Blue Cross
Blue Shield
of Hawaii

An Independent Licensee of the Blue Cross and Blue Shield Association

February 1, 2010

The Honorable Robert Herkes, Chair
The Honorable Glenn Wakai, Vice Chair
House Committee on Consumer Protection and Commerce

Re: HB 2354 – Relating to Insurance Fraud

Dear Chair Herkes, Vice Chair Wakai and Members of the Committee:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify in **support** of HB 2354 which would require individuals, entities, and insurers to cooperate with insurance fraud investigations and bar restitution for those who fail to cooperate.

Nationally, fraudulent or abusive claims translate to between \$125 and \$175 billion in losses to the health care industry each year. Although fraud and abuse is probably on the lower end of the spectrum locally, if only three percent of claims paid in Hawaii are fraudulent, this would amount to more than \$60 million dollars in losses annually. HMSA is a proponent of legislation designed to strengthen a health plan's ability to combat fraud.

We believe that the language contained in SB 2354 complements the fraud legislation which was passed during the last legislative session. Thank you for the opportunity to testify today.

Sincerely,

A handwritten signature in black ink, appearing to read 'JD' followed by a long horizontal stroke.

Jennifer Diesman
Assistant Vice President
Government Relations

AMERICAN COUNCIL OF LIFE INSURERS
TESTIMONY IN SUPPORT OF HB 2354,
RELATING TO INSURANCE FRAUD

February 1, 2010

Via E Mail: cpctestimony@capitol.hawaii.gov
Hon. Representative Robert N. Herkes, Chair
House Committee on Consumer Protection and Commerce
Hawaii State Capital, Conference Room 325
415 S. Beretania Street
Honolulu, HI 96813

Dear Chair Herkes and Committee Members:

Thank you for the opportunity to testify in support of HB 2354, relating to insurance fraud.

Our firm represents the American Council of Life Insurers (“ACLI”), a national trade association whose three hundred (300) legal reserve life insurer and fraternal benefit society member companies operating in the United States account for over 90% of the assets and premiums of the U.S. life insurance and annuity industry. ACLI member company assets account for 93% of the life insurance premiums and 98% of the annuity considerations paid in the State of Hawaii. Two hundred thirty-six (236) ACLI member companies currently do business in the State of Hawaii.

Insurance fraud is costly to both the insurance industry and consumers alike.

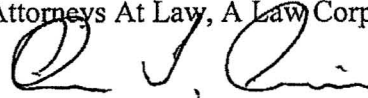
The stated purpose of the bill is to strengthen existing laws so as to prevent insurance fraud.

The bill does so by requiring those having “a reasonable belief” that insurance fraud is or will be committed to furnish and disclose any information they may have pertaining to the fraud to the Insurance Division; when requested, require those having such information to “take all reasonable actions to provide the information requested”; and barring restitution to those failing to cooperate with the Division.

Accordingly, ACLI supports HB 2354 and requests that the measure be passed by this Committee.

Again, thank you for the opportunity to testify in support of this bill.

CHAR HAMILTON
CAMPBELL & YOSHIDA
Attorneys At Law, A Law Corporation

A handwritten signature in black ink, appearing to read "Oren T. Chikamoto". The signature is fluid and cursive, with the first letter of each name being capitalized and prominent.

By: OREN T. CHIKAMOTO
otc@charhamilton.com