

Senate Bill No. 156

CHAPTER 305

An act to add Section 1879.1 to the Insurance Code, relating to insurance fraud.

[Approved by Governor September 25, 2010. Filed with
Secretary of State September 27, 2010.]

LEGISLATIVE COUNSEL'S DIGEST

SB 156, Wright. Insurance: fraud prevention and detection.

Existing law generally provides for the prevention, detection, and investigation of insurance fraud. Existing law requires insurers to disclose to an authorized governmental agency information relative to incidents of workers' compensation fraud, as specified.

This bill would authorize the Department of Insurance to convene meetings with insurance companies to discuss specific information concerning suspected, anticipated, or completed acts of insurance fraud and would protect a person sharing information pursuant to that authorization from civil liability for libel, slander, or any other relevant cause of action, as specified.

The people of the State of California do enact as follows:

SECTION 1. The Legislature hereby finds and declares all of the following:

(a) The California Department of Insurance regulates more than 123 billion dollars (\$123,000,000,000) of insurance business annually. Workers' compensation business accounted for 11.5 billion dollars (\$11,500,000,000) of that business as of 2006.

(b) A report issued by the Department of Insurance Advisory Task Force in May of 2008 estimated that insurance fraud of regulated businesses amounts to costs of 15 billion dollars (\$15,000,000,000) per year, costing each resident an average of more than five hundred dollars (\$500) per year.

(c) Perpetrators often defraud more than one insurance program. An effective antifraud effort requires greater cooperation, coordination, and communication of impacted insurers, services, and regulating agencies.

(d) It is the intent of the Legislature to enact statutory provisions to provide law enforcement regulators and the regulated community additional insurance antifraud tools and protections while still ensuring compliance with federal and state antitrust laws.

SEC. 2. Section 1879.1 is added to the Insurance Code, to read:

1879.1. The commissioner or his or her designated deputy commissioner may convene meetings with representatives of insurance companies to discuss specific information concerning suspected, anticipated, or completed acts of insurance fraud. Information shared at those meetings regarding specific suspected, anticipated, or completed acts of insurance fraud shall not make a person subject to civil liability for libel, slander, or any other relevant cause of action provided that all of the following requirements are met:

(a) The commissioner or his or her designated deputy commissioner is present at the meeting or meetings.

(b) The commissioner or his or her designated deputy commissioner advises meeting participants, at the beginning of any meeting convened pursuant to this section, of guidelines to ensure compliance with federal and state antitrust laws.

(c) There is no fraud or malice on the part of the representatives of the insurance companies or the commissioner or his or her designated deputy commissioner.