

March 20, 2013

Representative Angela Williams, Chair
House Committee on Business, Labor & Workforce Development
Colorado General Assembly
200 East Colfax
Denver, CO 80203

Re: House Bill 13-1262

Dear Representative Williams and Members of the Committee:

The NICB is a national not-for-profit organization supported by approximately 1,100 property/casualty insurance companies, including many who write business in Colorado. Working with our members and law enforcement, we investigate organized criminal conspiracies dealing with insurance fraud and vehicle theft. NICB has 5 full time investigative agents assigned to your state.

Because of our strong interest in insurance fraud issues, we want to express our support for House Bill 13-1262 before the committee. Strengthening Colorado law to broaden the exchange of information sharing among insurers as well as the anti-fraud and law enforcement community will have a positive impact on the fight against insurance fraud in Colorado.

NICB's data on questionable claim referrals indicates a significant uptick in the number of Colorado reports related to medical fraud, billing for services not rendered, overbilling, overutilization and other abuses. Property fraud and contractor abuses are also on the rise. Additional problem areas include staged auto accidents and collusion between unscrupulous attorneys and fraudulent medical providers.

Questionable claim activity in Colorado has risen by 20% from 2011 to 2012. In terms of sheer volume of questionable claims, Colorado ranked 18th nationally with nearly 1,663 submissions last year, as compared to approximately 1,403 in 2011. Colorado is a state that requires mandatory reporting of suspected fraud to the state department of insurance. NICB members and the department work together on efficient management of referrals via a fraud reporting program implemented by the NICB and the Kansas City-based National Association of Insurance Commissioners several years ago. This legislation should further aid those efforts.

Per the legislation before you, information sharing among insurers, members of law enforcement, regulators, and the NICB is one of the top weapons in the fight against insurance fraud. Criminal enterprises seize on industry isolation – insurer to insurer and law enforcement protection leads to better cooperation and timely exchange of information. Insurance companies are more willing to disclose criminal fraud information with appropriate immunity protections.

Investigators from states with these laws on the books, such as Nebraska, Utah, Arizona, Texas, Oklahoma and 32 other states, cite that this protection is especially helpful in working medical fraud cases, due to their complex nature. In fact, many cases develop due to the quick identification of fraud by one or more companies and/or law enforcement sharing information.

If you have any questions please feel free to contact me at ahaskins@nicb.org or 847-544-7075.

Thank you for your consideration of our views.

Sincerely,



Alan Haskins
Director, Government Affairs

cc: Representative Tracy Kraft-Tharp, Vice-Chair
Representative Brian DelGrosso
Representative Tony Exum
Representative Millie Hamner
Representative Chris Holbert
Representative Clarice Navarro
Representative Dan Norberg
Representative Paul Rosenthal
Representative Su Ryden
Representative Libby Szabo