

# HOUSE BILL 1499

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CF SB 575

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By: **Delegate Valderrama**

Introduced and read first time: February 9, 2018

Assigned to: Economic Matters

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## A BILL ENTITLED

1 AN ACT concerning

2 **Workers' Compensation – Self-Insured Employers – Suspected Fraud Reporting**

3 FOR the purpose of requiring certain governmental self-insurance groups and employers  
4 who self-insure or participate in a self-insurance group in accordance with certain  
5 provisions of law governing workers' compensation to report suspected insurance  
6 fraud in writing to the Fraud Division of the Maryland Insurance Administration;  
7 providing that certain information, documentation, or other evidence provided by  
8 certain self-insured groups or employers to certain persons is not subject to public  
9 inspection under certain circumstances; and generally relating to suspected  
10 insurance fraud reporting.

11 BY repealing and reenacting, with amendments,  
12 Article – Insurance  
13 Section 27-802  
14 Annotated Code of Maryland  
15 (2017 Replacement Volume)

16 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
17 That the Laws of Maryland read as follows:

18 **Article – Insurance**

19 27-802.

20 (a) (1) An authorized insurer, its employees, fund producers, insurance  
21 producers, a viatical settlement provider, or a viatical settlement broker who in good faith  
22 has cause to believe that insurance fraud has been or is being committed shall report the  
23 suspected insurance fraud in writing to the Commissioner, the Fraud Division, or the  
24 appropriate federal, State, or local law enforcement authorities.

25 (2) An independent insurance producer shall meet the reporting

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 requirement of this subsection by reporting the suspected insurance fraud in writing to the  
2 Fraud Division.

3 (3) A registered premium finance company shall meet the requirement of  
4 this subsection by reporting suspected insurance fraud in writing to the Fraud Division.

5 (4) **A GOVERNMENTAL SELF-INSURANCE GROUP FORMED IN**  
6 **ACCORDANCE WITH § 9-404 OF THE LABOR AND EMPLOYMENT ARTICLE OR AN**  
7 **EMPLOYER WHO SELF-INSURES OR PARTICIPATES IN A SELF-INSURANCE GROUP IN**  
8 **ACCORDANCE WITH § 9-405 OF THE LABOR AND EMPLOYMENT ARTICLE SHALL**  
9 **MEET THE REPORTING REQUIREMENT OF THIS SUBSECTION BY REPORTING**  
10 **SUSPECTED INSURANCE FRAUD IN WRITING TO THE FRAUD DIVISION.**

11 (b) In addition to any protection provided under Title 4, Subtitle 4, Part IV of the  
12 General Provisions Article, any information, documentation, or other evidence provided  
13 under this section by an insurer, its employees, fund producers, or insurance producers, a  
14 viatical settlement provider, a viatical settlement broker, an independent insurance  
15 producer, [or] a registered premium finance company, **A GOVERNMENTAL**  
16 **SELF-INSURANCE GROUP, OR AN EMPLOYER WHO SELF-INSURES OR PARTICIPATES**  
17 **IN A SELF-INSURANCE GROUP** to the Commissioner, the Fraud Division, or a federal,  
18 State, or local law enforcement authority in connection with an investigation of suspected  
19 insurance fraud is not subject to public inspection for as long as the Commissioner, Fraud  
20 Division, or law enforcement authority considers the withholding to be necessary to  
21 complete an investigation of the suspected fraud or to protect the person investigated from  
22 unwarranted injury.

23 (c) A person is not subject to civil liability for a cause of action by virtue of  
24 reporting suspected insurance fraud, or furnishing or receiving information relating to  
25 suspected, anticipated, or completed fraudulent insurance acts, if:

26 (1) the report was made, or the information was furnished to or received  
27 from:

28 (i) the Commissioner, Fraud Division, or an appropriate federal,  
29 State, or local law enforcement authority;

30 (ii) the National Association of Insurance Commissioners or its  
31 agent, employee, or designee;

32 (iii) a nonprofit organization established to detect and prevent  
33 fraudulent insurance acts or its agent, employee, or designee;

34 (iv) a person that contracts to provide special investigative unit  
35 services to an insurer; or

36 (v) a provider of a recognized comprehensive database system that

1 the Commissioner approves to monitor activities involving insurance fraud or an employee  
2 of the provider; and

3 (2) the person that reported the suspected insurance fraud, or furnished or  
4 received the information, acted in good faith when making the report or furnishing or  
5 receiving the information.

6 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
7 October 1, 2018.