

National Insurance Crime Bureau – SB 541 / HB 567

The National Insurance Crime Bureau (NICB) is a nonprofit organization that works with state and local law enforcement, the Maryland Insurance Administration (MIA), and member insurance companies to detect, prevent and deter insurance crimes.

NICB respectfully requests an amendment to SB 541/HB 567 to ensure that existing insurance fraud detection operations are not inhibited by the passage of this legislation. This amendment was included in SB 541, and we request that the House conform with this change.

- **NICB is already recognized by provisions of Maryland Law** designed to avoid interference with insurance fraud detection and investigation.
 - Md. Insurance Code § 27-802(c)(iii) grants immunity from civil liability to NICB for reporting suspected insurance fraud.
- Currently, provisions of SB 541 / HB 567 (§14-4612 on page 31) protect NICB’s ability to cooperate with law enforcement agencies.
 - However, as introduced, SB 541 / HB 567 would have required NICB to respond to consumer requests for the deletion of personal data (§14-4605).
- While SB 541/HB 567 as introduced would have allowed NICB to deny a request to delete personal data related to a fraud investigation¹, **NICB’s obligation to respond to the consumer would expose otherwise covert insurance fraud investigations and alert a criminal they may be the subject of an investigation².**
- The addition of a narrow entity exemption for NICB, that was included in the final version of SB 541, is consistent with the language, intent, and spirit of the insurance fraud immunity statute³, and would allow NICB to carry out our fraud-fighting mission unhindered.
 - Other states, most recently Delaware, have recognized this need and provided specific entity exemptions for NICB to continue their work.
- NICB respectfully requests that HB 567 conform to SB 541 by amending the bill as follows:

Proposed Amendment:

(4) a not-for-profit entity that collects, processes, uses, or shares data solely in relation to identifying, investigating, or assisting:

- (I) Law enforcement agencies in connection with suspected insurance-related criminal or fraudulent acts; or*
- (II) First responders in connection with catastrophic events*

¹ Under §14-605(B)(4) with proposed amendments, when NICB is faced with a request by a consumer to delete personal data relating to a fraud investigation for which that consumer is a suspect, NICB would **not** be permitted to delete the data as it relates to an active investigation.

² Under §14-605(B)(1) with proposed amendments, NICB would be required to acknowledge to the subject of an investigation that NICB was processing the consumer’s data, potentially tipping off the subject to their being investigated for insurance fraud.

³ Md. Insurance Code § 27-802/ COMAR 31.04.15.05 requires insurance companies to report suspected insurance fraud to the MIA’s Fraud Division. Member insurance companies utilize NICB’s Fraud Bureau Reporting Program to comply this requirement. NICB shares this data with the Fraud Division.