

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: HB 961

SHORT TITLE: Insurance Fraud

SPONSOR(S): Representative Brawley

FISCAL IMPACT: Expenditures: Increase () Decrease ()
 Revenues: Increase () Decrease ()
 No Impact (X)
 No Estimate Available ()

FUND AFFECTED: General Fund () Highway Fund () Local Fund ()
 Other Fund ()

BILL SUMMARY: Rewrites G.S. 58-2-161 to make it a class I felony to, with intent to injure, defraud, or deceive insurer: (1) present or cause to be presented any written or oral statement in support of claim for payment or other benefit, knowing statement contains false, incomplete, or misleading information re claim; or (2) assist, abet, solicit, or conspire to prepare or make such a oral or written statement. Requires defendant convicted of violation of section to pay restitution to insurer and insurer's reasonable investigative costs and attorneys' fees, in addition to regular punishment. Prevents defendant, in any civil action of recovery based on claim for which defendant has been convicted under section, from denying elements of violations for which convicted. Permits insurer to be awarded treble damages, if can show court that defendant engaged in pattern of violations of section.

EFFECTIVE DATE: October 1, 1993; applicable to all violations occurring after that date.

PRINCIPAL DEPARTMENT(S)/PROGRAM(S) AFFECTED: Judicial Department; Department of Correction

FISCAL IMPACT

	<u>FY</u> 93-94	<u>FY</u> 94-95	<u>FY</u> 95-96	<u>FY</u> 96-97	<u>FY</u> 97-98
EXPENDITURES	0	0	0	0	0
RECURRING					
NON-RECURRING					
REVENUES/RECEIPTS	0	0	0	0	0
RECURRING					
NON-RECURRING					

POSITIONS: No new positions.

ASSUMPTIONS AND METHODOLOGY: It is not anticipated that the proposed legislation would have a significant fiscal impact on the Judicial Department or the Department of Correction (DOC). The following narrative, provided by the Administrative Office of the Courts (AOC), is included to explain the basis for this estimate.

"We do not predict that this bill would have a substantial fiscal impact on the Judicial Branch. Although the bill makes the statute broader in its coverage, it seems unlikely that it would result in many new felony filings. According to a representative of the North Carolina Department of Insurance, two significant provisions are: (a) its requirements that, upon conviction, the court shall order the defendant to pay restitution, and (b) its provision that presenting "incomplete" information in an oral or written statement is a violation. The former may result in some additional cases of probation violation, in instances where defendants fail to pay restitution as ordered by the court. The latter may result in some additional cases of insurance fraud being filed. Such cases would likely be more complicated than other insurance fraud cases in that they would involve issues relating to proving that the defendant knowingly provided information that was not complete in some relevant way. However, given that there were only approximately 138 charges of felony insurance fraud throughout the state in 1992, we do not anticipate that the impact from this bill would be substantial."

SOURCES OF DATA: Administrative Office of the Courts

TECHNICAL CONSIDERATIONS: None

FISCAL RESEARCH DIVISION

733-4910

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DATE: 18-MAY-93

[FRD#003]



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