

# 1996 SESSION

ENROLLED

## SENATE JOINT RESOLUTION NO. 36

*Establishing a joint subcommittee to study whether an insurance fraud bureau should be established in the Commonwealth.*

Agreed to by the Senate, March 4, 1996

Agreed to by the House of Delegates, February 29, 1996

WHEREAS, it is estimated that fraudulent claims result in losses to insurers of \$20,000,000 each year, and that amount is reflected in the rates established for the payment of premiums by policyholders; and

WHEREAS, the problem of fraud has become so prevalent that insurers have established special investigative units to identify fraudulent claims; and

WHEREAS, the problem of fraudulent claims is on the increase; and

WHEREAS, thousands of claims made under policies issued in the Commonwealth of Virginia are investigated as potential fraud claims each year; and

WHEREAS, local law-enforcement authorities are burdened with the investigation of a multitude of crimes and are sometimes unable to provide investigators with expertise in insurance fraud; and

WHEREAS, insurance fraud may be a result of organized activity involving multiple claims and multiple jurisdictions; and

WHEREAS, many other states have established fraud bureaus within their insurance regulatory agencies; now, therefore, be it

RESOLVED by the Senate, the House of Delegates concurring, That a joint subcommittee be established to study whether an insurance fraud bureau should be established in the Commonwealth, what classes or lines of insurance should be subject to investigation by such bureau, what powers should be granted fraud bureau investigators, and how such bureau should be funded. The joint subcommittee shall consist of 15 members: 3 members from the Senate, to be appointed by the Senate Committee on Privileges and Elections; 4 members from the House of Delegates to be appointed by the Speaker of the House; the Secretary of Public Safety or his designee; 1 representative of property and casualty insurers, 1 representative of consumers of insurance, and 1 representative of the State Corporation Commission, all to be appointed by the Senate Committee on Privileges and Elections; and 1 representative of property and casualty insurers, 1 representative of consumers of insurance, 1 representative of life and health insurers, and 1 representative of the Association of Commonwealth Attorneys, upon its recommendation, all to be appointed by the Speaker of the House. The chairmen of the subcommittee shall be a legislative member as selected by the subcommittee.

The direct costs of this study shall not exceed \$7,600.

The Division of Legislative Services shall provide staff support for the study. Technical assistance shall be provided by the Secretary of Public Safety or his designee and the State Corporation Commission. All agencies of the Commonwealth shall provide assistance to the joint subcommittee, upon request.

The joint subcommittee shall complete its work in time to submit its findings and recommendations to the Governor and the 1997 Session of the General Assembly as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents.

Implementation of this resolution is subject to subsequent approval and certification by the Joint Rules Committee. The Committee may withhold expenditures or delay the period for the conduct of the study.

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