

Two Maryland Fraud Bills Await Gov. Signature

By: Christina Bramlet, PropertyCasualty360.com

After clearing the House and Senate committees, two bills aimed at propelling Maryland's fraud-fighting efforts now await Gov. Martin O'Malley's signature.

If brought to fruition, the bills would accomplish two objectives:

1. Allow state insurance administrators to seek civil penalties against fraudsters.

2. Modify the state's immunity law to ostensibly provide more of an incentive for sources to assist with investigations.

Under HB-1094/SB-811, the state would be permitted to impose fines on guilty parties and pursue restitution to recoup the expense of investigation. Lawmakers believe forcing criminals to pay beyond what they stole would ultimately undermine larger operations, such as staged auto-accident rings, which plague Maryland, New York, Florida, and other states. In addition to hindering potential profits associated with this schemes, the measure would send a clear message to would-be scammers while putting a damper on rings' recruitment of accomplices.

The **Coalition Against Insurance Fraud (CAIF)**, which testified in support of both bills before the Maryland House and Senate committees, notes that in general, civil actions have higher odds of success than criminal prosecutions because the burden of proof is lower.

"Maryland has struck a solid blow against insurance fraud," says Howard Goldblatt, director of government affairs for the CAIF. "Fraud fighters now have stronger tools to root out schemes and put the masterminds out of business."

Incentives for Collaboration

To encourage the ready exchange of case information among insurers, law enforcement, the National Insurance Crime Bureau (NICB) and various databases, HB-1097/SB-812 would expand immunity for fraud fighters working jointly to strengthen the state's overall ability to combat fraud.

Neighboring states New Jersey and Delaware have already passed laws enabling civil and administrative actions. This echoes a growing trend among states to expand their affordable options for attacking fraud rings.

The immunity bill brings Maryland in line with the other 30 states that have similar laws. The measure clearly grants fraud fighters immunity from being sued for defamation while exchanging case information.

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**Coalition Against
Insurance Fraud**

The CAIF reports that states with broad immunity laws such typically receive an average of 18 percent more case referrals from insurers and other sources compared to states that offer little or no immunity.

"Broad immunity encourages fraud fighters to report suspected scams," Goldblatt says. "Insurers also are more likely to invest anti-fraud resources in states that are free from the cloud of oppressive and meritless civil suits."