

# HOUSE BILL ANALYSIS

## SB 6144

**Brief Description:** Recovering industrial insurance benefit payments.

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**Sponsors:** Senators Schow, Heavey, and Horn, requested by the Department of Labor and Industries.

Hearing: February 23, 1998

### **BACKGROUND:**

A person who fraudulently obtains industrial insurance benefits must repay the benefits, with a penalty of 50 percent of the benefits. The total may be recouped from any future benefits due to the person on any claim with the state fund or the self-insurer against whom the fraud was committed. The Department of Labor and Industries must demand or order repayment or recoupment within one year of the discovery of the fraud.

To show that a person fraudulently obtained industrial insurance benefits, the department must prove, by clear and convincing evidence, nine elements of fraud, including that the person knowingly represented a material fact as true when it was false, with intent that the fact would be acted on by the person to whom the representation was made.

The person may also be subject to criminal prosecution for the fraud claim. The prosecution generally must be brought within three years of the commission of the fraud.

### **SUMMARY OF BILL:**

The one-year period within which the Department of Labor and Industries must demand or order the repayment or recoupment of industrial insurance benefits induced by fraud is changed to three years after discovery of the fraud.

**RULES AUTHORITY:** The bill does not contain provisions addressing the rule making powers of an agency.

**FISCAL NOTE:** Not requested.

**EFFECTIVE DATE:** Ninety days after adjournment of session in which bill is passed.