



Kansas Department of Insurance

Commissioner Vicki Schmidt

Proponent Testimony for House Bill 2323

February 12, 2025

Chairwoman Humphries and Members of the Committee,

Thank you for the opportunity to testify in support of House Bill 2323.

According to the National Coalition Against Insurance Fraud, insurance fraud results in over \$300 billion dollars in loss nationally every year. This increases premiums for Kansans and other policyholders from around the country. Many of these fraud cases are too small to justify criminal investigation and prosecution but significant enough to warrant enforcing the law. House Bill 2323 allows the Department to file actions in civil court to enforce the law against these fraudsters.

In Kansas, we see insurance fraud with a wide range of severity. An example of a severe and dangerous fraud would be the arson of a house or business to receive insurance benefits from the loss of the building. These cases will continue to be prosecuted criminally. A less severe but much more frequent insurance fraud is known as a “bash and buy.” The “bash” occurs when someone who only has liability insurance hits a deer with their car. Then, after the bash, they buy comprehensive insurance and report the accident as occurring when the comprehensive insurance was effective. Although criminal in nature, the Department believes civil penalties will address this issue.

House Bill 2323 allows the Department to file civil actions against the alleged fraudsters of less severe but still serious insurance fraud like bash and buys. Currently, the Department is limited in its ability to pursue criminal cases based upon the time and resources required to investigate and prove a criminal case beyond a reasonable doubt, and staffing capacity of the Attorney General’s Office. With this bill, the Department can continue to place downward pressure on Kansans’ insurance premiums by holding more fraudsters accountable within the enforcement system.

Importantly, House Bill 2323 does not prevent a criminal case from being pursued where our investigation exposes a pattern of severity that justifies prosecution. House Bill 2323 is designed to be an additional tool to combat current cases and deter future instances of insurance fraud, and help lower insurance premiums for all Kansans.

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