

February 10, 2025

Chair Susan Humphries and Members of the Committee  
Committee on Judiciary  
Kansas House of Representatives

RE: House Bill 2323 – Insurance Fraud – Support

Dear Chair Humphries and Members of the Committee:

The National Insurance Crime Bureau (NICB) is a national, century-old, not-for-profit organization supported by approximately 1,200 property and casualty insurance companies, including many who write business in Kansas. Working hand-in-hand with our member companies and Kansas law enforcement, we help to detect, prevent, and deter insurance crimes. While NICB provides value to our member companies, we also serve a significant public benefit by helping to stem the estimated billions of dollars in economic harm that insurance crime causes to individual policyholders across the country every year.

Insurance fraud is not a victimless crime. A joint industry study conducted in 2022 estimated the total cost of insurance fraud in the United States, excluding health and life, to be \$306 billion per year. Separately, the FBI estimates that over a 10-year period, insurance fraud costs the average U.S. family between \$4,000 and \$7,000 in increased premiums. Consumers throughout the country, including those in Kansas, are directly impacted by the harm created by fraudsters committing these crimes.

House Bill 2323 would help protect Kansas consumers from insurance fraud in three keyways:

- 1) Establishing Civil Penalties for Insurance Fraud. Fraud rings and criminal organizations enrich themselves at the expense of innocent policyholders. However, by enacting a civil remedy against those who have committed insurance fraud, Kansas will have the ability to recoup those ill-gotten gains, which could then be used as restitution and to defray insurance fraud unit investigative and prosecutorial expenses.
- 2) Strengthening Public Adjuster License Requirements. Public adjuster fraud continues to be a widespread problem. Unscrupulous public adjusters often use the aftermath of major storms or catastrophes to prey upon already vulnerable consumers. While most public adjusters assess and evaluate damage in a professional manner and are often helpful to advance insured's interests, dishonest and predatory public adjusters may fraudulently inflate claims estimates to line their own pockets. This bill would shed light on those public adjuster applicants who have previously committed insurance fraud.
- 3) Expansion of Fraud Reporting. Furnishing information on suspected insurance fraud provides investigators with the necessary information to pursue offenders. The addition of the automobile assigned claims plan to the Kansas insurance fraud reporting statute will strengthen the state's visibility into questionable insurance claims and ability to combat sophisticated criminal networks.

**Accordingly, we ask for your strong support of House Bill 2323.**

We thank you for considering our views. If you have any questions or need additional information, please contact me at csepich@nicb.org or (847) 772-7667.

Sincerely,

*Craig Sepich*

Craig Sepich  
Director  
Office of Strategy, Policy, & Government Affairs  
National Insurance Crime Bureau