



Coalition Against Insurance Fraud

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Michelle Rafeld
Executive Director

February 11, 2025

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

h.judiciary@house.ks.gov

RE: Support of Kansas House Bill 2323

Dear Chair Humphries and Members of the Committee:

The Coalition Against Insurance Fraud strongly supports HB 2323 as a critical measure to protect Kansas consumers from the financial and emotional harm of insurance fraud. Founded in 1993, the Coalition is the nation's only consumer advocacy organization solely focused on fighting insurance fraud, representing more than 300 organizations, including regulators, law enforcement, prosecutors, insurers, and consumer groups. We are proud to say that the Kansas Department of Insurance is one of our government members.

Insurance fraud threatens consumers by inflating premiums, straining public resources, and enabling bad actors to exploit those least able to recover from financial losses. Beyond stealing billions from the insurance system, fraud erodes trust in an industry meant to provide financial security. A 2022 study, conducted by the Coalition, estimated annual fraud costs at over \$306 billion, driving up expenses for Kansas families. Additionally, a subsequent study by the Coalition found growing public desensitization to insurance fraud, with a large number of Americans more accepting of the crime, even to the point where a portion felt envious of those who commit insurance fraud. This troubling trend underscores the urgency of stronger fraud prevention laws. HB 2323 addresses this threat in three key areas:

Enhancing Civil Enforcement Against Fraudsters. Fraudulent actors exploit the system for their own financial gain, leaving everyday Kansans to shoulder the burden. By allowing the Commissioner of Insurance to institute civil actions against fraudsters, HB 2323 ensures that ill-gotten gains can be recovered and redirected toward enforcement and restitution.

Strengthening Licensing Requirements for Insurance Agents and Public Adjusters. While many insurance agents and public adjusters operate with integrity, bad actors in both professions can exploit consumers for financial gain. This bill strengthens transparency by requiring the disclosure of expunged criminal records related to prior insurance fraud convictions in licensing applications. Ensuring that individuals with a history of fraud do not gain access to positions of trust is a critical consumer protection measure for Kansas.

Expanding Fraud Detection and Prevention Efforts. The inclusion of the automobile assigned claims plan under Kansas' fraud reporting provisions is a necessary step in closing loopholes. This measure will provide Kansas law enforcement and regulators with greater awareness of the full "fraud picture" in your state and provide them the ability to address insurance fraud before it further harms Kansas consumers and increases insurance costs.

The Coalition Against Insurance Fraud urges the Committee to support HB 2323 as a vital consumer protection measure. Strengthening Kansas' ability to deter, detect, and penalize insurance fraud will create a fairer insurance marketplace and ensure that honest Kansas policyholders are not left paying the price for criminal activity.

Sincerely,

Brent Walker
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