



# K a n s a s I n s u r a n c e D e p a r t m e n t

**Sandy Praeger**

COMMISSIONER OF INSURANCE

**FOR IMMEDIATE RELEASE**

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## **Kansas Insurance Department Seeks Legislature's Support For Preventing Fraudulent Activities**

TOPEKA, KS – The Kansas Insurance Department has asked the legislature to consider legislation that would help the department deal with the ever growing problem of insurance fraud. A 2003 Newsweek study indicates the insurance industry nation-wide suffers three times the economic loss of September 11, 2001 every year due to insurance fraud.

“Without stricter laws, vigorous enforcement, and stiffer sentences, the deterrents to committing insurance fraud may never be strong enough to shield honest policyholders from the escalating costs imposed by those who cheat the system,” said Insurance Commissioner, Sandy Praeger.

Testifying before the Senate Committee on Financial Institutions and Insurance, a representative of the Insurance Department explained that with this legislation, the Kansas definition of “fraudulent insurance acts” will be consistent with the National Association of Insurance Commissioners (NAIC) model language being adopted by various other states.

Passage of Senate Bill 207 would also mandate the reporting of suspected insurance fraud to the insurance department by any individual having knowledge of such actions, as well as require each insurer to have an anti-fraud plan.

Fraudulent insurance plans are becoming more prevalent in every line of insurance, and cost consumers billions in unpaid claims. According to the National Insurance Crime Bureau, it is estimated that insurance fraud costs Americans about \$30 billion each year which translates into \$200 - \$300 in higher insurance premiums for the average household. Not only is consumer fraud on the rise, but there is also an increasing number of cases being investigated concerning agent fraud

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### **About the Kansas Insurance Department**

Headquartered in Topeka, Kansas, the Kansas Insurance Department regulates and monitors the activities of 23,000 resident agents, 42,000 non-resident agents and 1684 insurance companies licensed to do business in the state of Kansas. The department's overriding objective is to protect consumers and help maintain the financial stability of the insurance industry by offering financial, actuarial, legal, computer, research, market conduct and economic expertise. For more information, visit the Kansas Insurance Department on the Web at [www.ksinsurance.org](http://www.ksinsurance.org).