

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

S

1

SENATE BILL 658

Short Title: Workers' Compensation Fraud.

(Public)

Sponsors: Senator Kerr.

Referred to: Judiciary.

April 2, 1997

A BILL TO BE ENTITLED

AN ACT TO CONFORM THE PENALTY FOR WORKERS' COMPENSATION FRAUD TO THE PENALTY FOR INSURANCE FRAUD AND TO RAISE THE PENALTY FOR COERCING SETTLEMENT OF A WORKERS' COMPENSATION CLAIM FROM A CLASS 1 MISDEMEANOR TO A CLASS H FELONY.

The General Assembly of North Carolina enacts:

Section 1. G.S. 97-88.2 reads as rewritten:

"§ 97-88.2. Penalty for misrepresentation.

(a) Any person who willfully makes a false statement or representation of a material fact for the purpose of obtaining or denying any benefit or payment, or assisting another to obtain or deny any benefit or payment under this Article, shall be guilty of a Class 1 misdemeanor. The court may order restitution. Class H felony, punishable in accordance with G.S. 58-2-161.

(b) The Commission shall:

- (1) Perform investigations regarding all cases of suspected fraud and all violations related to workers' compensation claims, by or against insurers or self-funded employers, and refer possible criminal violations to the appropriate prosecutorial authorities;

- (2) Conduct administrative violation proceedings; and

- 1 (3) Assess and collect penalties and restitution.
- 2 (c) Any person who threatens an employee with criminal prosecution under the
3 provisions of subsection (a) of this section for the purpose of coercing or attempting to
4 coerce the employee into agreeing to compensation under this Article shall be guilty of a
5 ~~Class 1 misdemeanor.~~ Class H felony.
- 6 (d) The Commission shall not be liable in a civil action for any action made in
7 good faith under this section, including the identification and referral of a person for
8 investigation and prosecution for an alleged administrative violation or criminal offense.
9 Any person, including, but not limited to, an attorney, an employee, an employer, an
10 insurer, and an employee of an insurer, who in good faith comes forward with
11 information under this section, shall not be liable in a civil action.
- 12 (e) The Commission shall report annually to the General Assembly on the number
13 and disposition of investigations involving claimants, employers, insurance company
14 officials, officials of third-party administrators, insurance agents, attorneys, health care
15 providers, and vocational rehabilitation providers."
- 16 Section 2. This act becomes effective October 1, 1997, and applies to offenses
17 occurring on or after that date.