

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

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HOUSE BILL 618

Short Title: Workers' Comp/Increase Fraud Penalty.

(Public)

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Sponsors: Representatives Mitchell; Wilkins, Cole, and Brawley.

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Referred to: Judiciary I.

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March 26, 1997

A BILL TO BE ENTITLED

AN ACT TO INCREASE THE CRIMINAL PENALTIES FOR  
MISREPRESENTATION UNDER THE WORKERS' COMPENSATION ACT.

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.~~ Class I felony. The court may order restitution.

(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
- (3) Assess and collect penalties and restitution.

(c) Any person who threatens an employee with criminal prosecution under the provisions of subsection (a) of this section for the purpose of coercing or attempting to

1 coerce the employee into agreeing to compensation under this Article shall be guilty of a  
2 ~~Class 1 misdemeanor.~~ Class I felony.

3 (d) The Commission shall not be liable in a civil action for any action made in  
4 good faith under this section, including the identification and referral of a person for  
5 investigation and prosecution for an alleged administrative violation or criminal offense.  
6 Any person, including, but not limited to, an attorney, an employee, an employer, an  
7 insurer, and an employee of an insurer, who in good faith comes forward with  
8 information under this section, shall not be liable in a civil action.

9 (e) The Commission shall report annually to the General Assembly on the number  
10 and disposition of investigations involving claimants, employers, insurance company  
11 officials, officials of third-party administrators, insurance agents, attorneys, health care  
12 providers, and vocational rehabilitation providers."

13 Section 2. This act becomes effective December 1, 1997, and applies to  
14 offenses committed on or after that date.