

**TESTIMONY FROM THE
NATIONAL INSURANCE CRIME BUREAU
BEFORE THE HOUSE COMMITTEE ON COMMERCE AND
ECONOMIC DEVELOPMENT**

February 8, 2024

Chair Marcotte, Members of the Committee:

My name is Howard Handler, I serve as Senior Director of Strategy, Policy, and Government Affairs for the National Insurance Crime Bureau.

For over 100 years, NICB has been the nation's premier not-for-profit organization exclusively dedicated to leading a united effort to prevent insurance crime and fraud. NICB sits at the intersection between the insurance industry and law enforcement, and maintains operations in every state, including Vermont where NICB is an unmatched and trusted partner. NICB analysts and agents work daily with federal, state, and local Vermont law enforcement and regulatory agencies to provide assistance in all manner of cases, including arson, contractor fraud, staged accidents, cargo theft, medical billing fraud, vehicle theft, and much more.

Of note, NICB was called-in within hours of the Oklahoma City bombing and successfully identified the vehicle used in the bombing leading to the identification and apprehension of Timothy McVeigh. Federal authorities also requested NICB assistance with the World Trade Center bombing and Nashville's recent Christmas Day bombing.

In addition to our fraud fighting, NICB provides critical natural disaster data and imagery to first responders at no cost.

Recognizing the adverse impact of insurance crime on the citizens of Vermont, the General Assembly enacted a law requiring insurers to prepare and implement an anti-fraud plan. By statute, the plan must include specific procedures to report suspected insurance fraud to Vermont law enforcement and regulatory authorities. In support of that mandate, NICB collects insurance fraud information from insurance companies through NICB's Fraud Bureau Reporting Program (FBRP). By way of a partnership, NICB's fraud reporting program connects with the National Association of Insurance Commissioners' Online Fraud Reporting System (OFRS) to deliver fraud information to regulators across the country including Vermont.

Furthermore, the Vermont General Assembly recognized the importance of reporting insurance crime and fraud information to law enforcement by enacting statutes providing civil immunity to insurers and insurance professionals for doing so.

We appreciate House Bill 121 recognizes our unique crime-fighting role. Doing so brings Vermont in line with consumer data privacy laws enacted in Connecticut, Delaware, Florida, Iowa, Montana, New Hampshire, Oregon, Tennessee, Texas, Utah, and Virginia that have similarly exempted NICB at the entity level. Those states have recognized the importance of allowing the transfer of information from the financial services sector – which already has strict data privacy requirements in place under Gramm-Leach-Bliley – to law enforcement in order to help protect consumers. NICB is a critical link in that chain.

While NICB is focused on providing the necessary information to help investigate and prosecute insurance crime and fraud cases, we also take seriously our ethical and legal obligations to protect consumers' privacy. First, NICB does not sell data. We facilitate the flow of information in order to serve our mission and charter: to detect, prevent, and protect against insurance crime and fraud. Second, NICB has in place a Privacy and Security Policy and a Cybersecurity Incident Response Policy that follow best practices and meet industry and law enforcement standards. Third, NICB has implemented a Data Governance Committee that provides general oversight and governance around existing and emerging data practices. These policies safeguard the privacy, confidentiality, integrity, and security of all NICB information. Our cybersecurity measures are routinely audited by the Illinois State Police and the Federal Bureau of Investigations.

We thank you for the significant time and energy this committee has invested in helping make certain you get this bill right. I am happy to answer any questions you may have.

#

Howard Handler
Senior Director
Strategy, Policy, and Government Affairs
National Insurance Crime Bureau
312.771.3974 | hhandler@nicb.org