



ARIZONA STATE SENATE
Fifty-Sixth Legislature, Second Regular Session

FACT SHEET FOR H.B. 2205

fraud unit; investigations; annual report

Purpose

Specifies that monies appropriated to the Department of Insurance and Financial Institution (DIFI) for DIFI's Insurance Fraud Unit (Fraud Unit) are exempt from lapsing.

Background

The Director of DIFI administers the Fraud Unit to work in conjunction with the Department of Public Safety to investigate any act or practice of fraud against an insurer or licensed entity.

The Director of DIFI levies a \$1,050 assessment on each insurer authorized to transact business in Arizona for the administration and operation of the Fraud Unit and the prosecution of fraud. Monies collected must be deposited in the state General Fund for appropriation to the Fraud Unit. In FY 2023, DIFI collected \$1,997,100 from the assessment. All monies appropriated to DIFI for the Fraud Unit must be included as a separate line item in the annual general appropriations act. DIFI must use all appropriated monies exclusively to operate the Fraud Unit. One month after the beginning of each fiscal year, all balances of appropriations for the prior fiscal year lapse and further payments may not be made on any expenditure for the prior fiscal year ([DIFI](#); A.R.S. §§ [20-466](#) and [35-190](#)).

According to the Joint Legislative Budget Committee (JLBC), the FY 2025 JLBC Baseline for the Fraud Unit includes \$1,849,800 and nine full-time equivalent positions from the state General Fund. The amounts are unchanged from FY 2024 ([JLBC](#)).

If exempting monies appropriated to the Fraud Unit from lapsing results in DIFI retaining monies that would have otherwise reverted to the state General Fund, there may be a fiscal impact to the state General Fund.

Provisions

1. Specifies that monies appropriated to the Fraud Unit are exempt from lapsing.
2. Makes a conforming change.
3. Becomes effective on the general effective date.

House Action

COM	1/30/24	DPA	10-0-0-0
3 rd Read	2/20/24		56-1-2-0-1

Prepared by Senate Research
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MG/AB/cs