



NEW YORK STATE SENATOR

William Larkin

Senate Passes Tough Auto Insurance Fraud Measures

WILLIAM J. LARKIN JR. May 15, 2006

This week, Senator Bill Larkin reports to residents that the New York State Senate has passed tough legislation to combat auto insurance fraud, which costs New Yorkers more than one billion dollars a year, as well as legislation that would impose criminal penalties for staging auto accidents.

"The State of New York has more auto insurance fraud claims than any other state in the nation," said Senator Larkin. "We pay some of the highest rates in the country and fraud is one of the main reasons why it is costing us so much more on our premiums than it should."

It is estimated that as many as one-third of all auto insurance claims contain some element of fraud. To combat this problem, the Senate plan would do the following:

INCREASING PENALTIES FOR INSURANCE FRAUD

S.2390-B would cut in half the value of property obtained through a fraudulent insurance act.

In addition, the legislation would:

> Crack down on repeat offenders by establishing three levels of the crime of aggravated insurance fraud for people who commit fraud more than once in a five year period;

> Allow prosecutors to aggregate the value of separate incidents of fraud and base the charge on the total value of the incidents; and

> Allow district attorneys to prosecute organized auto fraud rings under the State Organized Crime Control Act, which carries tough criminal penalties.

MAKING USE OF INSURANCE FRAUD ‘RUNNERS’ ILLEGAL

S.487 would make the use of "runners" (people who receive money for obtaining clients or patients to participate in insurance fraud) illegal in New York. The legislation makes it a class E felony to act as a runner or hire another person to act as a runner.

S.122 would establish a new felony-level crime of staging a motor vehicle accident. The bill is called "Alice's Law," after Alice Ross, a 71 year old grandmother, who was killed as the result of a staged auto accident in Queens in 2003.

Senator Larkin said that women and elderly drivers are in particular danger because they are often targeted for these accidents because they are less likely to be confrontational after an accident, thereby making it easier for criminals to engage in this activity. This bill would impose tough penalties on those who stage accidents.

The bills were sent to the Assembly.