



NEW YORK STATE SENATOR

Jack M. Martins

Senate Passes Bill to Crack Down on Auto Insurance Fraud

JACK M. MARTINS March 23, 2011

| ISSUE: **INSURANCE FRAUD**

The New York State Senate passed a bill that would prevent insurance fraud by making it a felony to intentionally cause a vehicle collision. The legislation, sponsored by Senator James L. Seward (R-C-I, Oneonta), targets criminals who capitalize on vulnerable motorists in attempts to profit from insurance claims.

“Criminals trying to rip off the system by staging auto accidents are also putting innocent lives in jeopardy,” Senate Majority Leader Dean Skelos said. “This bill would crack down on the practice by creating tough new criminal penalties for staging car accidents, and it would have the added benefits of reducing fraud, lowering insurance costs and making our streets safer.”

Senator Jack M. Martins supported the bill since it makes those who would try to capitalize monetarily by compromising the safety of others accountable. “Whoever would put someone's safety at risk on the road for monetary gain deserves to be charged criminally. In addition, everyone who drives shouldn't have to pay higher auto insurance premium because of those who choose to conduct fraud,” he said.

Senator Seward’s bill was prompted by the 2003 death of Alice Ross, a 71-year-old grandmother who was killed as a result of a staged auto accident. Many others have also

fallen victim to similar insurance fraud schemes, with women and elderly drivers most 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. In addition to the potential risk of injury or death, there are significant economic impacts to the state, with estimates that no-fault insurance fraud costs insurance companies and their policyholders \$1 billion per year.

“Criminals who stage car accidents recklessly put lives at risk for their own financial gain while at the same time forcing all New Yorkers to spend more on auto insurance,” Senate Insurance Committee Chairman Seward said. “Innocent people should not be made unwitting pawns in a criminal enterprise. This legislation provides a bona fide deterrent to those who commit no-fault fraud, and will improve highway safety and reduce insurance costs for all.”

This bill would establish tough penalties by creating a new crime of staging a motor vehicle accident. A person could be convicted of a class B, C, or D felony depending on prior criminal history, specifics of the staged incident, or if injury or death occurred. The bill would take effect on the first November after enactment.

The bill has been sent to the Assembly.