



NEW YORK STATE SENATOR

Hugh T. Farley

## Senate Renews Call for Measures to Fight Auto Insurance Fraud

HUGH T. FARLEY May 10, 2012

| ISSUE: **CRIME**

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State Senator Hugh T. Farley (R, C, I - Schenectady) and his colleagues in the New York State Senate recently joined law enforcement, insurance advocates, and victims to press for the Assembly's passage of three auto insurance fraud prevention bills before the end of the Legislative Session.

The package of legislation passed by the Senate would cut down on auto insurance scams by increasing penalties for those who commit or assist in the fraud and gives more flexibility to insurance companies to prevent such criminals from getting policies and committing auto fraud, Senator Farley reported.

Senate action on the bills this year came on the ninth anniversary of the tragic death of 71-year-old Alice Ross who was killed as the result of a fraud-related, staged auto accident in Queens.

In addition to risking the safety of drivers, fraud is a key reason why New Yorkers pay over 50 percent more for auto insurance premiums than drivers in other states, Senator Farley reported. Organized crime rings comprised of doctors, lawyers, patients and others, stage accidents and injuries, submit false insurance claims and rip off insurance companies and the State's Medicaid system.

Earlier this year, three dozen people, including doctors, lawyers and patients coached to fake injuries, were accused of stealing more than \$279 million in accident benefits. The ring allegedly exploited the State's "no-fault" auto insurance law as vehicles registered in the State are required to carry insurance that lets drivers and passengers obtain up to \$50,000 for accident injuries, regardless of fault.

The legislative package that is pending in the Assembly includes:

- Bill S.1685 would make it a crime to stage a motor vehicle accident with intent to commit insurance fraud. This felony crime would be punishable by up to seven years in prison.
- Bill S.2004 would make it illegal to act as a "runner" who steers accident victims towards crooked doctors who bill Medicaid for unnecessary medical treatments. Runners are key members of auto fraud rings. Under this bill, they could get four years in prison.

· Bill S.4507B would allow insurance companies to retroactively cancel policies taken out by people who commit auto fraud. These criminals often take out policies and pay for them with bad checks or stolen credit cards just before they stage accidents. Under current law, insurance companies cannot cancel the policy and policyholders wind up paying for it through higher premiums. This bill would take that burden off honest consumers.