



NEW YORK STATE SENATOR

James L. Seward

Save on Auto Insurance, Cut 'Fraud Tax'

JAMES L. SEWARD February 7, 2011

| ISSUE: **INSURANCE, INSURANCE FRAUD**



ALBANY, 02/08/11 – *Fraud Costs New York*, a statewide coalition dedicated to curbing the rampant auto-insurance fraud that costs New Yorkers millions of dollars each year, today praised State Senator James Seward for introducing legislation that would reduce fraud, abuse and the associated costs in the New York no-fault system.

New Yorkers now pay the fourth highest premiums in the nation for auto insurance due in large part to an outdated system that is rife with fraud and abuse. In 2010, no-fault fraud

cost New Yorkers more than \$241 million, a cost absorbed by all drivers in the form of higher premiums.

“New York’s no-fault auto insurance system is broken and needs to be fixed now,” said Senator Seward, Chair of the Senate’s Insurance Committee. **“My bill would bring fundamental change by cracking down on criminals who, in essence, impose a ‘fraud tax’ on honest, hard working New Yorkers by gaming the system. These are tough times for New York, but this is one tax we can all agree must get cut.”**

The proposed bill, which maintains strong protections for individuals involved in car accidents, aims to reform a system that is not working as cost-effective and efficiently as its originators intended. The reform measures include:

- Implementing tougher penalties on criminals who cheat the no-fault system;
- Modifying the “30-day rule” in order to allow for more thorough investigations of suspicious claims;
- Combating excessive and unnecessary medical charges;
- Decertifying medical providers who commit insurance fraud;
- Encouraging fast and fair settlements by requiring medical providers to submit disputed no-fault claims to an arbitrator.

Kristina Baldwin, assistant vice president for Property Casualty Insurers Association of America (PCI), said, “Senator Seward once again has demonstrated he is a fighter for families in every New York community. Senator Seward’s bill would finally close the loopholes that criminals and unscrupulous medical providers routinely slip through, causing insurance premiums to sky-rocket and unnecessarily costing New Yorkers hundreds of millions of dollars annually.”

Fraud Costs New York is a coalition of consumers, small businesses, elected officials and insurance trade associations committed to reforming New York State's no-fault automobile insurance system and stopping insurance fraud and lawsuit abuses that drive up costs for consumers.

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