



NEW YORK STATE SENATOR

Jack M. Martins

Senator Martins Discusses Measures to Combat Insurance Fraud on WBAB, WBLI

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Senator Jack M. Martins and Michael Barry from the Insurance Information Institute discussed auto insurance fraud at an interview at WBAB. Auto insurance fraud is a problem in New York State with those engaging in fraud racking up thousands of dollars in medical bills in some cases.

Senator Martins explained that the costs that come from auto insurance fraud are ultimately being passed on to the policy holders. There are efforts in the State Senate to combat insurance fraud, which will ultimately lower premiums for all New Yorkers.

Mr. Barry articulated that common frauds include “padding,” or inflating actual claims, misrepresenting facts on an insurance application, submitting claims for injuries or damage that never occurred, and “staging” accidents.

New York State is a no-fault state when it comes to auto-insurance, meaning insurance policies cover liability when it comes to damage and injuries that may occur in an automobile accident.

“The no-fault system was put in place so that we wouldn’t have the court tied up with lawsuits involving automobile accidents. However, it wasn’t meant to be abused. With those who are gaming the system, we need safeguards in place to curb fraud,” Senator Martins said.

Among the current provisions that those who engage in fraud are taking advantage of is one that requires insurers to pay bills within 30 days. After those 30 days, they lose their legal defenses should they find fraud.

According to Fraud Costs New York, there were \$241 million in expenses in 2010 related to fraud. In order to help reform the no-fault system, Senator James Seward, chair of the State Standing Insurance Committee, introduced a bill (S.2816) that would provide reforms to cut down on the amount of insurance fraud. Senator Martins, who is a member of the committee, is a co-sponsor of the bill.

For more information on auto insurance and fraud, visit the Insurance Information Institute website at www.iii.org. To see the bill that has been introduced in the Senate to combat insurance fraud, visit Senator Martins’ website at martins.nysenate.gov.