



NEW YORK STATE SENATOR

David Carlucci

## Senator Carlucci Reveals Plan to Combat Auto Insurance Fraud

DAVID CARLUCCI December 7, 2011

### *Illegal Scams Costs New Yorkers Millions of Dollars Each Year*

HAVERSTRAW – Senator David Carlucci (D-Rockland/Orange) today announced his plan to combat automobile insurance rate evasion, a fraudulent practice that costs New York taxpayers and ratepayers millions of dollars each year. The senator has co-sponsored legislation (S.5695) that grants new authority to law enforcement personnel, while at the same time changes existing requirements relative to applying to register a vehicle and secure a drivers license in New York.

“New Yorkers can no longer afford to be taken for granted by those that deliberately scam the auto insurance system, forcing the taxpayers of New York to subsidize the loss in revenue,” said Senator Carlucci. “This legislation is very simple – it will fix our broken system so that those who decide to operate a vehicle in New York State play by our rules and not their own.”

The practice of automobile insurance rate evasion is such that a resident of one state illegally registers and insures their vehicle in other states in order to avoid paying higher premiums.

Jack Houston, Chairman of The New York Alliance Against Insurance Fraud, said: "Rate evasion is a serious insurance fraud problem in New York. The legislation announced today is vital to help crack down on this practice and help put everyone on equal footing."

This results in lost revenue for local governments at a time when many municipalities are strapped for cash, as well as skyrocketing premiums for the average ratepayers that legally and properly register their vehicle.

Critics suggest there currently exists an inadequate enforcement system and mechanism to crack down on those that currently scam the system.

The bill has three steps to combat the actions of those that scam the system:

- ü **Grant Access** – Gives law enforcement access to the now-required physical street address of the driver's residence and garage location. The driver is not currently required to do so.

- ü **Increase Application Transparency** – Require that individuals who file an application to register an vehicle and driver's license in New York provide a location of residence or street address alongside any P.O. Box listed.

- ü **Expand Powers** – Expand the power for State Insurance personnel to allow for cross referencing driver's insurance information with where they report their primary physical address.

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