



NEW YORK STATE SENATOR

John A. DeFrancisco

New York State Senate Passes Bills to Crack Down on Auto Insurance Fraud

JOHN A. DEFRANCISCO March 26, 2012

Auto insurance coverage is intended to protect law abiding citizens like you. It is not supposed to be an ATM machine for criminals. However, auto insurance fraud costs New Yorkers more than one billion dollars a year.

Just a few weeks ago, the United States Attorney's Office arrested dozens of alleged crooks, involved in running a \$279 million dollar auto insurance scam. More recently, the New York State Attorney General's Office announced the arrest of 16 individuals, who are accused of staging car accidents to make more than \$400,000 dollars in bogus insurance claims.

Insurance fraud is not a victimless crime. It increases insurance premiums, and takes money right out of the pockets of good honest drivers. It can also result in tragic accidents, like the one that claimed the life of Alice Ross, a grandmother who died as the result of a staged car crash in New York City.

That is why the New York State Senate voted to approve a series of bills designed to combat auto insurance fraud. These bills include:

- Senate Bill 4507B to enable insurance companies to retroactively cancel policies taken out by people who commit auto fraud.

- Senate Bill 1685 to establish a new felony-level crime of staging a motor vehicle accident. A person who intentionally causes a collision with intent to commit insurance fraud would face up to seven years in prison, if convicted.

- Senate Bill 2004 to criminalize the use of "runners" in New York state. A "runner" is a person who participates in an insurance scam by steering accident victims towards unnecessary medical treatments.