



LEGISLATIVE POSITION

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Establish new criminal penalties for procuring a fraudulent motor vehicle insurance claim

PIANY supports legislation to establish new criminal penalties for procuring a fraudulent motor vehicle insurance claim.

Memorandum in support of: A.9876—Lafayette (MS)/S.7869—Skelos
**Currently on Senate Codes Committee Agenda,
12 p.m., Tuesday, May 20, 2008**

An act to amend the Penal Law, in relation to providing criminal penalties for procuring a fraudulent motor vehicle insurance claim.

A priority for law enforcement agencies, agents and carriers alike is the increase in penalties for the use of “runners” in staged accident schemes commonly employed by organized crime rings. Law enforcement agencies and insurance companies consider the penalties for individuals who encourage and participate in staged accidents as providers, drivers, victims or intermediaries, to be insufficient to discourage participation in the crime, under current laws.

This bill would add three new sections to New York State Penal Law, Sections 176.45, 176.50 and 176.55, establishing new criminal penalties for persons and providers who engage in conduct intending to defraud in exchange for pecuniary benefit.

The proposal would establish three new classes of penalties for this behavior ranging from a Class A misdemeanor for persons intending to defraud to a Class D felony for providers convicted of a second violation within five years.

No-fault fraud continues to be a major problem in New York state. One of the most egregious acts that contributes to the no-fault problem here in New York occurs when individuals recruit people, for a pecuniary benefit, to stage automobile accidents.

Because most fraud schemes depend on a large volume of patients, health care providers and attorneys engaged in fraud will often pay third parties for recruiting clients, patients and customers. This is unfortunately common in New York state. This type of fraud inflates the cost of insurance which, in turn, is borne by the insuring public. This legislation establishes strong penalties for individuals who engage in such fraudulent activities.

For all of these reasons, PIANY supports this legislation and urges its favorable consideration.

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