

*Welcome to the
New York State
Insurance Department
Frauds Bureau*
Frank Orlando, Director



David A. Paterson
Governor

*The mission of the Frauds Bureau
is to detect, investigate and prevent
insurance fraud.*

Did You Know?

- The New York State Insurance Department has a long-standing commitment to combating insurance fraud.
- The Department established a separate Insurance Frauds Bureau (IFB) in 1981 to fight insurance fraud at all levels.
- A team of investigators pursues cases of suspected fraud for criminal prosecution and civil penalties.
- Insurers are required to report all cases of suspected insurance fraud to the IFB.
- The IFB received 23,054 reports of suspected fraud in 2008.
- The IFB posted 755 arrests in 2008 and a total of 402 criminal convictions.

What is Insurance Fraud?

- A homeowner falsely claims his home was burglarized and that valuable items were stolen.
- The owner of a repair shop offers a bribe to an insurance adjuster in exchange for an inflated repair estimate.
- A doctor or other health care professional charges for services not provided.
- A worker fakes an injury on the job in order to collect workers' compensation benefits.

- **A driver and his co-conspirators stage accidents, while doctors and lawyers “handle” the subsequent medical claims and lawsuits.**

These are all examples of insurance fraud. Insurance fraud is theft. Far from being a victimless crime, it victimizes every resident of New York State, costing consumers billions of dollars every year in the form of increased insurance premiums and higher prices for goods and services. Insurance fraud is a crime and it happens every day. And every time fraud occurs, it means money out of your pocket.

We're on the Job

The IFB is headquartered in New York City, with six other offices across the State. The Bureau is organized into specialized investigative units: Major Case, Arson, General, Medical/No-Fault, Auto, Workers' Compensation, Upstate and a recently established Mortgage and Title Insurance Unit. This Unit will be solely responsible for investigating complaints received by the Bureau alleging mortgage and/or title insurance fraud.

Every report of suspected insurance fraud is carefully reviewed and those with the greatest potential for prosecution and conviction are assigned to one of the specialty units for investigation.

Investigators are seasoned professionals with years of law enforcement and insurance fraud investigation experience. And they are committed to the pursuit of those who commit insurance fraud.

In 2008, the Bureau devoted considerable resources to investigating workers' compensation fraud. Bureau investigations of employers who fraudulently obtained lower premiums by under-reporting their payroll, and of workers who fraudulently obtained benefits while secretly working second jobs, led to 159 arrests. The Auto Unit was kept busy as cases involving auto give-ups spiked by 35% over the year, up from 96 in 2007 to 130 in 2008. Fraud experts believe that the economic downturn may be a factor. The Medical and No-Fault Units merged in January 2008 and recorded 171 arrests for health care fraud. The Bureau posted 154 arrests for no-fault alone, a 52% year-to-year increase.

We're Building a Team

The Bureau's multi-agency investigations during 2008 included working with law enforcement agencies on the federal, state and local levels as members of a cohesive fraud-fighting team, with cooperation, communication and commitment as its cornerstone. Our strong relationship with these agencies and ongoing collaborative efforts will continue in 2009 and beyond.

Section 409(a) of the New York Insurance Law requires insurers that meet criteria delineated in the Law to develop a Fraud Prevention Plan that must provide for a Special Investigations Unit (SIU) to be responsible for the investigation of suspected insurance fraud. Compliance with Section 409 is strictly monitored. The Bureau's examiner staff conduct targeted audits of SIUs to ensure compliance with Section 409. The Frauds Bureau also supports and assists the Life, Health and Property Bureaus with market conduct examinations as requested by those Bureaus.

You Can Help

We need your help in the fight against the serious crime of insurance fraud. If you suspect insurance fraud, you can report it to the IFB by mail, or by fax at (212) 480-7148. IFB staff monitors this dedicated fax machine throughout the business day. You can also contact the IFB by telephone at 1-888-FRAUDNY (1-888-372-8369). An investigator will contact you for details and the matter is kept confidential. In addition, be sure to visit the Department's Web site at www.ins.state.ny.us. The "Consumers' section" of the Web site is designed to help consumers recognize and combat insurance fraud.

Don't Become a Victim

- Make sure your insurer and your agent or broker is licensed. The Department's Licensing Bureau can provide this information.**
- When buying a home, make sure that a proper title search has been conducted and all exceptions cleared prior to closing and confirm that the deed and mortgage have been recorded with the clerk's office after the closing.**
- Don't pay insurance premiums in cash. Your cancelled check or money order stub will be your proof of payment.**

- Review your “Explanation of Benefits” statement carefully to be sure you received all services listed.
- Be suspicious if, at the scene of an accident, or following an emergency room visit, a stranger recommends a particular doctor, lawyer or medical facility.
- Never sign a blank insurance application or claim form.
- You should receive a written policy within a reasonable period after purchase. Your policy ensures that the agent forwarded your premium payment to the insurer.
- Be wary if the price of insurance coverage offered by one insurer is substantially lower than rates from other companies. Remember, if it sounds too good to be true, it probably is.

How to File a Consumer Complaint

Don't confuse the crime of insurance fraud with a dispute you may have with your insurer, agent or broker that should properly be reported to the Department's Consumer Services Bureau. For example, delays in payment, cancellations and nonrenewals, and monetary disputes are issues that our Consumer Services Bureau can help you with. If you have such a complaint, contact our Consumer Services Bureau at 1-800-342-3736 or on the Department's Web site. You will receive instructions on how to file a complaint or make an inquiry.

Important Contact Information

Frauds Hotline:
1-888-FRAUDNY
Fraud Report Fax:
212-480-7148
Consumer Services:
1-800-342-3736
Licensing:
518-474-6630