



STATE OF NEW YORK  
INSURANCE DEPARTMENT  
160 WEST BROADWAY  
NEW YORK, NEW YORK 10013

**NOTE: WITHDRAWN EFFECTIVE JANUARY 29, 2007**

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**Circular Letter No. 3 (1997)  
February 10, 1997**

**TO: All Insurers**

**RE: Fraud Reporting and Cooperation with the Insurance Frauds Bureau**

Mandatory reports of suspected insurance fraud (Form IFB-1 ) are intended to provide the Department with specific information which will be used as the basis for determining if a matter warrants criminal investigation. The report requires a brief description of the facts and circumstances which are the basis for the licensee's suspicion that an insurance fraud has been committed. Conclusory statements such as "suspicious claim" or non-responsive statements such as "claim under investigation," without further amplifying or clarifying factual information, do not comply with the above requirement. Reports which do not contain an articulable factual basis for suspecting that an insurance fraud has been committed will not be accepted for filing. Filing of non-complying reports for the purpose of tolling fair claim practices regulations may cause the Department to target the filer for a market conduct investigation and if warranted lead to disciplinary action.

The Insurance Frauds Bureau will be converting from the current manual record keeping system to a document imaging system. In anticipation of this conversion, handwritten fraud reports will no longer be accepted. All reports must be typewritten, and in the form mandated by the Department.

Once a report of suspected insurance fraud has been filed, Section 405(a) of the Insurance Law requires licensees to provide the Insurance Frauds Bureau with any additional information developed by them, relative to the factual circumstances of the suspected fraudulent transaction and the parties involved. This information may affect the Frauds Bureau's evaluation of the original report of suspected insurance fraud and decision to begin a criminal investigation. It may also have a significant impact upon an investigation which is already under way. Such information must be provided to the Frauds Bureau in a timely fashion.

Licensees have a continuing duty to actively assist the Insurance Frauds Bureau in the detection, investigation and prosecution of suspected fraudulent insurance acts. This statutory duty cannot be deemed fulfilled by providing reports or assistance or cooperation to any private entity or organization.

Failure to disclose in a timely manner any material information which could reasonably be expected to lead to the opening of a criminal investigation or to have a significant impact upon an open investigation being conducted by the

Insurance Frauds Bureau, or a pattern of avoidance of the Insurance Frauds Bureau as the agency responsible for the monitoring, review and/or initiation of criminal investigations, may lead to Departmental disciplinary action.

Receipt of this communication must be acknowledged in writing within ten business days. Please address your acknowledgment to Principal Examiner Rolf Kaumann, NYS Insurance Frauds Bureau, 160 West Broadway, NY, NY 10013.