



STATE OF NEW YORK
INSURANCE DEPARTMENT
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NEW YORK, NEW YORK 10004

George E. Pataki
Governor

Gregory V. Serio
Superintendent

January 15, 2005

To the Governor and the Legislature:

I am pleased to submit the Annual Report of the Superintendent of Insurance on the operations of the Insurance Frauds Prevention Act and the activities of the Insurance Frauds Bureau in 2004. The Report chronicles record-setting accomplishments during 2004 and illustrates the Bureau's enduring pledge to combat insurance fraud. The accomplishments have been achieved in large measure due to the Bureau's efforts to maintain, strengthen and develop new relationships with federal, state and local law enforcement agencies. Also bearing fruit is the relationship between the Frauds Bureau and the Attorney General's Office that is a direct result of the Governor's Executive Order naming the Attorney General as Special Prosecutor for auto insurance fraud.

We are proud that our aggressive anti-fraud efforts are beginning to pay dividends. A dramatic decline in insurer losses is translating into lower premiums for New York's drivers. I have met with a number of the largest auto writers over the past several months to discuss downward rate adjustments and several major insurers have agreed to significant rate decreases. The Assigned Risk Plan for high-risk drivers also has seen material declines in its population. These events attracted significant media attention. A number of the articles that appeared in New York newspapers and in national industry publications are featured in the Report.

The Frauds Bureau put in a productive 12 months, chalking up 815 arrests, the highest number of arrests since the Bureau was created. Criminal convictions obtained by prosecutors in Frauds Bureau cases were also up over the total for 2003, further evidence of the success of our initiative of assigning investigators to district attorneys' offices across the State to work hand-in-hand with their investigators.

Our Statewide Arson Unit, established in September 2003, hit the ground running and made significant strides during its first full year of operation. The Unit works closely on arson investigations with the New York State Office of Fire Prevention and Control. The Unit has also conducted a number of joint investigations with the FDNY's Citywide Fire Marshal's Office and the NYPD's Arson Explosion Squad, as well as the FBI, the Bureau of Alcohol, Tobacco, Firearms and Explosion and others.

Even with this record of accomplishment, many challenges lie ahead. We pledge renewed efforts in the fight against insurance fraud and we welcome the opportunity to continue to serve you and the people of New York State.

Sincerely,

Gregory V. Serio
Superintendent of Insurance

The Annual Report
to the Governor
and the Legislature
of the State of New York
on the Operations
of the Insurance Frauds Prevention Act

(Article 4 of the Insurance Law)

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I. Insurance Frauds Bureau 2004 Highlights

Superintendent Serio's determination to root out no-fault and other auto-related fraud with aggressive fraud-fighting efforts has led to a dramatic decline in insurer losses across the board in New York State. Several major insurers have lowered auto insurance rates in what Superintendent Serio termed an "anti-fraud dividend."

The Frauds Bureau chalked up 815 arrests during 2004, setting a new record and topping last year's total of 811. Arrests have shown a year-to-year increase for more than a decade, rising by more than 480% since 1995.

The Attorney General filed an indictment in August charging enterprise corruption in an insurance fraud case. An investigation by the Frauds Bureau and the AG's Office led to the indictment of six individuals and five corporations for their roles in a sophisticated no-fault fraud scheme.

A three-year investigation by the Frauds Bureau, the NYPD and the Brooklyn DA's Office led to the arrest in November of 24 individuals, including three suspects with ties to the Gambino and Bonanno crime families, for their participation in an auto "give-up" scheme.

In November, the Bureau received the Fire Investigation Team of the Year Award from the New York State Fire Investigators Association in recognition of the Bureau's overall work and commitment to arson investigation throughout the State.

In September, Associate Investigator John McDonald and Senior Investigators Gerard Callahan and Hugh Brickley received Certificates of Appreciation from the NYPD's Auto Crime Division in particular recognition of their efforts that brought about the arrests of a body shop owner and three insurance company adjusters for enhancing auto damages.

Associate Investigator August D'Aureli presented testimony before the New York State Senate Standing Committee on Insurance on February 9, 2004. His testimony focused on no-fault fraud as an organized, complex and increasingly violent crime.

The New York City Police Department has once again invited the Frauds Bureau to provide training to recruits at the Police Academy. The training is designed to help police officers, who are often first responders to auto accidents and other emergency situations, to recognize insurance fraud.

The Bureau has assigned an Investigative Analyst to the High Intensity Drug Trafficking Area (HIDTA).

"Operation Crash Course," a three-year investigation conducted by the Frauds Bureau, the Queens DA's Office, the NYPD, the State Police and the DMV resulted in the arrest of 80 individuals and two medical clinics for their participation in widespread no-fault scams that ripped off dozens of insurance companies.

II. *The Insurance Frauds Bureau*

Last year at this time, as we looked forward to 2004, we set a number of priorities for the Bureau. Among the highest was tackling no-fault fraud across the State. With a mandate and support from the Governor, Superintendent Serio pledged to attack the high cost of auto insurance in New York. During the past three years, the Frauds Bureau has developed and expanded its collaboration with the police and district attorneys in fighting fraud on the local level and the Department implemented Regulations 68 and 83 to cut costs. In addition, three years ago, Governor Pataki appointed the Attorney General as the Special Prosecutor for auto insurance fraud.

A. Aggressive Fraud Fighting and Regulatory Changes Produce Lower Auto Rates

These efforts have been successful by any measure. Insurers have experienced dramatic declines in losses across the board. In November, Superintendent Serio contacted the 13 companies that write nearly two-thirds of New York's private passenger insurance policies, as well as the 20 next largest writers, to discuss lowering rates. He referred to eight straight quarters showing reductions in the overall loss ratio in the private passenger auto market, noting that the loss ratio in New York as of June 30, 2004 was 0.61, down from 0.86 for 2002. The loss ratio is the amount of every premium dollar that must be set aside to pay claims and related expenses. In what the Superintendent has termed an "anti-fraud dividend," several of New York's largest writers of auto insurance have announced in recent months that they are reducing insurance rates. These events have attracted significant media attention. What follows is a sample of the articles from various New York newspapers and national industry publications.

'Anti-fraud dividend'

01 January 2005

The Journal News (White Plains, NY)

Car-insurance crackdown credited with delivering good news to motorists

Finally, New York's auto-insurance premiums, which have been topped only by those in New Jersey, are on the way down.

Gregory Serio, the state's superintendent of insurance, credits aggressive anti-fraud crackdowns in recent years for the rollbacks. Serio's Insurance Department, the Attorney General's Office and local law-enforcement authorities can all take a bow.

Insurance fraud - anything from staging a phony accident to exaggerating real injuries - has been pegged at a \$1 billion a year industry in New York. The phony victims create real ones when insurance companies raise premiums to help make up their losses.

The state got serious about fraud three years ago. Gov. George Pataki created a new auto-fraud unit in Attorney General Eliot Spitzer's office, and the Insurance Department issued new

regulations reducing the time available to report claims, aimed at giving con artists less time to put together scams.

Undercover operations and other investigations have led to an impressive list of arrests and indictments, most of them in New York City. Most recently, the work of Rockland and state investigators led to the indictment of Boyuan Lin, a Larchmont resident and state-licensed acupuncturist, charged with running "medical mills" in Rockland that repeatedly billed insurance companies for nonexistent or exaggerated auto-accident injuries.

The result of such law enforcement, Serio says, is dipping insurance losses and, now, premiums, what he calls an "anti-fraud dividend."

In 2002, insurers in New York set aside 86 cents out of every dollar collected in premiums to pay claims. At the end of June, that had dropped to 61 cents.

That prompted the Insurance Department last month to approach the state's 25 leading auto-insurers, suggesting the time had come to pass along the savings to customers.

So far, MetLife Auto & Home, Geico, State Farm and Progressive Northeastern have scheduled reductions, ranging from 4 percent to 9 percent. The department has meetings scheduled with other top insurers.

Such factors as return on investments and the overall economy also impact premiums, an insurance industry spokesman told The Associated Press. "But," said James Quiggle of the Coalition Against Insurance Fraud, "without question, putting a dent in the swindles is one of the factors that is influencing lower rates for policyholders."

Motorists should be hoping for many more dents to come.

Suspect fraud?

The state Insurance Department encourages people who believe they know of a case of insurance fraud to report it to the department's Insurance Frauds Bureau:

Call 1-888-FRAUDNY (1-888-372-8369)

Mailing to: Insurance Frauds Bureau, New York State Insurance Department, 25 Beaver St., New York, N.Y. 10004-2319

Windfall for Consumers Anti-Fraud Efforts Pay Off

EDITORIAL

THE ITHACA JOURNAL

JAN. 6, 2005

A pleasant surprise: At least one facet of state government is working to benefit the average citizen.

Car insurance providers around the State of New York are announcing rate reductions in the range of 6 percent. That's right: Car insurance rates for many companies are dropping.

The reason for the rollbacks is related to what state Insurance Superintendent Gregory Serio has called an "anti-fraud dividend."

Serio and other state officials have been battling phony medical and damage claims that criminals have filed in relation to car accidents. The cost of such fraud was as high as \$1 billion per year by some estimates.

In 2001, Gov. George Pataki created an auto fraud unit in the state attorney general's office. Since then, the unit has made more than 200 arrests for car insurance scams. Then, in 2003, the state Insurance Department handed down new regulations that made it tougher to commit auto insurance fraud. For example, the new regulations reduced the time limit for no-fault claims from 90 days to 30 days and reduced the time limit for medical expense claims from 180 days to 45 days, according to The Associated Press.

As a result of the intense anti-fraud efforts, the levels of claims began dropping. In 2002, for example, 86 cents of every premium dollar had to be used to pay claims. By 2004, that rate dropped to 61 cents per dollar.

The state insurance department contacted 15 companies that issue about two-thirds of all car insurance in the state and told them that the reduced losses should be passed on to consumers in the form of reduced rates. Some results include: Geico and MetLife Auto & Home reduced rates by about 6 percent. State Farm reduced premium reductions up to 9 percent and Progressive Northeastern cut some premiums by 4 percent.

In a state where the phrase, "asleep at the wheel" sums up legislative and other government activities, the Insurance Department's anti-fraud efforts - and the money it saves the average New Yorker - should serve as a beacon for other government agencies to follow.

Metro Briefing New York: Antifraud Efforts Tied To Car Insurance Rates

AP; Compiled by Anthony Ramirez

New York Times

28 December 2004

As several major auto insurers voluntarily reduce rates in New York, the state's top insurance regulator says antifraud efforts are starting to pay off in the way that matters most: lower premiums for motorists. The state insurance superintendent, Gregory V. Serio, said the lower rates were an "antifraud dividend" and said they were directly related to heightened efforts to root out fake damage and medical claims.

Another N.Y. Auto Insurer Reduces Rates

Insurance Journal

12/30/04

New York Superintendent of Insurance Gregory V. Serio announced that Progressive Northeastern Insurance Company (PNEIC) will reduce its rates an average of 5.1 percent for 2005, saving its private passenger customers nearly \$33 million. This follows the 3.8 percent rate decrease PNEIC instituted in 2004 in response to lower loss costs.

As he has with previous insurer rate announcements, Serio credited a successful fight against insurance fraud for the savings.

PNEIC has about 305,000 New York auto insurance policyholders, which constitutes 82 percent of the business written in New York by the Ohio-based Progressive group of insurance companies. Serving about 7 percent of New York's overall market, Progressive estimates that some of its policyholders will realize rate decreases of up to 14 percent while others will notice a rate reduction between 3 and 7 percent in their renewal notices starting on March 27, 2005. The new rate structure goes into effect for first-time PNEIC customers on Jan. 26, 2005.

In a related development, two smaller Progressive companies, Progressive Northern Insurance Company (PNIC) and Progressive Northwestern Insurance Company (PNWIC), will cut rates by 3 percent and 2 percent, respectively. Both will take effect in early 2005. Together with the PNEIC rate reductions, this will bring the total savings for Progressive's New York customers up to \$35 million. The savings are available to all current customers of the three companies, as well as to new customers who purchase auto insurance from one of them through an independent agent.

Serio last month asked Progressive and 12 other auto insurance carriers cumulatively serving more than 60 percent of the state's drivers to meet with him to discuss rate reductions in light of compelling industry data indicating that losses had dropped substantially between 2002 and the third quarter of 2004 as the result of successful efforts to fight fraud and abuse. Progressive was one of only two companies invited to speak with the Superintendent that had lowered its rates in 2004.

GEICO and MetLife announced earlier this month that they will cut auto insurance rates for their New York customers in 2005. Discussions with other carriers are continuing.

Geico Auto Rates to Decrease an Average of 6% in New York State in 2005

NEW YORK

December 15 (BestWire)

Geico's automobile insurance rates in New York state will drop an average of 6% in 2005, resulting in more than \$100 million in savings for the insurer's existing private-passenger vehicle policyholders there.

The new rate structure begins Jan. 1, 2005, for new customers, and Feb. 15, 2005, for customers renewing their policies, according to the state insurance department.

"Thousands of New York drivers are going to benefit financially from these across-the-board reductions," state Superintendent of Insurance Gregory V. Serio said in a statement.

Serio said the rate reductions in large part reflect regulatory reforms designed to combat no-fault auto insurance fraud. He also has been meeting with the state's top insurers to discuss possible rate decreases in light of reduced losses between 2002 and 2004.

Geico also received approval to change its internal tiered rating system to link customers' improved driving performance with lower premiums. The company agreed to submit another rate filing in 2005.

According to A.M. Best Co. state/line product information for 2003, Maryland-based Geico, a subsidiary of Berkshire Hathaway Inc., was the second-largest private-passenger auto insurer in New York state, with 15.4% of the market. The other top companies were Allstate Insurance Group, with 15.9%; State Farm Group, with 11.7%; Progressive Insurance Group, with 6.5%; and Liberty Mutual Insurance Cos., with 6.5%.

Geico insures more than 950,000 private-passenger vehicle policyholders in New York state as of December 2004, the state insurance department said.

Geico was the fifth-largest private-passenger auto insurer in the United States, with 4.6% of the market based on direct written premiums, according to 2003 A.M. Best state/line information.

Geico companies have a financial strength rating of A++ (Superior) from A.M. Best Co.

Easing The Cost Of Coverage; A Crackdown On Fraudulent Injury Claims Drives A Reduction In Insurance Premiums

EDITORIAL PAGE

03 January 2005

Buffalo News

First the push, then the pay-off: There is good news for local motorists in word that auto insurance firms are starting to lower premiums because New York got tough on insurance fraud.

The state's insurance department has been encouraging companies to reduce premiums, following an effort by the Insurance Information Institute to increase awareness about the impacts of fraudulent accident claims. Law enforcement agencies and regulators responded to that effort, and anti-fraud efforts have been working.

Part of the effort has been regulatory, with changes in state policies. But tougher investigation and enforcement also plays a major role, with indictments driving "medical mills" and other fraud operations out of business or out of state.

While increasing costs for legitimate medical treatment do trigger premium costs increases, fraud played a much bigger role in New York's high rates. Much of the fraudulent claims were filed in New York City, but Buffalo ranked second as a problem area. While increasing fraud drove rates up, decreasing fraud now encourages competitive rate reductions.

MetLife Auto & Home has announced premium reductions of nearly 6 percent overall for the 275,000 passenger vehicles it insures in New York, by spring 2005. Geico made a similar announcement in mid- December, with planned rate reductions averaging about 6 percent for the nearly 1 million private passenger vehicle policyholders located in New York.

State Farm also announced premium reductions of up to 9 percent earlier this year, and Progressive Northeastern plans to lower premiums by 4 percent.

The process isn't entirely good for consumers. Part of the effort, for example, involved administrative changes that reduced from 90 days to 30 days the time limit for consumers to file a no-fault claim with an insurer, and cut the time that consumers have to submit claims for medical expenses from 180 days to 45 days. While that hampers the medical mills, it also imposes a burden on persons with legitimate claims -- especially those involving soft-tissue injuries, which may not be evident immediately.

But the regulations in general work, and credit is due State Insurance Superintendent Gregory Serio for understanding quickly that fraud was a problem and something needed to be done. And more goes to police and prosecutors, who worked closely with insurers to build cases and ultimately win hundreds of indictments that contributed to the decline in fraud.

State legislators, on the other hand, have done little with this issue. Robert P. Hartwig, vice president and chief economist at the Insurance Information Institute, warns that if prosecution slows, the door is still open to scammers to return to the state and set up largely the same operations. The Legislature needs to find a more lasting way to slam that door, and keep car insurance premiums down.

STATE HAS THE RATE STUFF; AUTO INSURANCE PREMIUMS DIPPING

**By KENNETH LOVETT Post Correspondent
27 November 2004
New York Post**

ALBANY - New York motorists are seeing the first signs of relief from sky-high auto-insurance rates, The Post has learned.

While state Insurance Superintendent Gregory Serio has summoned the state's top 13 insurers to meet with him to discuss lowering premiums, some have already begun doing so without prompting.

Since the summer, State Farm lowered its rates by as much as 9 percent, Progressive Northeastern by 4 percent, and the state plan for high-risk drivers is down 2 percent.

And two other companies have proposed lowering their premiums for 2005 in their rate filings with the state, Insurance Department spokesman Mike Barry said. Barry wouldn't identify the companies but a source said they are Nationwide and PG Insurance Company.

Consumer groups applauded the drop in rates as long overdue, and urged larger companies to follow suit, given declining loss ratios, a drop in fraud cases, and regulatory changes enacted by the state.

New York has the second highest auto rates in the nation, behind New Jersey.

"Insurance premiums are a killer to drivers," said John Corlett, director of government affairs for the New York chapter of AAA.

The Post reported yesterday that Serio this week sent a letter to the states' top 13 insurance companies saying that, over the next 30 days, he wants to discuss possible rate reductions.

Robert Hartwig, chief economist of the industry-backed Insurance Information Institute, said while he expects some companies will drop rates next year, others may be more cautious while hoping the Legislature will enact long-awaited changes to further combat fraud.

The 13 companies that will meet individually with Serio over the next month cover 60 percent of the New York market. They are Allstate, GEICO, Progressive, State Farm, Hartford, Liberty Mutual, CAN, Metropolitan, Nationwide, New York Central Mutual, One Beacon, Travelers, USAA and the assigned-risk plan.

Source: State Insurance Department, industry sources

Insurers lower auto premiums

JOEL STASHENKO Associated Press

28 December 2004

Albany Times Union

ALBANY - As several major auto insurers voluntarily scale back rates in New York, the state's top insurance regulator says anti-fraud efforts are starting to pay off in the way that matters most - lower premiums for motorists.

MetLife Auto & Home's announcement last week that it will reduce premiums for the 275,000 passenger vehicles it insures in New York by nearly 6 percent overall by spring 2005 was the latest in a series of similar reduction decisions by major auto policy writers. Since November, the state Insurance Department has been reviewing insurance costs in New York and urging companies to reduce premiums.

In mid-December, Geico announced rate reductions that will average about 6 percent for the nearly 1 million private passenger vehicle policyholders it has in New York. Geico's lower rates will go into effect starting Saturday for new customers and Feb. 15 for current customers who are renewing policies. Earlier this year, State Farm announced premium reductions by up to 9 percent and Progressive Northeastern by 4 percent. The state's assigned risk pool, where high-

risk drivers must seek coverage denied them by commercial insurers, is lowering premium costs by about 2 percent.

State Insurance Superintendent Gregory Serio referred to rollbacks as an "anti-fraud dividend" and said they are directly related to heightened efforts to root out phony damage and medical claims and other aspects of what the superintendent once estimated as a \$1 billion-a-year auto fraud industry.

B. Team Building

Continued team-building was also high on the Bureau's agenda. Our multi-agency activities during the past year included working with law enforcement agencies on the federal, state and local levels who now routinely seek our assistance in the development and investigation of their cases.

- **Multi-Agency Investigations** – The Frauds Bureau continued to join forces to conduct joint investigations. Our strong partnership with the Attorney General's Office brought arrests in a number of cases. The Arson Unit has worked closely with the Auto Fraud Unit of the FDNY Citywide Fire Marshal's Office and the NYPD's Arson Explosion Squad, as well as the FBI and the Bureau of Alcohol, Tobacco and Firearms. The Unit also acts as a liaison with the New York State Office of Fire Prevention and Control, as well as arson units and fire departments in other states. Greater emphasis was placed on auto fires, as evidenced by the 311% increase in the number of auto fire investigations opened from 2003 to 2004.

In addition, we have teamed up with the NYPD's Fraudulent Accident Investigation Squad and their Auto Crime Division on many no-fault and other auto-related fraud investigations and with the Workers' Compensation Fraud Inspector General's Office and the State Insurance Fund on workers' compensation fraud. We have also worked hand-in-hand with the FBI, the U.S. Attorney's Office, the U.S. Postal Inspector's Office, the State Police and local police departments and sheriff's offices across the State.

Our strong partnership with these agencies and ongoing collaborative efforts will continue into 2005 and beyond.

- **Task Force/Working Group Participation** – Frauds Bureau staff actively participate in numerous task forces and working groups designed to foster cooperation and communication among agencies across the State that share similar goals. Membership provides the opportunity for information sharing, networking and honing investigative skills. Among these groups are:

- The Brooklyn Automobile Insurance Task Force
- The Rockland County Auto Crime Task Force
- The Nassau County Auto Insurance Fraud Task Force
- The Western District of New York Health Care Task Force
- The Capital District Auto Crime Task Force
- The Capital District Health Care Fraud Working Group

The Capital District Federal Financial Crime Task Force
The Central New York Anti-Health Care Fraud Working Group
The Central New York Financial Crimes Task Force
The Rochester Arson Task Force
The Monroe County Auto Crime Task Force
The Western New York Inter-County Arson Reduction Usenet System (Project ICARUS)
The Onondaga County Fraud Insurance Strike Team (FIST)
Operations Furthering Financial Security Enforcement (OFFSET)

III. Operational Overview

A. Administration

The Frauds Bureau was established by an act of the Legislature in 1981 as a law enforcement agency within the New York State Insurance Department. The Bureau's primary mission is the detection, investigation and prevention of insurance fraud and the referral for prosecution of those who commit insurance fraud. The Bureau has headquarters in Manhattan, with offices in Albany, Brooklyn, Buffalo, Mineola, Oneonta, Rochester and Syracuse. A complete list of office locations, including addresses and telephone/fax numbers, appears in the Appendices to this Report.

B. The Staff

The staff consists of 34 investigators organized into six specialized units – Arson, General, Medical, Organized/No-Fault/Auto, Upstate and Workers' Compensation – each of which is headed by an Associate Investigator. General oversight of the investigative staff is the responsibility of a Chief Investigator with the assistance of a Principal Investigator.

The Bureau also has a Statewide Auto Coordinator who tracks and monitors patterns and trends in auto insurance fraud and coordinates fraud-fighting efforts throughout the State. He provides technical assistance to district attorneys who have received grants from the Department of Criminal Justice Services to establish auto fraud units. He also acts as a liaison with other states on auto-related fraud issues. In addition, he was recently appointed the Frauds Bureau's Quality Control Officer and is now responsible for the quality of files, recordkeeping and case-management statewide.

A staff of three insurance examiners work under the supervision of a Principal Examiner. The Bureau's Deputy Director/Counsel reports to the Director; the Assistant Director of Research reports to the Director and the Deputy Director; and the Training Officer reports to the Chief Investigator. In addition, four support staff members report to the Secretary to the Director. A list of staff members by title and office location appears in the Appendices to this Report.

New investigators participate in an Entry-Level Training Program developed and administered by the Bureau's Training Officer to address the needs of new investigators. All investigators also participate in an In-Service Training Program. Both programs comply with the standards and curriculum established for professional police officers by the Bureau of Municipal

Police of the New York State Department of Criminal Justice Services. The Bureau's investigative staff are experienced professionals and often exceed the high standards set by DCJS.



Our Training Officer, John Marcone, (shown in foreground) is a Certified Firearms Instructor and oversees the recertification program for firearms proficiency for investigators both upstate and downstate. Yearly recertification is required by the Department of Criminal Justice Services. However, Frauds Bureau investigators are required to recertify semi-annually, demonstrating the importance we attach to the responsibilities involved in the proper use of firearms.

Investigator Marcone and other members of the investigative staff provide training and continuing education seminars for local police and fire units, prosecutors, insurers and others. Training was conducted for a number of police departments around the State in 2004, including 1,650 members of the NYPD. The Bureau has been invited by the NYPD to continue providing this training in the coming year. Since police officers are often the first responders to auto accidents and other emergency situations, their ability to recognize insurance fraud can be critical to an investigation.

At a three-day seminar at the Academy of Fire Science held in November, Senior Investigator Gary Sullivan (pictured at right) presented a case study in conjunction with the Genesee County Sheriff's Office. The case involved a woman and her boyfriend who pled guilty to arson for setting fire to her half of a duplex home while five occupants slept in the other half. The case was investigated by the Frauds Bureau, the Genesee County DA's Office and the Genesee County Sheriff's Office. The couple is currently serving time in prison for arson. No one was harmed in the fire.



In addition, Frauds Bureau staff regularly attend career development seminars and training programs to hone their proficiency in investigative procedures, computer skills and management techniques to ensure that they stay current with emerging developments in fraud fighting.

C. Investigations

The Frauds Bureau received 27,279 reports of suspected insurance fraud in 2004. Of those, 26,408 were received from licensees required by §405(a) of the New York Insurance Law to submit such reports to the Department, and 871 were received from other sources such as consumers and anonymous tips. A total of 1,181 new cases were opened for investigation during the year. At the same time, investigations continued in numerous cases opened in prior years.

During 2004, the Bureau referred 291 cases to prosecutorial agencies for criminal prosecution and another 38 for civil settlement or referral to the Department's Office of General Counsel for civil proceedings. A comparison of the number of reports received and investigations initiated from 1999 through 2004 appears in the Appendices to this Report.

D. Arrests

The Frauds Bureau participated in investigations that led to the arrest of 815 individuals for insurance fraud and related crimes during 2004, surpassing the 811 arrests posted during the prior year. The number of arrests chalked up in 2004 sets a new record for the Bureau and represents an increase of 62% since the beginning of the 21st Century.

Frauds Bureau activities resulted in stiff fines against 110 individuals who were sentenced to more than \$9.6 million in court-ordered restitution during 2004. In 36 cases, individuals made voluntary restitution totaling over \$1 million. In yet another 29 instances, insurers were able to achieve savings of more than \$16.8 million in connection with fraudulent claims under investigation by the Frauds Bureau.

The Governor and the Legislature have supported the Bureau's efforts to partner with the industry, prosecutors and law enforcement agencies at all levels of government to combat insurance fraud across the State. This support has contributed to the Bureau's accomplishments during the past year.

E. Civil Enforcement

Under the provisions of §403 of the New York Insurance Law enacted by the Governor and the Legislature in 1992, the Insurance Department is authorized to impose civil penalties of up to \$5,000 plus the amount of the claim on individuals who commit fraudulent insurance acts. In addition, §2133 of the Insurance Law permits a fine of up to \$1,000 for possession of a fraudulent automobile insurance identification card and up to \$5,000 for each additional card possessed. These civil penalties give the Bureau the authority to impose sanctions in cases where the monetary value is not sufficient to justify criminal prosecution, or in which the extremely high burden of proof required in criminal cases cannot be met.

F. Fraud Prevention Plans/Public Awareness Programs

The Second Amendment to Regulation 95 requires all insurers that meet certain criteria to submit to the Department a Fraud Prevention Plan that includes establishing a Special

Investigations Unit (SIU). At year-end, 154 Plans were on file. A Frauds Bureau examiner accompanies members of the Health Bureau on financial examinations and members of the Property/Casualty Bureau on market conduct examinations. Our examiner reviews the company's Fraud Prevention Plan in order to determine whether the SIU is in compliance with the provisions of Regulation 95. Our examiner also provides guidance to SIU staff on how best to implement their Plans.

The Second Amendment to Regulation 95 also includes a requirement that insurers develop a public awareness program focused on the cost and frequency of insurance fraud. Major advertising campaigns, using newspapers, radio, television and billboards are carried out throughout the year by the New York Alliance Against Insurance Fraud, a coalition of nearly 100 insurers that write property, life, health and disability insurance. The National Health Care Anti-Fraud Association and a number of insurers also conduct programs to heighten awareness and reduce public tolerance of insurance fraud. Thus, these anti-fraud messages reach millions of New Yorkers. The success of the public awareness program can be measured in part by the number of calls to the Bureau's fraud hotline. Such calls averaged 50 a week during 2004.

G. SIU Annual Reports Updated

The Bureau has updated the Annual Report that SIUs are required to submit to the Frauds Bureau each year in order to make it more current in today's insurance market, to clarify the type of data that is required and to enable our examiners to more effectively determine compliance with the New York Insurance Law and Department regulations. The new form will be available for use in time to meet the January 15, 2005 reporting date.

IV. *The Year in Review*

A. Major Cases

Major multi-agency investigations lead to a significant number of arrests in any given year and 2004 was no exception. For example, one such investigation conducted by the Frauds Bureau, the Queens DA's Office, the NYPD, the State Police and the DMV alone resulted in the arrest of 80 individuals and two medical clinics in September. However, not to be overlooked are the numerous arrests that resulted from the day-to-day investigations conducted by Frauds Bureau investigators. Some of the cases that contributed to the record-breaking number of arrests in 2004 are summarized below.

January

OPERATION SIDESWIPE

✚ A two-year undercover investigation, dubbed "Operation Sideswipe," and conducted jointly by the Frauds Bureau, the NYPD's Auto Crime Division and the Queens DA's Rackets and Organized Crime Bureau led to indictments charging 33 individuals with participating in a no-fault-fraud ring that defrauded insurers of more than \$236,000. Those arrested included lawyers, doctors and other state-licensed medical professionals, as well as "runners" and "jump-ins." They were accused of staging accidents, submitting

false property-damage, medical and bodily-injury claims, providing baseless treatments and ordering costly and unwarranted diagnostic tests.

FLOUTING THE LAW

- ✚ After a two-year investigation by the Frauds Bureau, the Workers' Compensation Fraud Inspector General's Office and the State Insurance Fund, the owner of a contracting business was arrested and charged with operating his business without the workers' compensation coverage required by New York State law to protect workers injured on the job. This information came to light following the death of one of his workers in a job-related accident and the subsequent investigation into the fatality.

THIRD PARTY WANTED

- ✚ On 9/21/03, an upstate woman drove her 2003 Buick to a tavern in Depew, NY, and a short time later discovered her car "missing." She reported it stolen to the Depew Police Department and her insurer, Progressive Insurance Company. It was later recovered in Hamburg, NY, destroyed by fire. However, an investigation by the Frauds Bureau, the Depew Police Department and Progressive revealed that the defendant's husband had instructed her to leave the keys in the car at the tavern. When questioned, she admitted that her husband had made arrangements with a friend to have the car stolen and burned. The husband subsequently confessed that he had made the arrangements. Damage to the car was placed at \$14,537. This investigation is ongoing as the police seek the person who actually set fire to the car.

February

ARSON

- ✚ An Auburn, NY, business man pled guilty to a charge of attempted arson and was sentenced to one-to-three years in State prison. He was arrested on 2/13/04 after a store he managed and its contents were destroyed during a suspicious fire that occurred on 2/9/04. An investigation uncovered evidence that he had hired a store employee to set the fire. The employee was also charged with arson and agreed to cooperate with investigators. The Frauds Bureau worked with the Cayuga County Sheriff's Office and the Syracuse Police Department throughout this investigation.

WORKERS' COMPENSATION SWEEP

- ✚ An investigation by the Frauds Bureau, the Queens DA's Office, the State Insurance Fund and the Workers' Compensation Fraud Inspector General's Office resulted in the arrest of 12 Queens residents in an arrest sweep that took place over two days. The suspects were charged with defrauding the workers' compensation system of more than \$172,000 during a four-year period from 1999 to 2003 by either submitting fraudulent applications for insurance coverage or claiming they had been injured and unable to work when in fact they were gainfully employed. Among those arrested were a public school custodian, a livery cab driver, the president of an apparel company and a medical office assistant.

INDICTED

- ✚ A federal grand jury indicted two New York business men for defrauding at least 12 clients of more than \$20 million in insurance premiums. The indictment charged that between 1998 and 2003, these defendants offered insurance coverage through several brokerage firms they owned, collected premiums, but never actually obtained the coverage. In other instances, they obtained coverage but later cancelled the policies, replacing them with less expensive and less valuable coverage. They also collected premiums to pay for one client's insurance and then used those funds to pay for insurance issued to another client. The cash was allegedly spent on vacation homes, gambling sprees and yachts. The investigation was conducted by the Frauds Bureau and the Manhattan DA's Office.

March

100-COUNT INDICTMENT

- ✚ An investigation by the Frauds Bureau and the Attorney General's Office resulted in a 100-count indictment charging 11 people and 7 corporations with engaging in a far-reaching no-fault scheme to defraud insurance carriers of an estimated \$1 million. Among those arrested were five health care providers, two attorneys and a network of recruiters. New York's no-fault law allows reimbursement to medical facilities for services provided to those injured in auto accidents. The defendants in this case manipulated New York's no-fault system by soliciting auto accident victims to use a particular medical facility and submit fraudulent claims for treatment that had not been provided and for medical procedures that were unnecessary.

CAUGHT

- ✚ A former star on the Buffalo Destroyers arena football team allegedly submitted fraudulent documents to collect nearly \$15,000 in workers' compensation benefits that he was not entitled to receive. He began collecting the benefits in New York after a career-ending injury in 1999. However, an investigation by the Frauds Bureau, the State Insurance Fund and the Workers' Compensation Fraud Inspector General's Office revealed that following a move to California in January 2002, the suspect began to work for the City of South Lake Tahoe. The New York Insurance Department was informed of his activities and contacted the authorities in California to have him arrested.

AUTO ARSON

- ✚ A suspect from Pound Ridge, NY, reported to the police that his car was stolen from a Queens street corner at about 4:50 p.m. At about 10:30 that evening, the car was set on fire by an unknown suspect. Personnel from the New York City Police and Fire Departments who responded to the scene identified the car as the one reported stolen earlier by the suspect. The fire was classified as incendiary. The arrest was the result of an investigation by the Frauds Bureau and the FDNY's Bureau of Fire Investigation.

April

TWO NO-FAULT FRAUD RINGS

- ✚ An investigation by the Frauds Bureau, the Attorney General's Office and the New York City Department of Investigations led to the indictment of 12 individuals charged with operating two separate auto insurance fraud rings in Brooklyn and Queens. They were accused of submitting more than \$350,000 in fraudulent personal-injury claims to insurance carriers. The charges against the two fraud rings were contained in four separate indictments brought by a Brooklyn grand jury. The defendants allegedly engaged in schemes in which they staged accidents and received months of medical treatment for their "injuries." Defendants were paid for participating in the accidents and many received thousands of dollars in injury settlements paid out by insurers. Three indictments charged six defendants, including two New York City Correction Officers, of engaging in a fraud ring that staged accidents in 1999 and 2000. They allegedly submitted more than \$214,000 in bills to various insurers, of which about \$163,000 was paid. The fourth indictment charged the remaining six defendants with billing five insurers for a total of \$140,000 for unnecessary medical treatment. More than \$42,000 of that total was paid out to medical providers during the period in question.

BAD TRIP

- ✚ An investigation by the Frauds Bureau resulted in the arrest of a Schenectady store owner accused of trying to defraud Combined Life Insurance Company of \$30,000. He claimed that while he, his wife and son were visiting Pakistan, the three had become ill and had to be admitted to various hospitals for extended stays. However, during the investigation, it was learned that neither parent had been hospitalized or even seen by a doctor for any medical reason; the son was seen once and released.

May

FINANCIAL WOES

- ✚ On August 21, 2002, a former insurance agent/broker accepted a premium payment totaling \$49,283 from the Fairmount Fire Department to obtain two insurance policies with the Fire Districts of New York Mutual Insurance Company. He made initial payments of half the total he received but failed to remit the balance to secure the coverage. He subsequently admitted to Fairmount that he was having financial difficulties and therefore did not make payment of the remaining premiums. His arrest was the result of an investigation by the Frauds Bureau and the Syracuse Police Department.

HER HIGHNESS

- ✚ An investigation by the Frauds Bureau and the Manhattan DA's Office resulted in the arrest of a Manhattan woman—who claimed to be a Saudi princess—for attempting to collect the proceeds of an insurance scam. The investigation revealed that on 10/16/03, the defendant obtained insurance from Chubb Insurance Company for jewelry valued at \$492,000 that she claimed was inherited from her mother. The insured items included diamond bracelets, rings, and stud earrings from such high-end jewelers as Bulgari, Cellini, Van Cleef & Arpels, and Erica Courtney. She submitted various bills of sale and

appraisal forms to Chubb to prove the worth of the jewelry. The defendant initially received “in vault” insurance, which provided coverage only when the items were kept in her safe deposit box. However, on October 27, 2003, the defendant obtained “out of vault” insurance which provided her with coverage when she removed the jewelry from the vault for restricted periods of time. One that same day, she allegedly removed 23 pieces of jewelry from the vault, left the bank and claimed she was mugged by an unknown assailant. She reported the incident to the NYPD and filed a claim with Chubb stating that \$262,000 worth of jewelry had been stolen. The subsequent investigation uncovered evidence that one of the appraisal forms was forged and that one month prior to obtaining the insurance policy, she actually sold 12 of the 23 items she claimed had been stolen. After Chubb received the claim, they made follow-up inquiries and notified the Frauds Bureau of their findings. The investigation was subsequently referred to the Manhattan DA’s Office for prosecution.

HIGH RISK

- ✚ The owner/operator of a construction company in Utica, NY, applied for workers’ compensation insurance coverage, stating that the company was involved in residential and small commercial carpentry. However, an investigation by the Frauds Bureau, the State Insurance Fund and the Oneida County DA’s Office turned up evidence that the company was actually in the business of asbestos removal. As a result of the false information, the company paid \$15,000 less in premiums than was warranted by the actual risk involved in the work.

June

WORKERS’ COMPENSATION FRAUD

- ✚ An investigation conducted by the Frauds Bureau and the New York State Inspector General’s Office led to the arrest of a Buffalo woman charged with working while receiving workers’ compensation benefits. The defendant began collecting benefits following a work-related injury she sustained on 10/1/01. However, she returned to work in August 2002 but did not report this fact as required by law. As a result, during the period from 8/2/02 to 6/6/03, she collected \$10,640 to which she was not entitled.

BANK JOB

- ✚ An investigation by the Frauds Bureau and the Suffolk County DA’s Office led to the arrest of a licensed broker from Bay Shore, NY, on charges of collecting \$10,000 in premiums from clients but failing to forward the money to an insurance company. While in custody, the suspect admitted that he had robbed the North Fork Bank in Sayville the day before his arrest on insurance fraud charges. According to police records, he entered the bank at about 5:00 p.m. on June 8 and passed a note to the teller demanding money. Once he had the money in hand, he fled the scene. He was subsequently charged with first degree robbery.

SINS OF THE FATHER

- ✚ The defendant in this case was accused of forging his son’s name to a workers’ compensation benefit check in the amount of \$680 and cashing it. The Frauds Bureau, the

Niagara County DA's Office and the Town of Niagara Police Department pooled resources in the investigation that led to his arrest. Also assisting was the Niagara County Sheriff's Department's Forensic Unit which made a positive identification of the suspect's fingerprints on the check.

July

LIFE INSURANCE FRAUD

- ✚ An investigation conducted by the Frauds Bureau with the assistance of the U.S. Postal Inspector's Office snared a physician assistant at Kings County Hospital Center accused of obtaining a \$250,000 life insurance policy in the name of a seriously ill patient without the patient's knowledge. The defendant submitted an application for the policy to Guardian Life Insurance Company in September 2000, posing as the insured's aunt. She arranged for someone representing herself as the insured to take the physical exam and named herself as beneficiary. She paid monthly premiums of about \$43. However, in December 2002 when an investigator with Guardian discovered significant inaccuracies in the application, he reported his findings to the Frauds Bureau and thus began the investigation that led to the arrest.

DOUBLE TROUBLE

- ✚ An upstate business owner reported that his Dodge Ram pick-up truck was stolen from a parking lot at the New York State Fair in Syracuse in September 2002. He filed a claim with Allstate Insurance Company and subsequently received a settlement of \$14,500. However, based on information received by the Frauds Bureau that he had actually buried the car somewhere on his property, the State Police were asked to conduct an aerial survey during which a large water-filled pit was observed on the property. Further investigation revealed that the defendant's truck had severe mechanical problems and that he had not buried it as was first suspected but had arranged with others to have the truck "stolen." In the meantime, the New York State Department of Environmental Conservation Police were called to inspect the pit on the ground and determined that the defendant was operating a construction and demolition landfill on his property without the permit required by the DEC. During questioning by the Frauds Bureau, the defendant confessed to filing the false claim and fraudulently collecting the insurance settlement. The defendant was also scheduled to answer charges at DEC headquarters of polluting the waters of the State in contravention of water quality standards and operating a solid-waste management facility without a valid permit. The defendant agreed to cooperate in the investigation and in the clean-up of his property.

UNWARRANTED BENEFITS

- ✚ Following a work-related injury in April 2002, a Buffalo bus driver began collecting workers' compensation benefits. However, during an investigation by the Frauds Bureau and the Erie County Sheriff's Department, it came to light that this suspect was employed from 9/13/02 through 8/1/03. As a result, he collected \$5,240 from First Cardinal Insurance Company that he was not entitled to receive.

August

ENTERPRISE CORRUPTION

- ✚ An investigation by the Frauds Bureau and the Attorney General's Office led to the indictment of six people and five corporations for their participation in a sophisticated criminal enterprise. This marked the first time the Attorney General filed an indictment charging enterprise corruption in an auto insurance fraud case. Two personal injury lawyers and their law firms, an insurance broker and a licensed acupuncturist were among those charged. According to the indictment, two brothers "steered" those involved in accidents to medical facilities and lawyers that were part of the scheme. The brothers allegedly paid off tow-truck drivers, auto repair shop managers and insurance brokers for the names and telephone numbers of people who had recently been in minor auto accidents. The victims were then persuaded to fabricate or exaggerate injuries, submit fraudulent no-fault claims, and retain the defendant attorneys for personal injury lawsuits. Patients received countless unnecessary treatments, including acupuncture, physical therapy, massage therapy, chiropractic treatment, psychological counseling and extensive diagnostic testing. The brothers were also charged with secretly owning the acupuncture practice of one of the defendants, in violation of State law that requires a professional health practice to be owned by a licensed practitioner. This case is an offshoot of a June 2003 multi-agency investigation conducted by the Frauds Bureau, the Attorney General's Office, the New York City Health and Hospitals Corporation Inspector General's Office and the New York City Department of Investigation. Four of those named in the recent indictment had been arrested in 2003 and charged with conspiracy to commit insurance fraud.

SENTENCED

- ✚ Jeffery M. Herber, a financial consultant from Rome, NY, was sentenced to 6-to-18 years in prison for stealing \$730,000 from 13 clients. Herber was arrested in January 2004 on charges that he cheated clients of more than \$342,000. Herber put investment money from his clients to personal use and produced fraudulent financial statements claiming the funds were deposited into investments accounts. He was previously arrested in August 2003 for stealing \$76,400 from another client under similar circumstances. Both arrests were the result of investigations by the Frauds Bureau and the City of Rome Police Department. Herber returned about \$200,000 of the stolen funds.

JUMP-BAIL PLAN THWARTED

- ✚ A man alleged to be the manager of a mob-connected auto insurance fraud ring was arrested on 8/13/04 when prosecutors claimed he was trying to skip bail. The \$400,000 bail was set when he and 35 others were arrested last month for their participation in the fraud ring. According to Queens prosecutors, the defendant provided fraudulent tax documents to an Illinois bank in an effort to purchase a twin-engine Cessna which prosecutors claim he planned to use to flee. The documents showed an income of more than \$300,000 in 2003 when his actual income was only \$76,000. The police also found cocaine in his possession during a search conducted after his arrest.

September

MEDICAL MILLS SHUT DOWN

- ✚ The Frauds Bureau, together with the Western New York Health Care Task Force and the FBI, executed search warrants at medical facilities in Rochester and Buffalo in connection with an investigation into suspected fraudulent activities related to no-fault. The owner of the two facilities in question was arrested on an indictment warrant from California charging him with “fraud against the government.” This investigation is ongoing and more arrests are expected.

AGENT FRAUD

- ✚ A joint investigation conducted by the Insurance Department’s Frauds and Consumer Service Bureaus, the State Police and the Department of Motor Vehicles led to the arrest of a licensed insurance agent accused of issuing fraudulent auto identification cards. The agent failed to forward the premiums to an insurer and subsequently his clients discovered, sometimes after being involved in an accident, that the ID cards did not represent valid insurance coverage. On 9/13, investigators executed a search warrant at the suspect’s place of business and removed customer files, computers and other relevant documents.

OPERATION CRASH COURSE

- ✚ A three-year undercover operation conducted by the Frauds Bureau, the Queens DA’s Organized Crime Accident Investigation Squad, the State Police and the Department of Motor Vehicles resulted in the arrest of 67 individuals and corporations – including chiropractors, acupuncturists and physical and massage therapists, as well as two medical clinics and their employees – for their participation in a major no-fault fraud ring. Pictured are Queens District Attorney Richard A. Brown (l.) and Charles Bardong, Director of the Frauds Bureau, at the press conference held to announce the arrests. Since the initial sweep, 13 additional arrests have been made in this case, bringing the total to 80 thus far, with more arrests expected. According to the charges, the investigation uncovered evidence that the defendants engaged in various schemes to defraud more than \$1 million from dozens of insurers between 9/01 and 1/04. The ring allegedly paid runners up to \$3,000 for each person they recruited to pose as an injured accident victim. Shadow patients (individuals who signed in for numerous dates of treatment each time they visited the clinic) were paid up to \$750 for unnecessary treatment, such as various diagnostic tests, or services never provided at all. Insurers were billed for these “services” and the clinics created phony paperwork to hide the fraud, such as sign-in sheets, progress notes and therapy records.



October

GUILTY

- ✚ Jay Fair, an employee of the Niagara County Risk Management Office, notified Independent Health (the County's health insurer) in June 1998 that he had gotten married and wanted his wife added to his employee health coverage. However, in March 2003, the County discovered that he was not married to the woman added to his policy. An investigation by the Frauds Bureau and the Niagara County DA's Office led to his arrest at which time he pled guilty to petit larceny. He was sentenced to a conditional discharge and restitution of \$15,062 for the theft of premiums paid by the County for the additional coverage, which has been paid. In March 2004, the purported wife pled guilty to petit larceny and paid \$2,000 in restitution to Independent Health for benefits paid to her under Fair's policy.

AN ACCIDENT WAITING TO HAPPEN

- ✚ An upstate man and woman reported to the Otsego County Sheriff's Office that they had been involved in an auto accident. The woman was treated for minor injuries at a local emergency room and the couple requested an accident report. When investigators from the Sheriff's Office interviewed the couple, they were told that the woman was the driver at the time of the accident. However, an investigation by the Frauds Bureau and the Sheriff's Office revealed that the man had actually been driving the car. They lied to cover the fact that his driver's license had been revoked for a 2001 DWI conviction and the fact that he had been issued three speeding tickets within an 18-month period.

THIS AIN'T LAWN MAINTENANCE

- ✚ In October 2003, the defendant in this case filed an application with the State Insurance Fund for workers' compensation insurance for his business, stating that he had one employee and that the principal activity of the company was lawn maintenance. Based on information received by the Fund, the Frauds Bureau, the Workers' Compensation Fraud Inspector General's Office and the Fund conducted an investigation that uncovered evidence that the suspect's company had several employees and was involved in building demolition. As a result, the suspect paid \$19,338 less in premiums that he would have had he accurately reported the size of his work force and the true nature of his business.

November

OPERATION FAMILY TIES

- ✚ An investigation by the Frauds Bureau, the NYPD's Auto Crime Division and the Brooklyn DA's Office resulted in the takedown of an auto insurance fraud ring operating out of an auto salvage yard in Brooklyn. The three-year investigation led to the arrest of 24 individuals including three organized-crime figures with ties to the Gambino and Bonanno crime families. In a typical scenario, car owners voluntarily "gave up" their cars to body shop operators who then dismantled the vehicles and sold the parts. Once the parts were sold and the hulk of the cars destroyed, the owner would report the car stolen and collect the insurance settlement. Among those arrested were the operators of the

salvage yard, buyers of the stripped auto parts and the owners of the high-end cars that were given up. The cars had an estimated value of \$1.5 million.

ARSON

- ✚ The suspect in this case filed a claim for damage to his home and personal contents caused by a fire in December 2001 and was subsequently paid nearly \$9,500 for the loss by Allstate Insurance Company. Now skip to early 2004. The suspect contracted with the landlord of a property in Rochester to complete interior and exterior renovations while the landlord was out of state on business. The landlord paid for the materials and labor up front, instructing the suspect that the work was to be completed by the time he returned. On 3/13/04, the landlord informed the suspect that he had cut his business trip short and was en route to Rochester. However, before his return, the property caught fire. The landlord, innocent of any wrongdoing, filed a claim with Liberty Mutual Insurance Company and collected more than \$99,000 for damage to the building and its contents. While investigating the 2004 fire, the facts surrounding the 2001 incident came to light and the suspect was charged with intentionally setting both fires. The resourcefulness and expertise of the Frauds Bureau, the Rochester Police Department/Fire Department Arson Task Force and the Bureau of Alcohol, Tobacco and Firearms were responsible for the successful completion of both cases and the subsequent arrest.

December

PROGRAM NETS FIRST ARRESTS

- ✚ An investigation by the Frauds Bureau, the State Police, the Monroe County DA's Office, the City of Rochester Police Department and the DMV, with the assistance of Safeco Insurance Company's Special Investigations Unit, led to the arrest of twin brothers, the co-owners of an auto repair shop in Rochester on charges of felony insurance fraud and grand larceny. These are the first arrests stemming from a Department of Criminal Justice Services grant received by the Monroe County DA's Office to establish a unit dedicated to combating auto theft and insurance fraud. Acting on a tip received by the Frauds Bureau, investigators conducted an undercover operation at the shop. They deliberately damaged a vehicle and filed a claim with Safeco. Before bringing the vehicle into the shop, the investigators identified and secretly marked parts that needed to be replaced. The shop was paid up front for new parts to replace the damaged parts and for general repair of the car. However, a re-examination of the car showed that a number of parts ordered and paid for had not been replaced, in some instances creating a serious safety issue. This matter was also referred to the Department of Motor Vehicles which licenses and monitors auto repair shops in New York State.

NO BENEFITS IN JAIL

- ✚ A New York City man sustained a work-related injury on 1/12/01 and subsequently filed for workers' compensation benefits. Then on July 8, 2003, he was arrested, convicted and sentenced to one year in jail on a burglary charge, a fact he neglected to tell the Workers' Compensation Board. His girlfriend attended a Workers' Compensation Board hearing on July 17, 2003 allegedly accompanied by the claimant's brother who represented himself as the claimant and testified that he was still unable to work. A benefit check that was

issued to the incarcerated claimant subsequent to the hearing was forged by the girlfriend and cashed through her father's business. She was arrested and charged with attempted petit larceny in the 3rd degree and violation of the Workers' Compensation Law.

B. No-Fault Fraud

No-fault fraud accounted for just over half of the 27,279 total reports of suspected fraud received by the Bureau in 2004. The Bureau conducted a number of investigations into the operation of medical mills in both the upstate and downstate areas. These investigations led to the takedown of several major no-fault fraud rings and the indictment of close to 200 individuals and corporations. As many as 80 arrests resulted from one investigation alone, including chiropractors, acupuncturists, massage therapists and two medical clinics in Queens and their employees. In addition, two medical mills discovered in Western New York – one in Buffalo and the other in Rochester – were not only connected to each other but to New York City suspects as well. Search warrants were executed and numerous arrests were made. The suspects in this case were found to be involved not only in no-fault fraud but a variety of other crimes, including drugs and homicide.

Associate Investigator August D'Aureli, supervisor of the Bureau's No-Fault Unit, presented testimony before the New York State Standing Committee on Insurance on February 9, 2004. The Committee was studying the incidence of no-fault insurance fraud in New York State and wanted to hear from someone "in the trenches." Associate Investigator D'Aureli fit the bill. He informed the Committee members that no-fault fraud is an organized, complex and increasingly violent crime. He walked them through a large-scale, long-term investigation, known as "Operation Gateway to Fraud," that targeted every element in a no-fault scam. He covered the development of the initial informant, the execution of eavesdropping/search warrants, and the conclusion of the case which resulted in forfeiture and civil restitution.

C. Partnership in Progress

A strong working relationship with local prosecutors remains one of the Bureau's top priorities. In 2002, the Frauds Bureau initiated a program to assign our investigators to prosecutors' offices to work in tandem with their investigative staff. These cooperative efforts provide an opportunity for members of a prosecutor's investigative team to learn the complexities of insurance fraud investigations firsthand.

During 2004, we added the Bronx, Staten Island and Monroe to the list of counties in which our investigators have been assigned to the District Attorneys' Offices. All told, we currently have Fraud Bureau investigators in 11 prosecutors' offices across the State: One investigator is assigned to the Suffolk County DA's Office full time. In addition, we have one investigator in the Nassau County DA's Office two days a week; two investigators one day a week in Queens; and one investigator three days a week in Rockland where he also works with investigators in the Putnam and Dutchess County DAs' Offices. We have also placed one investigator in the Albany County DA's Office two to three days a week, one investigator two to three days a week in Westchester, one investigator one day a week in the Bronx, one investigator in the Staten Island DA's Office two days a week, and an investigator part time in the Monroe

County DA's Office. The program has become increasingly popular, especially in light of the grant money available from the Department of Criminal Justice Services for prosecutors to establish auto insurance fraud units. We expect the program will continue expand with the availability of DCJS grants.

D. Frauds Bureau Presence at HIDTA

The Frauds Bureau has assigned an Investigative Analyst to the High Intensity Drug Trafficking Area (HIDTA) located within the New York City Regional Intelligence Center. The Analyst is a certified New York State Peace Officer who possesses the security clearance the position demands. She conducts sensitive research of restricted databases unique to the Insurance Department and coordinates the dissemination of requested information among various law enforcement agencies, including the FBI, the NYPD, the Drug Enforcement Administration, the Bureau of Alcohol, Tobacco, Firearms and Explosion, U.S. Customs, the U.S. Postal Service and U.S. Immigration. She has assisted the High Intensity Financial Crimes Ares (HIFCA) investigators, as well as the Westchester County DA's Office in compiling and coordinating investigatory evidence and intelligence data.

E. Paper Reduction

The Bureau has initiated a program that will significantly reduce the number of paper files maintained in the Bureau and allow more efficient use of staff time. Under the prior system, reports of suspected insurance fraud received electronically were printed, the data was entered into our database and the reports that were referenced (i.e., those for which a case was not opened) were filed for future reference. These referenced files total an estimated 20,000 reports a year. Under the new system, once the data has been entered into the database where it is securely maintained, hard-copy is discarded. Moreover, with the able assistance of the Systems Bureau, the system can now print out an entire file with the click of one button, rather than the time-consuming method of printing the file screen by screen.

F. Staff Recognition Awards



Associate Investigator John McDonald (r.) and Senior Investigators Gerard Callahan (l.) and Hugh Brickley of the Auto Unit received Certificates of Appreciation on September 15 from the New York City Police Department's Auto Crime Division "in grateful recognition and sincere appreciation of your untiring and selfless efforts" in combating insurance fraud. The Certificates recognized in particular the efforts of the Auto Unit in conjunction with the NYPD that led to the arrest of a body shop owner and three insurance company adjusters for their roles in a scheme of systematically enhancing auto damages.

The Frauds Bureau received the Fire Investigation Team of the Year Award from the New York State Fire Investigators Association. The Association comprises about 1,000 members of local, state and federal law enforcement agencies, as well as all levels of municipal fire departments, private investigators and insurance company Special Investigations Units. The Bureau was nominated for the Award by the Bureau of Alcohol, Tobacco and Firearms and selected by the Awards Committee. According to John Morgan, Special Agent in Charge of the ATF Office in Albany, the Award was not given for one case in particular but rather for the Bureau's overall efforts and commitment to arson investigations throughout the State. Superintendent of Insurance Serio accepted the Award at the Association's annual banquet on November 4, 2004. Pictured (from l.) are Associate Investigator Anthony Gonzalez, Associate Investigator Sean Ralph, Senior Investigator Gary Sullivan, Investigative Analyst Jackie Oreshan, Deputy Director Nicholas DiMuro, Superintendent Serio, Investigator Chris Behan and Director Charles Bardong.



G. World Trade Center Fraud Update

Since the attack on the World Trade Center on September 11, the Frauds Bureau has made earnest and energetic efforts to make sure that reports of suspected fraud related to that disaster receive prompt and careful attention. At year end, 81 World Trade Center-related reports of suspected fraud were opened for investigation. More than half the reports involved life insurance fraud (21) and workers' compensation fraud (22). The remaining included 8 that were auto-related and 30 that were miscellaneous. A number of arrests have been made (examples are detailed below) and the Department continues to vigorously pursue these cases for criminal prosecution.

In March 2004, Beatrice Kaufman was sentenced to 52 weekends in jail for cheating an insurance company, the Federal Emergency Management Agency (FEMA) and two charities by falsely claiming that her home and business were damaged in the September 11 attack. In addition, her plea bargain required her to admit that she received the money through false pretenses, to make restitution to Chubb Insurance Company from which she received more than \$58,700, and to the charities. She received \$8,000 each from FEMA and the American Red Cross, and \$10,000 from Safe Horizon. (Safe Horizon provides assistance to those impacted physically, economically or psychologically by 9/11.) Her arrest in November 2002 was the result of the efforts of the Frauds Bureau, FEMA, Chubb and the Manhattan DA's Office which prosecuted the case.

In addition, Broome County resident Merle Hover was sentenced to three years' probation and ordered to pay Combined Life Insurance Company \$1,500 to cover court costs resulting in his prosecution on charges of attempting to defraud Combined Life of \$20,000. Hover filed a death-benefit claim stating that his daughter had died in the WTC attack. However,

during an investigation by the Frauds Bureau, with the assistance of the Broome County Sheriff's Office and the Broome County DA's Office, his ex-wife informed the investigators that their daughter was alive and living outside New York State. She was unaware of his scheme until contacted by investigators.

H. Disaster Preparedness and Response

In conjunction with the Executive Bureau, the Frauds Bureau has established procedures for our investigators to take a more direct role in the event of a building evacuation or other emergency situation, including providing a presence in the Executive Bureau, establishing contact with upstate Frauds Bureau Offices, and accounting for Department staff. We have also established a liaison with the Department's Disaster Preparedness and Response Bureau to ensure that we are kept aware of any changes in procedure or the establishment of new protocols.

V. Directions for 2005

A. Web-Based Fraud Reporting

The Frauds Bureau made significant progress during 2004 in achieving a goal high on its list of priorities – Web-based fraud reporting. Until recently, insurers who reported electronically used only the AT&T Global Network. However, we have now initiated a system, known as the “blue zone,” by which insurers can submit fraud reports directly via the Web site, with the aim of eventually eliminating the AT&T Global Network. The long-term goal is to revamp the entire system to a Web-based design so that fraud reporting via the Web site would be only one of its functions. Under this new system, virtually all of the Bureau's principal tasks would be Web-based, including case management, statistics tracking, and the myriad of reports for which the investigative staff is responsible. Requests For Proposals (RFPs) for a Web-based design have been issued to vendors. Responses are due in January and the evaluation process will begin thereafter.

B. Workers' Compensation Fraud Seminars

The Frauds Bureau, in conjunction with the New York Insurance Association, the Workers' Compensation Fraud Inspector General's Office and the State Insurance Fund, will schedule a series of seminars in 2005 designed educate the business community about application fraud, premium fraud and other problems associated with workers' compensation insurance. The seminars will be presented to Chambers of Commerce and similar groups.

C. Nuisance Abatement

The Frauds Bureau has a Zero Tolerance policy in terms of insurance fraud. We continue to use every tool available to combat any fraudulent insurance act. Nuisance abatement is a civil remedy that has been effectively used by the New York City Police Department to shut down locations that are the sites of recurring illegal activities, such as drug trafficking, prostitution and fencing of stolen property, among others. The Bureau continues to work closely with the

NYPD's Civil Enforcement Unit and Fraudulent Accident Investigation Squad and with insurers to close sham medical mills and other locations that engage in insurance fraud.

D. Insurer Self-Audits

The self-audit system for insurers is being revamped and updated as we have partnered with other Bureaus within the Department to assess compliance with statutes and regulations.

E. Upstate Seminars

In September, the Bureau initiated a series of seminars for insurers in the upstate region. The seminars present an overview of the Frauds Bureau and the skills our investigators bring to every investigation. Three sessions were held in late September in Batavia, Syracuse and Albany for member companies of the New York Insurance Association. This initiative will continue and be expanded in the coming year.

VI. *Legislation*

The Frauds Bureau requests and/or supports the following legislative changes:

- Providing the Superintendent of Insurance with the authority to establish standards for the public awareness programs that insurers are required to develop under the provisions of Regulation 95;
- Upgrading the status of Insurance Frauds Bureau investigators from peace officers to police officers, enabling them to act independently in the execution of such tasks as search and arrest warrants, court orders relating to electronic surveillance and summary arrests;
- Making it a crime to present materially false statements on an insurance application for personal lines insurance;
- Making it a felony for third parties, known as runners, to recruit patients and clients for health care providers and attorneys in insurance fraud schemes;
- Establishing a TIPS program;
- Amending the Penal Law, in relation to adding a description of a fraudulent no-fault insurance act; decreasing the monetary threshold for the commission of insurance fraud in various degrees; and providing three separate degrees of “aggravated insurance fraud”;
- Requiring a periodic certification of continued eligibility by recipients of workers’ compensation or disability benefits;
- Creating a class E felony for insurance activity for which a license is normally required by certain previously licensed individuals and entities that are no longer licensed at the time of the violation;
- Creating a class E felony for unlicensed insurance activity by any individual;
- Subjecting unlicensed insurance activity to civil penalties after notice and hearing before the Insurance Department;
- Providing for automatic revocation of licenses under Article 21 of the Insurance Law upon conviction of the licensee for felony larceny or felony insurance fraud;
- Requiring that life insurance policy applications include a positive identification of the insured;
- Increasing civil penalties for knowing possession, transfer or use of fraudulent insurance documents;

- Prohibiting the participation in the insurance business of individuals who have been convicted of felonies involving dishonesty, breach of trust or other violations of Article 176 of the Penal Law unless such persons first obtain the written consent of the Superintendent of Insurance for such activities;
- Amending §2111 of the Insurance Law to prohibit a revoked licensee from becoming employed in any capacity by an entity subject to the provisions of Article 21 without the prior written approval of the Superintendent;
- Increasing penalties in the Vehicle and Traffic Law to reduce the number of uninsured or unlicensed motorists driving in New York State;
- Requiring no-fault and workers' compensation insurers to provide explanations of benefits in response to claims filed for health care services under those programs;
- Modifying the reporting date for the Frauds Bureau Annual Report (pursuant to §405 of the Insurance Law) from January 15 to March 15 of each year; and
- Modifying the reporting date for insurer Special Investigations Units annual reports (pursuant to §409 of the Insurance Law) from January 15 to February 15 of each year.

VII. Appendices

IFBs Received by Year	1999	2000	2001	2002	2003	2004
Auto Theft	2,015	1,696	2,085	1,694	1,927	1,778
Theft From Auto	119	65	88	101	76	79
Auto Vandalism	236	260	260	235	385	297
Auto Collision Damage	1,097	1,064	1,129	775	1,819	1,614
Auto Fraudulent Bills	28	33	58	32	35	33
Auto Misc.	433	797	724	707	1,213	1,451
No-Fault Auto Insurance	<u>9,191</u>	<u>12,372</u>	<u>15,219</u>	<u>14,852</u>	<u>17,253</u>	<u>14,328</u>
No-Fault Auto Unit Totals*	13,119	16,287	19,563	18,396	22,708	19,580
Workers' Compensation	<u>798</u>	<u>862</u>	<u>1,733</u>	<u>1,086</u>	<u>1,121</u>	<u>1,027</u>
Workers' Comp Unit Totals	798	862	1,733	1,086	1,121	1,027
Disability Insurance	102	82	93	102	73	65
Health Accident Insurance	<u>2,359</u>	<u>2,205</u>	<u>1,572</u>	<u>1,518</u>	<u>1,791</u>	<u>2,236</u>
Medical Unit Totals	2,461	2,287	1,665	1,620	1,864	2,301
Auto Fire	310	313	374	267	315	400
Fire - Residential	126	114	159	127	114	135
Fire - Commercial	<u>58</u>	<u>34</u>	<u>25</u>	<u>22</u>	<u>25</u>	<u>30</u>
Arson Unit Totals**	494	461	558	416	454	565
Auto I. D. Cards	253	302	591	536	191	130
Burglary - Residential	453	361	444	392	422	378
Burglary - Commercial	62	66	98	93	80	78
Homeowners	340	258	307	288	432	450
Larceny	34	12	25	45	43	58
Lost Property	77	74	112	108	182	263
Robbery	16	15	19	28	21	22
Bonds	2	2	0	6	6	5
Life Insurance	95	65	79	100	63	61
Ocean Marine Insurance	24	21	19	15	25	27
Reinsurance	0	0	2	0	1	0
Appraisers/Adjusters	10	12	12	5	30	7
Agents	50	36	42	65	50	52
Brokers	87	59	47	60	65	157
Ins. Company Employees	6	5	8	10	3	4
Insurance Companies	2	3	0	4	20	13
Miscellaneous	<u>242</u>	<u>183</u>	<u>228</u>	<u>312</u>	<u>304</u>	<u>504</u>
General Unit Totals	1,753	1,474	2,033	2,067	1,938	2,209

Unassigned	571	876	476	993	1,620	1,597
Totals	19,196	22,247	26,028	24,578	29,705	27,279

<u>IFBs Received</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
No-Fault Auto Unit Totals*	4,238	4,228	4,718	3,811	22,708	19,580
Auto ID Unit Totals**	253	302	591	536	0	0
Workers' Comp Unit Totals	798	862	1,733	1,086	1,121	1,027
Medical Unit Totals	2,461	2,287	1,665	1,620	1,864	2,301
No-Fault Auto Unit Totals	9,191	12,372	15,219	14,852	0	0
Arson Unit Totals***	184	148	184	149	454	565
General Unit Totals	1,500	1,172	1,442	1,531	1,938	2,209
Unassigned	<u>571</u>	<u>876</u>	<u>476</u>	<u>993</u>	<u>1,620</u>	<u>1,597</u>
Totals	19,196	22,247	26,028	24,578	29,705	27,279

* Data for years 1999 through 2002 reflect the totals for the Auto Unit only. In August 2003, the Auto Unit merged with the No-Fault Unit. Data for years 2003 and 2004 reflect the totals for the merged No-Fault/Auto Unit.

** Auto ID Unit merged into the General Unit in August 2003.

*** Arson Unit created in August 2003. Prior to that, arson cases were handled by the Auto and General Units.

Cases Opened by Year	1999	2000	2001	2002	2003	2004
Auto Theft	79	60	51	71	92	79
Theft From Auto	7	2	8	14	3	3
Auto Vandalism	10	13	20	23	18	7
Auto Collision Damage	35	29	29	25	25	23
Auto Fraudulent Bills	5	7	7	7	3	3
Auto Misc.	23	12	13	25	21	12
No-Fault Auto Insurance	<u>127</u>	<u>88</u>	<u>62</u>	<u>113</u>	<u>88</u>	<u>73</u>
No-Fault Auto Unit Totals*	286	211	190	278	250	200
Workers' Compensation	<u>527</u>	<u>527</u>	<u>409</u>	<u>494</u>	<u>571</u>	<u>669</u>
Workers' Comp Unit Totals	527	527	409	494	571	669
Disability Ins.	18	17	14	15	13	12
Health Accident Insurance	<u>65</u>	<u>55</u>	<u>44</u>	<u>42</u>	<u>57</u>	<u>59</u>
Medical Unit Totals	83	72	58	57	70	71
Auto Fire	12	10	8	16	33	106
Fire - Residential	15	11	20	17	20	16
Fire - Commercial	<u>16</u>	<u>5</u>	<u>2</u>	<u>2</u>	<u>6</u>	<u>11</u>
Arson Unit Totals**	43	26	30	35	59	133
Auto I. D. Cards	160	65	150	179	63	10
Burglary - Residential	17	21	10	14	16	7
Burglary - Commercial	3	5	2	12	2	4
Homeowners	29	18	22	36	28	18
Larceny	6	4	4	2	2	7
Lost Property	0	0	1	2	3	2
Robbery	2	1	0	1	2	1
Bonds	0	1	0	2	5	2
Life Insurance	17	5	7	22	9	8
Ocean Marine Insurance	5	3	4	3	3	2
Reinsurance	0	0	0	0	0	0
Appraisers/Adjusters	2	4	0	0	0	2
Agents	18	6	12	28	12	13
Brokers	9	11	10	7	8	9
Ins. Company Employees	3	2	3	5	2	2
Insurance Companies	0	0	0	1	7	1
Miscellaneous	<u>28</u>	<u>22</u>	<u>27</u>	<u>27</u>	<u>18</u>	<u>20</u>
General Unit Totals	299	168	252	341	180	108
Grand Totals	1,238	1,004	939	1,205	1,130	1,181

<u>Investigations</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Workers' Comp Unit Totals	527	527	409	494	571	669
Medical Unit Totals	83	72	58	57	70	71
No-Fault Auto Unit Totals*	286	211	190	278	250	200
Arson Unit Totals**	43	26	30	35	59	133
General Unit Totals	<u>299</u>	<u>168</u>	<u>252</u>	<u>341</u>	<u>180</u>	108
Totals	1,238	1,004	939	1,205	1,130	1,181

* No-Fault and Auto Units merged in August 2003.

**Arson Unit created in August 2003. Prior to that, arson cases were handled by the Auto and General Units.

1999	IFBs	Cases	Arrests*
Auto Unit Totals	4,238	171	
Auto ID Unit Totals	253	160	
Workers' Comp Unit Totals	798	527	
Medical Unit Totals	2,461	83	
No-Fault Auto Unit Totals	9,191	127	
General Unit Totals	1,684	170	
Grand Total			390

2000	IFBs	Cases	Arrests
Auto Unit Totals	4,228	133	201
Auto ID Unit Totals	302	65	32
Workers' Comp Unit Totals	862	527	108
Medical Unit Totals	2,287	72	36
No-Fault Auto Unit Totals	12,372	88	50
General Unit Totals	1,320	119	<u>76</u>
Grand Total			503

2001	IFBs	Cases	Arrests
Auto Unit Totals	4,718	136	210
Auto ID Unit Totals	591	150	94
Workers' Comp Unit Totals	1,733	409	79
Medical Unit Totals	1,665	58	16
No-Fault Auto Unit Totals	15,219	62	107
General Unit Totals	1,626	124	<u>48</u>
Grand Total			554

2002	IFBs	Cases	Arrests
Auto Unit Totals	3,811	181	196
Auto ID Unit Totals	536	179	107
Workers' Comp Unit Totals	1,086	494	101
Medical Unit Totals	1,620	57	27
No-Fault Auto Unit Totals	14,852	113	182
General Unit Totals	1,680	181	<u>94</u>
Grand Total			707

2003	IFBs	Cases	Arrests
Auto Unit Totals**	5,770	195	332
Auto ID Unit Totals***	191	63	27
Workers' Comp Unit Totals	1,121	571	110
Medical Unit Totals	1,864	70	27
No-Fault Auto Unit Totals**	17,253	88	244
General Unit Totals***	1,747	117	64
Arson Unit Totals	139	26	<u>7</u>
Grand Total			811

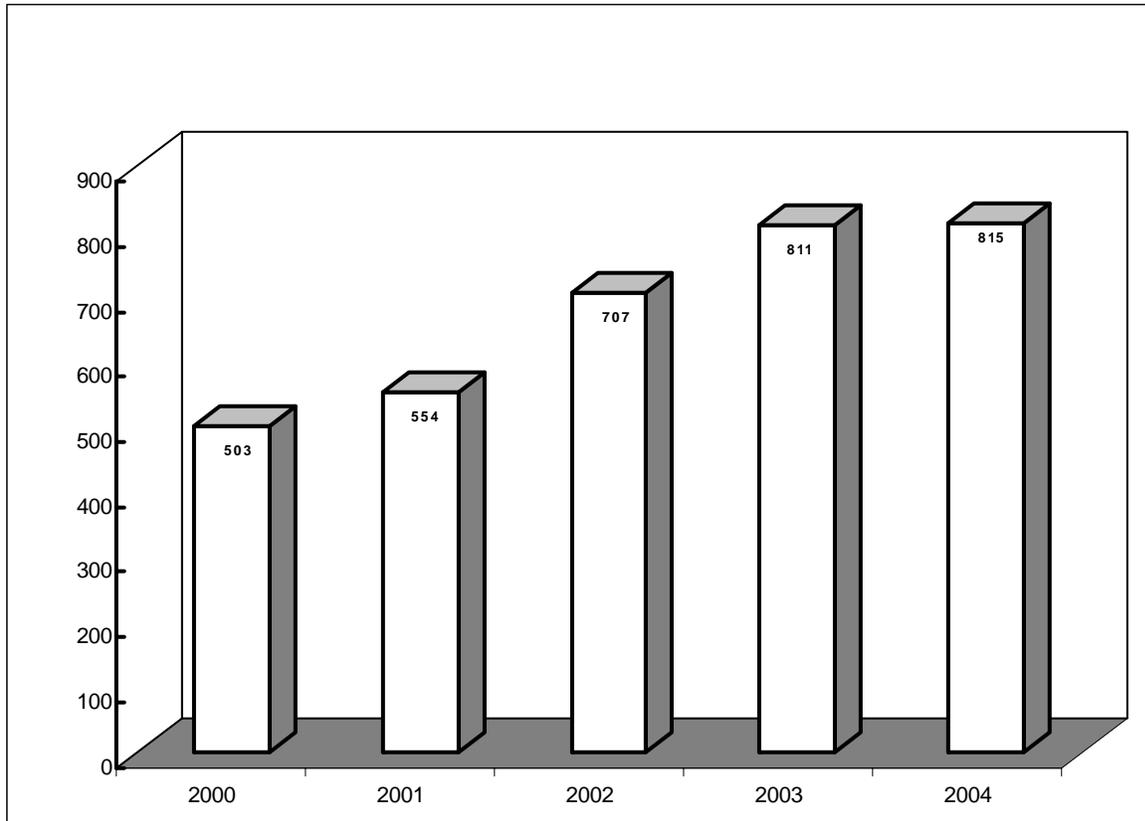
2004	IFBs	Cases	Arrests
No-Fault/Auto Unit Totals	19,580	200	479
Workers' Comp Unit Totals	1,027	669	155
Medical Unit Totals	2,301	71	44
General Unit Totals**	2,209	108	75
Arson Unit Totals	565	133	<u>62</u>
Grand Total			815

* Data for individual units are not available for 1999.

** Auto and No-Fault Units merged in August 2003.

***Auto ID Unit merged into the General Unit in August 2003.

**Frauds Bureau Arrests
2000-2004**



Miscellaneous Statistics

A. Technical and Monetary Contributions

During 2004, the Bureau received \$37,698 from various insurance companies and plea-bargain arrangements. These funds were allocated in connection with joint investigations conducted under the supervision of local district attorneys.

B. Civil Penalties

Civil Penalties totaling \$86,313 were imposed in 13 cases under §403 of the Insurance Law in 2004, and \$43,466 in four cases under §2133. In addition, the Department's Office of General Counsel, after hearings, imposed \$8,840 in civil penalties.

**Insurance Frauds Bureau
Continuing Education Program
Insurers, Law Enforcement and Community Groups
2004**

Date	Group	Location	Number of Attendees
12/30/04	NYPD Police Academy (four seminars)	New York, NY	1,650
12/12/04	Cortland County Fire Investigators Association	Cortland, NY	6
12/02/04	No-Fault Insurance Fraud Summit (Industry Sponsored)	Brooklyn, NY	234
11/29/04	Westchester County Office of Public Safety Police Recruits	Valhalla, NY	41
11/16/04	New York Anti Car Theft and Fraud Assn.	Woodbury, NY	250
11/08/04	State Farm Insurance Company	Ballston Spa, NY	8
11/04/04	NYS Office of Fire Prevention and Control	Montour Falls, NY	160
11/03/04	The Robert Plan (two seminars)	Bethpage, NY	41
11/01/04	FDNY Fire Marshal Trainees	Brooklyn, NY	17
10/27/04	American Society of Industrial Security	Albany, NY	22
10/25/04	NYS Office of Fire Prevention and Control Arson Bureau	Montour Falls, NY	25
09/30/04	New York Insurance Association	Albany, NY	32
09/29/04	New York Insurance Association	Batavia, NY	12
09/28/04	New York Insurance Association	Syracuse, NY	30
07/30/04	Otsego County Law Enforcement Academy	Oneonta, NY	22
06/21/04	NYS Insurance Department	New York, NY	103
06/14/04	NYS Office of Fire Prevention and Control	Montour Falls, NY	28
05/20/04	Albany Claims Association	Albany, NY	40
05/21/04	Asian Americans for Equality	Queens, NY	53
05/20/04	High Intensity Drug Trafficking Area	New York, NY	14
04/29/04	United Missionary Baptist Women's Aux.	New York, NY	32
04/28/04	New York Prosecutors' Training Institute	Rochester, NY	100
04/22/04	Chartered Property Casualty Underwriters	New York, NY	25
04/20/04	Bethlehem Town Police Department	Delmar, NY	11
04/14/04	Keuka College	Penn Yan, NY	10
03/26/04	Rockland County Police Academy Recruits	Pomona, NY	23
03/26/04	Preferred Mutual Insurance Company	New Berlin, NY	10
03/23/04	New York Prosecutors' Training Institute	New York, NY	70
03/22/04	NYS Office of Fire Prevention and Control	Montour Falls, NY	30
03/22/04	Preferred Mutual Insurance Company	New Berlin, NY	15
03/16/04	Chartered Property/Casualty Underwriters	Albany, NY	36
03/01/04	2004 Eastern Claims Conference	New York, NY	35
02/21/04	Monroe Community College Recruit Police Officers School	Rochester, NY	18

02/17/04	NYC Taxi and Limousine Commission	New York, NY	6
01/26/04	NYC Taxi and Limousine Commission	New York, NY	1
01/08/04	Redding Men's Club	Redding, CT	15
	TOTAL GROUPS 36	PARTICIPANTS 3,225	

**Fraud Plans on File – as of
12/31/04**

ACE USA	Erie Insurance
Aetna	Eveready
AFLAC	Excellus
Agway	Family Farm
AIG	Farmers Insurance Group
Allianz Life	Fireman's Fund
Allmerica Financial	First Ameritas
Allstate	First Fortis
Allstate Life	First Rehabilitation
Amalgamated Life	First Reliance
American Banker	First United American
American General – US Life	GE Financial Assurance
American Medical	GE Auto and Home Assurance
American Modern	GEICO Direct
American Progressive	General Casualty
American Transit	Gerber
AmeriChoice	GHI
AMEX Assurance	Great American
Amica	Great American Ins. Specialty Division
Atlantic Mutual	Great Western
Atlantic State (Donegal)	Guardian
AUSA	Harleysville
Auto One Insurance	Hartford Life
Balboa	Health First
Capital District Physicians	Health Net
Central Mutual – All America	HealthNow
Chubb Group	Healthplex
CIGNA	Hereford Insurance
CIGNA – INA Life	HIP Health
Cincinnati	Horizon
Clarendon	Hudson
Clermont Specialty	IDS Life
CNA	Independent Health
Combined Life	ITT Hartford
Conseco	John Hancock
Country-Wide	Kemper Auto and Home
Crum & Forster	Lancer
CUNA Mutual	Liberty Mutual
Dairyland	Mass Mutual
Delta Dental	Massachusetts Casualty
Dentcare	MDNY
Electric Insurance	Merchants & Business Men's
Empire Plan Blue Cross/Blue Shield	Merchants Insurance

Mercury Insurance
MetLife
MetLife –Property
Michigan Millers
MSI Mutual
Mutual of Omaha
MVP Health
National Benefit Life
National General
National Grange Mutual
Nationwide
New York Automobile Plan
New York Central Mutual
New York Life
Nippon Life
North Star
Northwestern Mutual
Nova
Ohio Casualty
OneBeacon
Oxford Health
Peerless
Preferred Care
Preferred Mutual
Princeton Insurance
Principal Life
Progressive Casualty
Provident
Provident Washington
Prudential Insurance
PSM

Reliastar Life
Response
Robert Plan
Royal and Sun Alliance
Safeco
SBLI
Security Mutual
Selective Insurance
St. Paul
Standard Security
State Farm
State Insurance Fund
State-Wide
Sun Life
Teachers
TIG
Tower Insurance Company of New York
Travelers
Tri-State Consumer
Trustmark
Unicare-Wellpoint
Union Fidelity
Union Labor Life
United Concordia
United HealthCare of NY
Unitrin Direct Insurance
USAA
Utica Mutual
VYTRA
XL Specialty Insurance
Zurich

Insurance Frauds Bureau Staff – December 31, 2004

MANHATTAN OFFICE

Director

Deputy Director

Deputy Director/Counsel

1 Chief Investigator

6 Associate Investigators

7 Senior Investigators

3 Investigators

1 Principal Insurance Examiner

1 Senior Insurance Examiner

2 Insurance Examiners

1 Senior Training Officer

1 Assistant Director of Research

1 Secretary I

1 Calculations Clerk 2

3 Keyboard Specialists

BROOKLYN OFFICE

1 Associate Investigator

2 Senior Investigators

2 Investigators

ALBANY OFFICE

5 Investigators

BUFFALO OFFICE

1 Associate Investigator

1 Senior Investigator

1 Investigator

ROCHESTER OFFICE

1 Senior Investigator

SYRACUSE OFFICE

1 Principal Investigator

2 Investigators

ONEONTA OFFICE

1 Associate Investigator

1 Senior Investigator

3 Investigators

MINEOLA OFFICE

1 Associate Investigator

4 Senior Investigators

2 Investigators

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Fax # (607) 433-3623

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