



# **Consumer Protection and Financial Enforcement Division Annual Report**

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Superintendent of Financial Services

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## INTRODUCTION

Adrienne A. Harris, the Superintendent of Financial Services, respectfully submits this report, pursuant to Section 409(b) of the New York Financial Services Law, summarizing the activities during 2022 of the Consumer Protection and Financial Enforcement Division (“CPFED”)<sup>1</sup> of the Department of Financial Services (“DFS” or the “Department”). CPFED combats fraud with respect to financial products and services and enforces the provisions of the New York Banking, Insurance, and Financial Services Laws and the regulations promulgated thereunder. This report summarizes CPFED’s enforcement actions, handling of consumer complaints, and examination activities in the areas of consumer compliance, fair lending, and Community Reinvestment Act compliance, as well as the Department’s work to assist Holocaust victims and their heirs.

### **CPFED Organization and Oversight**

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CPFED comprises the following units:

- Civil Investigations Unit (“CIU”): CIU investigates civil financial fraud and violations of consumer and fair lending laws, the New York Financial Services Law, Banking Law, and Insurance Law, and the regulations promulgated thereunder. CIU attorneys and staff conduct investigations, initiate formal enforcement actions where violations of law are found, and, when necessary, represent the Department in administrative proceedings.
- Consumer Examinations Unit (“CEU”): CEU is responsible for conducting fair lending, consumer compliance, and New York Community Reinvestment Act examinations, reviewing the consumer impact of bank applications requiring regulatory approval, overseeing the Banking Development District Program, and registering and supervising consumer credit reporting agencies. CEU also houses the Department’s Student Protection Unit, which licenses and supervises student loan servicers, monitors student-related financial practices in New York, and educates and advocates for student consumers and their families about available financial products and services.
- Consumer Assistance Unit (“CAU”): CAU investigates and informally mediates complaints against regulated entities and individuals (except those relating to insurance producers and mortgages), as well as complaints concerning other financial products and services. CAU screens External Appeal applications, manages the Independent Dispute Resolution process, conducts outreach and education on topics regulated by DFS, and manages the deployment and staffing of the DFS Mobile Command Center.

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<sup>1</sup> Pursuant to Sections 403 and 404 of the New York Financial Services Law, the Superintendent is required to establish a financial frauds and consumer protection unit empowered to investigate actions that may constitute violations of the New York Banking Law, Insurance Law, and Financial Services Law. All of the responsibilities and authority of such unit are encompassed within CPFED.

- Holocaust Claims Processing Office (“HCPO”): HCPO advocates on behalf of Holocaust victims and their heirs, seeking the just and orderly return of assets stolen by the Nazi regime to their rightful owners.
- Investigations and Intelligence Unit (“IIU”): IIU is responsible for a wide variety of related investigations, including those triggered by Part 500 cyber event notifications and background investigations of licensing applicants in connection with student loan servicing, virtual currency exchanges, and other money services business licenses. IIU also houses the Criminal Investigations Bureau and the Insurance Frauds Bureau that handle, respectively, criminal banking and insurance fraud investigations and related referrals to prosecution agencies.

## **CIVIL INVESTIGATIONS UNIT ACTIVITIES**

The attorneys and staff of CIU investigate and, where appropriate, bring enforcement actions with respect to violations of the New York Financial Services Law, Banking Law, and Insurance Law, as well as the regulations promulgated thereunder, including the Department’s cybersecurity, virtual currency, and transaction monitoring regulations. Discussed below are some of CIU’s investigations, initiatives, and other activities conducted in 2022.

### **Columbian Mutual Life Insurance Company**

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In January 2022, the Department entered into a consent order with Columbian Mutual Life Insurance Company (“Columbian Mutual”) for failing to comply with New York law governing unclaimed life insurance proceeds. Pursuant to the settlement, Columbian Mutual agreed to pay more than \$7.83 million in restitution to New York consumers, plus \$3 million in penalties.

DFS’s investigation found that, in violation of the Insurance law, Columbian Mutual failed to make efforts to identify beneficiaries for thousands of policies with unclaimed death benefits, failed to cross-check all policies against Social Security Administration Death Master File (“DMF”) records, and delayed outreach or outright failed to contact beneficiaries for thousands of policies. Additionally, Columbian Mutual failed to transfer death benefits to New York State as abandoned property, as required by the law, when unable to locate beneficiaries.

Pursuant to the settlement, Columbian Mutual agreed to take corrective actions, including performing a new DMF cross-check of all policies in-force since 2011 and conducting research on DMF matches identified since 2011, resulting in additional restitution paid to New York beneficiaries. The company also agreed to revise its unclaimed property policies to ensure compliance with New York law.

New York Regulation 200 became effective in 2012 and requires life insurance companies to regularly seek out beneficiaries to pay death benefits, rather than waiting for claims to be filed. But for the promulgated regulation, a significant number of New York residents would not have been aware that they were named as beneficiaries on life insurance policies and would not have filed claims.

## **National Bank of Pakistan**

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In February 2022, DFS entered into a consent order with the National Bank of Pakistan (“NBP”) and its New York branch, under which NBP agreed to pay a penalty of \$35 million. The agreement followed an investigation that revealed serious compliance deficiencies that NBP and its New York branch allowed to persist over multiple examination cycles from as early as 2014. Specifically, senior management at the Bank was found to have failed to promote a culture of compliance, adequate resources were not provided for compliance programs, and the bank failed to adequately supervise the New York branch by allowing problems to worsen year after year. In addition to the civil monetary penalty, NBP agreed to create a written plan detailing enhancements to the policies and procedures of its BSA/AML compliance program, its Suspicious Activity Monitoring and Reporting program, and its customer due diligence requirements. Additionally, at the Department’s discretion, the Bank may be required to engage an independent consultant to conduct a full evaluation of the remediation efforts.

## **MoneyGram**

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In March 2022, DFS entered into a Consent Order with MoneyGram to resolve an investigation of a large volume of suspicious transactions to China, in violation of the BSA/AML requirements and New York law. MoneyGram agreed to pay a \$8.25 million fine and maintain remedial measures to ensure that such transactions would not occur again.

A DFS examination and subsequent enforcement investigation revealed that MoneyGram did not adequately supervise the activity of six agents that saw a large spike in the transaction volume of business with China from locations throughout New York City, including in Flushing, Queens, from 2015 through May 2017. The number and size of transactions indicated a high risk for money laundering and the transactions exhibited a suspicious pattern. For example, there were multiple transactions to the same recipient, which should have put MoneyGram on notice. MoneyGram has terminated the agent relationships and continues to report to the Department on the sufficiency of policies and procedures of its BSA/AML compliance program, its suspicious activity monitoring and reporting program, and customer due diligence requirements. Further, MoneyGram periodically submits data to the Department for ongoing monitoring purposes.

## **Nationwide Life Insurance Company**

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Immediate annuities provide periodic income payments that must begin within 13 months after the annuity is issued. Deferred annuities, on the other hand, allow consumers to earn interest on their premium before receiving payments at a future date. Insurance companies that replace deferred annuities with immediate annuities can cost consumers substantial lifetime income and recommending such replacements without adequate disclosures constitutes misleading conduct.

In May 2022, DFS finalized a settlement with Nationwide Life Insurance Company (“Nationwide”) for violations of New York Insurance regulations in deferred-to-immediate annuity replacement transactions. DFS’s investigation found that Nationwide failed to properly

disclose to consumers income comparisons and suitability information, causing consumers to exchange more financially favorable deferred annuities with less favorable immediate annuities. Hundreds of New York consumers received incomplete information regarding the replacement annuities, resulting in less income for identical or substantially similar payout options.

In settling with DFS, Nationwide paid \$3.4 million in restitution to consumers and \$2.24 million in penalties. As a result of the settlement, hundreds of New York consumers will receive additional restitution in the form of higher monthly payout amounts for the remainder of their contract terms. Nationwide also agreed to take corrective actions, including revising its disclosure statement to include side-by-side monthly income comparison information and revising its disclosure, suitability, and training procedures to comply with New York regulations.

The settlement is the result of DFS's industry-wide investigation into deferred-to-immediate annuity replacement practices in New York State. To date, the investigation has resulted in settlements with 13 life insurers, totaling approximately \$29 million in restitution and penalties.

### **Carnival Corporation**

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In June 2022, the Department finalized a settlement with Carnival Corporation d/b/a Carnival Cruise Line and its subsidiaries Princess Cruise Lines, Ltd., Holland America Line NV, Seabourn Cruise Line, Ltd., and Costa Cruise Lines, Inc. (collectively "Carnival"), following the Department's investigation into reported cybersecurity breaches that uncovered deficiencies in Carnival's cybersecurity program in violation of the Department's Cybersecurity Regulation.

The Department's investigation found that between 2019 and 2021, the Carnival Corporation and its subsidiaries had collectively been the subject of four cybersecurity events. Two of these cyber breaches involved unauthorized access of email accounts of Carnival employees who had access to a significant amount of sensitive personal data of Carnival customers. The other two events involved ransomware attacks that compromised Carnival's networks and resulted in the exfiltration of consumer data by the threat actors involved. The investigation uncovered, among other things, that Carnival violated the Cybersecurity Regulation by failing to implement Multi-Factor Authentication ("MFA") without implementing reasonably equivalent or more secure access controls approved in writing by the Company's Chief Information Security Officer, failing to provide sufficient cybersecurity training to its employees, and failing to report a cyber event to the Department in a timely manner.

Pursuant to the settlement, Carnival agreed to pay a \$5 million penalty and to surrender its licensees to sell insurance in New York State.

### **TheGuarantors**

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In June 2022, the Department entered into a Consent Order with Guarant, Inc., doing business as TheGuarantors ("TheGuarantors"), for violating the Insurance Law. Pursuant to the settlement, the Company agreed to pay a \$199,000 penalty. Additionally, the Company agreed to

fix its problematic advertising and referral agreement with PC Insurance to comply with the Insurance Law and regulations.

The Guarantors offered nine-month lease rental bonds intended to cover 12-month leases. These bonds required tenants to provide a lump sum totaling up to three months of rent to compensate for the lapse between the coverage period and the duration of the lease. Although such lease rental bonds provided only nine months of coverage, they were filed with and approved by the Department as 12-month bonds with a rate commensurate to 12 months of coverage. The reduction in premium collected by the Company for lease rental bonds, departing from the filed rates, violated Insurance Law § 2314.

### **Banner Life Insurance Company**

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Pension risk transfer (“PRT”) transactions involve a plan sponsor, usually an employer offering pension plan protection to its employees, that transfers all or a portion of the assets and liabilities of a defined benefit pension plan to a life insurance company. The life insurance company, in turn, issues a group annuity contract obligating the company to make benefit payments to plan participants or the plan sponsor. In 2019, DFS launched investigations into the PRT industry after learning that unlicensed insurance companies were conducting pension risk business in New York. Such non-licensed activity could mean that New York consumers are not receiving the protections offered by New York law.

In July 2022, DFS finalized a settlement with Banner Life Insurance Company (“Banner Life”), continuing enforcement actions in the pension risk industry. Banner Life, a life insurance company not licensed or otherwise authorized to do insurance business in New York, had engaged in six PRT transactions that involved over a thousand New York policyholders and included hundreds of impermissible communications between Banner Life and the New York-based plan sponsor or its consultants. Banner Life agreed to pay a penalty of \$3.5 million and transfer its transactions to its New York-licensed subsidiary, William Penn Life Insurance Company of New York.

### **Robinhood Crypto, LLC**

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In August 2022, the Department entered into a consent order with Robinhood Crypto, LLC (“RHC”) for compliance failures that resulted in violations of the Department’s Virtual Currency, Money Transmitter, Transaction Monitoring, and Cybersecurity regulations. Pursuant to the settlement, RHC agreed to pay a \$30 million penalty and retained an independent consultant to review, report on, and assist RHC in remediating the compliance deficiencies identified during the Department’s investigation.

The Department found that, among other things, RHC’s Bank Secrecy Act/Anti-Money Laundering (“BSA/AML”) program was inadequately staffed; the company failed to timely transition away from a manual transaction monitoring system that was inadequate for RHC’s size, customer profiles, and transaction volumes; and RHC did not devote resources sufficient to address company-specific risks. Additionally, the Department found that RHC’s cybersecurity



program did not fully address the company's operational risks and that specific policies within the program were not in full compliance with several provisions of the Department's Cybersecurity and Virtual Currency regulations. Moreover, despite these weaknesses in its transaction monitoring and cybersecurity programs, RHC improperly certified compliance with the Department's Transaction Monitoring and Cybersecurity regulations. RHC also failed to comply with consumer protection requirements by not maintaining a distinct, dedicated phone number on its website to receive consumer complaints. Finally, RHC violated certain reporting requirements pursuant to its Supervisory Agreement with the Department.

### **Rhinebeck Bank**

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In October 2022, the Department finalized a settlement with Rhinebeck Bank following an investigation stemming from a fair lending examination that focused on the bank's indirect automobile lending program. The Department's investigation found that Rhinebeck Bank's practices failed to prevent discriminatory practices by automobile dealers that resulted in members of protected classes paying higher interest rates than non-Hispanic white borrowers for their automobile loans without regard to their creditworthiness.

Pursuant to the settlement, Rhinebeck Bank agreed to pay \$950,000 in penalties to address these violations of New York's fair lending law, New York Executive Law § 296-a. The bank also agreed to pay restitution to individuals who were charged discriminatory interest rates. Pursuant to the settlement, Rhinebeck Bank developed a compliance plan designed to ensure compliance with applicable state and federal fair lending laws moving forward and agreed to actively monitor the bank's indirect automobile lending program for discriminatory interest rates.

### **EyeMed Vision Care LLC**

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In October 2022, the Department finalized a settlement with EyeMed Vision Care LLC ("EyeMed") following an investigation into the company's compliance with the Department's Cybersecurity Regulation.

The Department's investigation found that EyeMed had been the subject of a cyberattack in the summer of 2020 wherein an unauthorized actor gained access to an email account used by EyeMed to process enrollments. EyeMed confirmed that the threat actor had the ability to exfiltrate data from the email account, which contained personal health data of EyeMed consumers, including children. The investigation uncovered, among other things, that EyeMed violated the Cybersecurity Regulation by permitting nine EyeMed employees shared access to the compromised email account, using the same username and password, and by failing to implement sufficient data minimization and control strategies for the email account, resulting in over six years of data being accessible to the threat actor. Further, EyeMed failed to conduct a risk assessment that met the standards of DFS's Cybersecurity Regulation.

Pursuant to the settlement, EyeMed agreed to pay a \$4.5 million penalty and to undertake certain remediation efforts to improve its cybersecurity program and compliance with the Department's Cybersecurity Regulation.



## **TTEC Healthcare Solutions, Inc.**

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In December 2022, the Department finalized a settlement with TTEC Healthcare Solutions, Inc. (“TTEC HS”) following an investigation into the company’s compliance with the Department’s Cybersecurity Regulation.

The Department’s investigation found that TTEC HS had been the subject of a ransomware cyberattack in September 2021, wherein the threat actor was able to exfiltrate data from TTEC HS’s network, including the nonpublic personal information of current and former employees of TTEC HS, and of the insured and former insureds of one of TTEC HS’s clients. The investigation uncovered, among other things, that TTEC HS violated the Cybersecurity Regulation by failing to implement multi-factor authentication without implementing reasonably equivalent or more secure access controls approved in writing by the Company’s Chief Information Security Officer. Further, TTEC HS did not maintain audit trails for the three years required by the Cybersecurity Regulation.

Pursuant to the settlement, TTEC agreed to pay a \$1.9 million penalty and to undertake certain remediation efforts to improve its cybersecurity program and compliance with the Department’s Cybersecurity Regulation.

## **Report of Inquiry into Redlining in Rochester and Syracuse and on Long Island**

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In December of 2022, the Department issued a report detailing the findings of its inquiry into mortgage lending patterns in the Rochester and Syracuse metropolitan areas and in Nassau County and Suffolk County. The report followed the Department’s 2021 report on its inquiry into potential redlining in the Buffalo metropolitan area. Like the 2021 report, the 2022 report provided data on mortgage lending in these regions showing the performance of residential lenders with respect to lending to minorities and within census tracts in which a majority of residents are minorities. The report also included an overview of historical redlining in Rochester and Syracuse and on Long Island, including the long-term negative impact of federally sanctioned redlining through the use of Home Owners’ Loan Corporation security maps in Rochester and Syracuse, common use of restrictive covenants in Rochester, so-called “urban renewal” efforts in Syracuse, and the legacy of housing segregation in Nassau and Suffolk counties dating to the initial suburbanization of Long Island.

Because the Department found that certain nonbank mortgage lenders in the Buffalo area were not serving minority communities sufficiently and were not regularly evaluating their own lending patterns to prevent or remediate deficiencies, the 2021 report recommended an extension of the New York State Community Reinvestment Act, which was applicable only to state-chartered banks and to state-licensed mortgage bankers. On November 1, 2021, Governor Hochul signed legislation for that purpose. The Department is now developing implementing regulations for that law and expects to issue a notice of proposed rulemaking soon.

## **Opioids**

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In 2019, DFS began investigating several corporate families of opioid manufacturers and distributors for their role in increasing the cost of commercial health insurance for New Yorkers. The investigation focused on false and fraudulent acts in their promotion of opioids as a treatment for chronic pain, which led to a proliferation of medically inappropriate opioid prescriptions for which related insurance claims were paid. In 2020, DFS brought charges against five manufacturers. In 2022, DFS successfully defeated a challenge in New York Supreme Court to its jurisdiction to investigate and bring charges against these entities. The two remaining DFS administrative proceedings stemming from these charges were stayed in 2022, as Endo filed for bankruptcy and Teva is implementing an over \$520 million settlement with New York, for which DFS has agreed to dismiss its claims. By the end of 2022, through the course of its investigation and charges, DFS has helped facilitate over \$2.5 billion in settlements with New York from opioid manufacturers and distributors.

## **DMV Auto Cases**

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In 2022, DFS entered into five consent orders, assessing penalties totaling \$8.8 million, with Zurich Insurance Group (\$2.2 million), Progressive Insurance Group (\$2 million), State Farm Insurance (\$2.5 million), Chubb (\$1.1 million), and Liberty Mutual (\$1 million).

The Department of Motor Vehicles (the “DMV”) informed DFS that insurance companies were not timely reporting insurance business in the DMV’s Insurance Information & Enforcement System (“IIES”). Proper and timely reporting in IIES helps ensure that drivers in New York can rely on the availability of insurance coverage should an accident occur. DFS commenced an investigation to uncover the number of late filings and evaluate each insurer’s attempts to timely report in IIES. DFS then worked to calculate proposed penalties for insurers and began negotiations. In addition to the penalties, each insurer is required to submit a remediation plan, subject to the DMV’s approval, to improve their IIES reporting.

DFS continues to investigate other insurers that have not timely reported business in IIES and considers this the first part of an industry-wide investigation.

## **CONSUMER EXAMINATIONS UNIT ACTIVITIES**

CEU ensures that regulated institutions abide by the State’s consumer protection, fair lending, and Community Reinvestment Act (“CRA”) laws and regulations; increases consumer access to traditional banking and lending services in under-served communities by administering the Banking Development District program (“BDD”); and evaluates regulated institutions’ branching, investment, and merger applications for their performance records and community development objectives. In addition, CEU registers and examines credit reporting agencies. CEU often coordinates its examination activities with those of federal counterparts.

CEU also houses the Department’s Student Protection Unit (“SPU”). SPU serves as a consumer watchdog for New York’s students and is dedicated to investigating potential consumer

protection violations and distributing clear information that students and their families can use to help them make informed, long-term financial choices. SPU also licenses and examines student loan servicers.

## **Consumer Compliance and Fair Lending Examinations**

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CEU conducts consumer compliance and fair lending (“CCFL”) examinations to review institutions’ compliance with consumer protection and fair lending statutes and regulations. CEU’s CCFL examination activities include virtual on-site examinations, targeted examinations, and in-depth investigations; processing and analyzing pertinent data from regulated entities; and guiding institutions on the content and implementation of their written fair lending plans.

In 2022, CEU conducted 21 CCFL exams. The examinations revealed that most evaluated institutions have generally adequate compliance processes. However, the examinations also showed that several institutions failed to develop and/or properly implement training, policies, and procedures intended to ensure compliance with relevant New York State consumer protection laws, regulations, and supervisory procedures.

CEU examiners uncovered objectionable practices committed by a number of institutions. These practices included charging unauthorized or illegal account fees, such as dormancy fees on savings accounts, improperly calculated certificate of deposit early withdrawal fees, improperly assessed extended overdraft fees, and imposing late fees and return deposit item fees in excess of the legal maximum; providing unclear or non-compliant disclosures; improperly calculating penalties; charging consumers undisclosed fees; and failing to update thresholds for protected wages pursuant to the Exempt Income Protection Act. Certain institutions also failed to provide statutorily required disclosures, either in whole or in proper form, including those mandated by, or relating to, the Truth in Lending Act; the Truth in Savings Act; basic banking accounts or approved alternative accounts required by New York law; and safe deposit boxes.

CEU examiners also discovered various improper practices relating to fair lending, including inadequate fair lending training given to key lending personnel; failure to ensure training adequacy through testing; inadequate safeguards against fair lending violations committed by third parties involved in the lending process; excessive discretion given to individual lending personnel in approving or denying applicants and in pricing loans; failure to maintain appropriate marketing policies and procedures intended to avoid discrimination against protected class applicants; failure to document and appropriately preserve information collected for fair lending monitoring purposes; and failure to extend fair lending monitoring and policies to the protected classifications of military status, sexual orientation, and/or gender identity or expression.

Combining the expertise of its fair lending data analysts and examiners, CEU identified and investigated the reasons for statistical disparities in pricing and fees among borrowers of protected and non-protected classes. As a result, CEU has sought restitution for consumers and required improvements in fair lending risk monitoring and prevention. CEU also reviewed and recommended improvements to numerous institutions’ written fair lending plans.

CEU works with institutions to improve their compliance practices and, where necessary, requires institutions to make restitution to their customers. In the past six years, CEU's examinations resulted in depository institutions refunding to over 27,000 New York consumers a total of over \$1.2 million in improper and/or illegal fees and interest, and penalties to New York State in excess of \$500,000.

CEU referred several matters to CIU for enforcement action, including those relating to failure to comply with the Servicemembers' Civil Relief Act, unexplainable disparities in the pricing of credit negatively affecting protected class groups, and indirect auto lenders' failure to provide to consumers rebates from unexpired ancillary products and charging of undisclosed fees for loan modifications.

### **Registration, Examination, and Supervision of Consumer Credit Reporting Agencies**

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In 2018, the Superintendent promulgated 23 NYCRR Part 201, which required consumer credit reporting agencies ("CCRAs") to register with the Department, imposed certain reporting and examination requirements, and forbade certain practices of CCRAs. On behalf of DFS, CEU identified and contacted CCRAs and processed registrations. Through 2022, CEU has registered over 20 CCRAs, including Equifax Information Services, LLC, Experian Information Solutions, Inc., and TransUnion, LLC.

CEU conducted four examinations of CCRAs in 2022. These examinations revealed failures of CCRAs to respond in a complete, timely, and accurate manner to consumer inquiries and disputes, to timely process and document procedures for imposing and lifting security freezes, to maintain proper procedures for recredentialing users, to prevent deleted tradelines from improperly reappearing, and to remove disputed information from consumers' credit files. In addition, the examinations resulted in numerous findings requiring CCRAs to improve their policies, procedures, and compliance management systems to reduce the future risk of violating consumer protection laws.

### **Regulation of Commercial Financing**

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On February 16, 2021, New York State enacted Article 8 of the New York Financial Services Law (the "Commercial Finance Disclosure Law"), requiring companies that offer commercial financing in amounts under \$2.5 million to make standardized disclosures about the terms of credit. CEU drafted and published for public comment a proposed Part 600 of Title 23 of the New York Codes, Rules, and Regulations ("NYCRR") implementing the Commercial Finance Disclosure Law in 2021, and revised and re-submitted the proposed regulation for public comment in 2022 after incorporating and considering public comments. The Department expects to issue a final rule in 2023.

### **Community Reinvestment Act Examinations**

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Through Community Reinvestment Act ("CRA") examinations, DFS ensures that regulated institutions comply with New York State's CRA regulations and provide loans, investments, and

services to support the economic stability, growth, and revitalization of the communities they serve, particularly for low- and moderate-income (“LMI”) individuals and small businesses and in LMI neighborhoods. The examinations are also a means to ensure that borrowers and businesses at all income levels have access to appropriate financial resources at reasonable costs, consistent with safe and sound banking practices.

In 2022, the Consumer Examination Unit conducted 16 CRA exams. Through analysis of loan data and community development activities, CEU assesses how well banks serve the credit needs of their communities. CEU conducts examinations to assess banks’ compliance with the CRA and accompanying regulations. Following each examination, CEU issues an examination report and an overall rating that is shared with the public via the DFS website.

On October 26, 2022, the Department issued a revised regulation to amend DFS’s regulations that implement the CRA, 3 NYCRR Part 76, including the proposal of a new Section 76.16. The proposed changes serve to implement a recent amendment to the CRA that directs DFS to consider a bank’s record of performance in helping to meet credit needs of minority and women-owned businesses in CRA performance evaluations. The amendment to the CRA also requires DFS to consider a bank’s investments in technical assistance programs for small businesses and minority and women-owned businesses and the origination and purchase of loans to minority and women-owned businesses within its community. The Department’s proposed regulations, once finalized, will establish rules for how banking institutions should solicit, collect, store, and report the information relating to their provision of credit to minority and women-owned businesses, including when requests for information should be made, and the rights of a credit applicant to refuse to offer information in response. The public comment period for the Proposed Amendment to 3 NYCRR Part 76 expired December 12, 2022.

In 2021, following a recommendation made in connection with DFS’s report with respect to its inquiry of redlining in Buffalo, New York State enacted Banking Law § 28-bb, which authorizes the Department to conduct evaluations of mortgage bankers to ascertain how well they serve the credit needs of their communities, particularly LMI individuals and LMI neighborhoods. The Department is in the process of developing rules to implement the new law.

### **Guidance Prohibiting Unfair and Deceptive Overdraft and Non-Sufficient Fund Fees**

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On July 12, 2022, the Department issued an industry letter, drafted by CEU, identifying several unfair or deceptive acts or practices regarding the imposition of overdraft fees and non-sufficient funds (“NSF”) fees. These practices included overdraft fees relating to “authorize positive/settle negative” transactions, double fees arising from futile overdraft protection transfers, and NSF fees relating to representments.

In addition, CEU assisted in the preparation of the study of overdraft fees called for by legislation signed by Governor Hochul on July 15, 2022 (S.9348/A.8292). DFS expects to publish the study in 2023.

## **Community Development Unit**

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The Community Development Unit (“CDU”), which is housed within CEU, facilitates the development and preservation of banking services in under-served and LMI neighborhoods. CDU researches and analyzes community demographic information to ascertain the financial needs of consumers. CDU also reviews the impact on communities of applications to merge, convert charters, make community development equity investments, and open, close, or relocate branches. CDU also administers the Banking Development District (“BDD”) program, which includes working with community stakeholders to either explore the viability of a BDD in their communities or provide support in the formation of banking and community partnerships for the purpose of designating a BDD, reviewing requests for designations of new BDDs, the re-activation and expansion of existing BDDs, and requests of participating banks for the renewal of BDD deposits. CDU then makes recommendations to the Office of the State Comptroller regarding those designations and renewals. Additionally, CDU fosters working relationships with community groups, financial institutions, municipal governments, and other regulatory and supervisory agencies to ensure that residents, businesses, and communities throughout New York State have access to the banking information, products, and services they need. CDU ensures DFS’s compliance with requirements for participation in the New York State Geographic Information Systems Clearinghouse and provides internal support to DFS divisions and operating units seeking assistance with mapping projects. Lastly, CDU actively collaborates with federal regulatory partners on strategies and initiatives aimed at spurring partnerships between financial institutions and communities across the state.

### **Banking Development District Applications**

The Banking Development District Program is a DFS priority, as it assists financially underserved communities in obtaining better access to affordable financial services and helps small businesses to develop and grow as part of New York’s communities.

CDU approved the designation of one new BDD in 2022: City of Poughkeepsie in Dutchess County. This designation is noteworthy, as it marks the first BDD designation allowing a credit union to participate in the BDD Program. In 2022, CDU received new inquiries relating to eight communities or institutions seeking to establish or reactivate a BDD.

CDU reviewed 13 BDD Requests for Renewal of Deposit Applications and in each case issued recommendations for the renewal of deposits. CDU also reviewed seven BDD Progress Reports for which it issued responses noting satisfactory progress.

### **Review of Applications for Community Impact**

In 2022, CDU processed 75 branch applications comprising the following: 21 closings, 16 electronic facility (ATM branch) openings, 24 full branch openings, three mobile branches, and 11 relocations. In addition, CDU processed 14 specialized applications, comprising the following: eight changes of control, three mergers, one credit union charter conversion, and two credit union field of membership expansions. Finally, CDU reviewed 35 community



development equity investment notifications (including 28 requests for prior approval of investments, six self-certification notifications, and one withdrawal). All of the prior approval requests and self-certification notifications were either approved or acknowledged, respectively.

### Community Outreach and Special Projects

CDU actively participated in the CRA Interagency Group, composed of community affairs officials from the FDIC, the Federal Reserve Bank, and the Office of the Comptroller of the Currency. As part of that group, CDU participated in three virtual CRA Listening Sessions focused on community reinvestment for community-based organizations — including those supporting small businesses — in the Greater Rochester area. CDU also participated in one Bankers Roundtable event for bankers serving the Greater Rochester area markets.

### Student Loan Consumer Outreach and Assistance

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In 2022, SPU, which is housed within CEU, conducted 52 workshops, 17 of which were conducted virtually. The workshops provided the public with vital information about the best methods for financing a college education and managing student loans after graduation. SPU also conducted workshops regarding the U.S. Department of Education’s Public Service Loan Forgiveness (“PSLF”) temporary waiver for New York State employees.

SPU saw an increase in consumer complaints in light of the temporary PSLF waiver and federal student loan transfers. SPU worked to successfully resolve a wide range of complaints regarding student financial products and services, including student loans, student banking products, and student debt relief services. SPU accepted complaints through DFS’s online complaint portal and by mail.

SPU continually monitored the CARES Act payment pause and regularly updated the “Student Lending Resource Center” on the Department’s website to provide the most current information on the federal student loan relief and subsequent federal guidance. SPU also updated that webpage to provide up-to-date information regarding the PSLF waiver program.

DFS’s website includes information for prospective college students, their families, and graduates in loan repayment status to help them navigate decisions relating to financing and repaying a college education. In addition, SPU continues to collaborate with CIU on various investigations related to student loans, including student loan consolidation companies.

### Licensing and Supervision of Student Loan Servicers

The Department continues to license and examine student loan servicers under New York’s Student Loan Servicing Act and continues to receive and review applications. To date, the Department has issued 26 licenses, currently has 15 servicers undergoing the application process, and has determined that 10 entities were exempt.

In 2022, the Department conducted six independent examinations of student loan servicers. As part of these examinations, the Department worked with the servicers to address a variety of



issues, including default prevention, complaint handling, and enhancing policies and procedures to protect borrowers and ensure compliance with New York State’s student loan servicer law and regulation. The Department continues to incorporate student loan servicer examinations into its exam schedules.

In addition, the Department participated in an examination being conducted by the Consumer Financial Protection Bureau and other state regulators of a student loan servicer in connection with that servicer’s offboarding of federal student loans.

The Department also worked with licensed student loan servicers to ensure that borrowers potentially eligible for the temporary PSLF waiver found out about the program. In July 2022, the Department sent a letter to all New York State-licensed student loan servicers with federal loan portfolios outlining best practices with respect to the temporary PSLF waiver. The Department subsequently had meetings with all such servicers to discuss the Department’s letter and ways that the servicers could better ensure that all eligible borrowers received access to PSLF.

Finally, in late 2021 the Legislature established a Private Student Loan Refinancing Task Force, chaired by Superintendent Harris, to study and analyze ways lending institutions that offer non-federal student loans to students of New York institutions of higher education can be incentivized and encouraged to create student loan refinance programs. As soon as a quorum for the task force was established, CEU began assisting the Superintendent with her work as chair.

### **Summary of Consumer Examination Unit Activity**

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A breakdown of CEU’s activities in 2022, including exams conducted and applications processed, is summarized below:

Type of Work	2022
CCFL Examinations	21
CRA Examinations	16
CCRA Examinations	4
CDU Applications	112
CDU BDD request for renewal	13
CDU BDD progress reports	7
SLS Applications under review	15
SLS Examinations	6

### **CONSUMER ASSISTANCE UNIT**

The Consumer Assistance Unit (“CAU”) handles complaints against insurance companies, banks and other financial institutions, and providers of financial products and services such as debt collection, prepaid debit cards, and debt settlement. CAU also screens External Appeal

applications for eligibility and manages the independent dispute resolution process with respect to surprise medical bills for health insurance claims. CAU also distributes information and alerts to consumers, answers consumer inquiries, and resolves disputes that consumers are unable to work out on their own. The unit also staffs DFS’s Mobile Command Center (“MCC”), an important tool used to inform, engage, and support communities throughout New York State, particularly in the event of emergencies such as regional flooding and other disasters. CAU also acts as an industry watchdog by working closely with companies and financial institutions to investigate and help correct patterns of consumer abuse and fraud.

CAU employs a multifaceted approach to assisting consumers:

- **Enhanced Complaint System:** This system allows CAU staff to quickly track and identify trends that arise from the various types of financial complaints received. Once a trend is identified, it is elevated to the respective supervisory business unit to determine whether a more in-depth review is needed, with the goal of benefiting all consumers affected by the issue. CAU’s complaint system also allows urgent, time-sensitive insurance and banking issues to be escalated and handled in a more efficient manner.
- **Complaint Triage:** CAU continuously triages complaints and evaluates staff assignments in an effort to route complaints more quickly and utilize resources and staff as efficiently as possible.
- **Consolidated Call Center (“CCC”):** The DFS call center is integrated within the New York State Department of Tax and Finance. DFS staff work with the CCC to provide updates and new information to assist callers with their insurance and banking questions. The call center operates from 8:30 a.m. to 4:30 p.m., Monday through Friday, with extended coverage during disasters.

## Complaints and Inquiries

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### Insurance Complaints

In 2022, CAU received 39,956 insurance complaints, closed 39,197 insurance complaints, and recovered \$119,919,345 on behalf of consumers and providers. CAU also responded to 1,560 written insurance inquiries. A detailed breakdown of the complaints is as follows:

Type of Insurance	Total Closed	Positive Consumer Outcome	Percent	Recovery Amount
Auto and No-Fault	4,293	1,045	24.34%	\$ 7,082,639
Health	5,376	704	13.10%	\$3,815,006
Prompt Pay	23,079	6,753	29.26%	\$80,800,905

Property Casualty & Service Contracts	1,967	325	16.52%	\$8,986,639
Life	975	87	8.92%	\$ 13,907,636
Workers Compensation & Paid Family Leave	3,507	1,405	40.06%	\$ 5,326,520
<b>Total</b>	<b>39,197</b>	<b>10,319</b>	<b>26.33%</b>	<b>\$119,919,345</b>

CAU was successful in obtaining monetary value for the consumer for approximately 26% of the complaints. This came in the form of increased claim payment, reinstatement of lapsed coverage, payment for denied medical claims, or coverage for a previously denied disaster-related claim.

### **Banking Complaints, Referrals, and Inquiries (Non-Mortgage)**

In 2022, CAU processed almost 4,000 non-mortgage-related complaints, referrals, and inquiries, recovering \$4,636,339 for New York consumers. A breakdown is set out below:

	<b>2022</b>	<b>2021</b>
Complaints and Referrals	3,916	4,052
Written Inquiries	14	13
<b>Total</b>	<b>3,930</b>	<b>4,065</b>

In addition to resolving formal complaints, CAU also assists New York consumers by responding to questions received via email and phone calls that the CCC was unable to handle. In 2021, CAU responded to 7,754 emails and 4,565 Level 2 phone calls that were referred to CAU from the CCC.

### **External Appeals**

Article 49 of the Insurance Law gives consumers the right to request a review of certain coverage denials, known as an external appeal. These reviews are conducted by medical professionals who are independent of the healthcare plan issuing the denial. An external appeal may be requested for the following types of denials:

- the health plan determines the service is not medically necessary to treat the patient's condition;
- the health plan deems the healthcare services to be experimental or investigational;
- the treatment is for a rare disease;
- the request is for participation in a clinical trial;
- specific situations where the patient requests out-of-network services;
- the patient is requesting a formulary exception; or
- the patient is requesting an override of the health plan's step therapy requirements.

CAU is responsible for screening the external appeal applications for completeness and eligibility. Eligible applications are then randomly assigned to one of three external appeal agents, who are screened for conflicts of interest. Once assigned, DFS monitors the process to ensure that the external appeal agent renders a timely decision and provides proper notice of the decision.

The table below summarizes appeals received and appeals closed for 2022 and the preceding five years:

Summary of External Appeal Applications Received by Year						
Year	Received	Closed	Ineligible	Voluntary Reversal	Denial Upheld	Overtured
2017	7,909	7,879	2,311	511	3,208	1,849
2018	8,442	8,096	2,356	363	3,415	1,962
2019	10,783	10,869	3,520	464	4,279	2,606
2020	9,089	9,312	3,028	427	3,333	2,524
2021	10,728	10,630	3,471	557	3,584	3,018
2022	12,075	11,839	3,903	486	3,920	3,530
<b>Voluntary Reversals:</b> The plan overturned its denial before the appeal was submitted to a reviewer. <b>Ineligible:</b> The appeal was not eligible for an external review. <b>Overtured:</b> This category includes decisions that overturned the denial in whole and in part.						

The table below lists the number of external appeal determinations categorized by type of appeal:

External Appeal Determinations by Type of Appeal in 2022				
Type of Denial	Total	Overtured	Overtured in Part	Upheld
Medical Necessity	6,652	3,024	137	3,491
Experimental/Investigational	308	123	2	183
Clinical Trial	1	1	0	0
Out-of-Network Service	1	0	0	1
Out-of-network Referral	86	48	0	38
Rare Disease	9	8	0	1
Step Therapy	5	0	0	5
Formulary Exception	388	185	2	201
<b>Total</b>	<b>7,450</b>	<b>3,389 (45.5%)</b>	<b>141 (1.9%)</b>	<b>3,920 (52.6%)</b>

The table below summarizes the external appeals that were rejected:

2022 External Appeals Rejected as Ineligible	
Reason	Quantity
Applicant Withdrew Appeal	176
Contractual Issue	142
Coverage Terminated	25
Covered benefit issue	95
Coding issue	13
Duplicate Application	149
Failure to respond to request for information	1,915
Federal Employees Health benefit program	6
Hospital failed to notify plan of admission	1
Medicaid Fair Hearing	4
Medicare	95
No internal appeal	382
Out-of-Network denial	8
Out-of-state contract	67
Overtured on Internal Appeal	25
Provider ineligible to Appeal	93
Reimbursement issue	173
Self-insured coverage	281
Untimely	149
<b>Total</b>	<b>3,799</b>

As part of DFS's oversight of the External Appeal program, CAU reviews all external appeal decisions received to ensure that the appropriate number of clinical peer reviewers was used, the clinical peer reviewer was board-eligible or board-certified in the appropriate specialty, and that the review was conducted in accordance with the standards set forth in Article 49 of the Insurance Law. When appropriate, DFS contacts the external appeal agent to obtain a response to questions and concerns raised by the consumer or provider regarding a decision.

Summaries of external appeal decisions are published in a public database on the DFS website. Prior to posting, CAU staff review the summaries to confirm they accurately reflect the decisions and to ensure that no non-public information is included.

## Out-of-Network Law

Article 6 of the Financial Services Law protects consumers from “surprise bills” (as defined by the law) when services are performed by an out-of-network provider during a scheduled procedure at an in-network hospital or ambulatory surgical center without the patient’s knowledge or consent, or when an in-network doctor refers the patient to an out-of-network provider without obtaining the patient’s written acknowledgement and consent. The law also provides protection from bills for out-of-network emergency services by limiting the patient’s financial responsibility to his or her in-network co-payment, coinsurance, or deductible.

## Independent Dispute Resolution

Article 6 of the Financial Services Law allows a provider or health plan to dispute the amounts charged and paid for surprise bills and emergency services through an Independent Dispute Resolution (“IDR”) process. An IDR entity assigns a reviewer with experience in healthcare billing, reimbursement, and usual and customary charges to review the dispute in consultation with a licensed doctor in active practice in the same or similar specialty as the doctor providing the service in question.

The tables below summarize IDR applications filed in 2022:

Summary of Independent Dispute Resolutions Received in 2022			
Emergency Services		Surprise Bills	
<b>Total Received</b>	2,681	<b>Total Received</b>	<b>3,794</b>
Not eligible	1,684	Not eligible	1,277
Still in process	275	Still in process	529
<b>Decision rendered:</b>		<b>Decision rendered:</b>	
Health plan payment more reasonable	200	Health plan payment more reasonable	270
Provider charges more reasonable	172	Provider charges more reasonable	923
Split decision	200	Split decision	466
Settlement reached	150	Settlement reached	329
<p><b>Not eligible:</b> The dispute was not eligible for a review.</p> <p><b>Split decision:</b> The health plan payment was more reasonable for one or more codes and the provider’s charge more reasonable for the remaining codes.</p> <p><b>Settlement reached:</b> The health plan and provider agreed to settle the dispute prior to a full review.</p>			

## Independent Dispute Resolutions Rejected as Ineligible in 2022

Emergency Services		Surprise Bills	
AOB not signed/submitted to health plan	0	AOB not signed/submitted to health plan	77
Application not received by IDRE or incomplete	1,186	Application not received by IDRE or incomplete	233
Application withdrawn	42	Application withdrawn	286
Claim paid, Balance patient responsibility	0	Claim paid, Balance patient responsibility	4
Duplicate submission	16	Duplicate submission	21
Federal Employee coverage	4	Federal Employee coverage	8
Incorrect Insurer	63	Incorrect Insurer	58
Incorrect Date of Service	2	Incorrect Date of Service	4
Medicaid/Essential Plan ER Service	40	Medicaid/Essential Plan ER Service	0
Medicare	1	Medicare	23
Not emergency services	27	Not a surprise bill	228
Not OON claim	5	Not OON claim	36
Out of State coverage	109	Out of State coverage	66
Self-funded coverage	126	Self-funded coverage	94
Services rendered by a par-provider	4	Services rendered by a par-provider	25
Services rendered out of state	2	Services rendered out of state	4
Settlement reached before IDR filed	2	Settlement reached before IDR filed	2
Unable to Determine Eligibility	26	Unable to Determine Eligibility	76
Paid According to Fee Schedule	16	Paid According to Fee Schedule	16
Timely Filing	13	Timely Filing	15
Facility Charges	0	Facility Charges	1
<b>Total</b>	<b>1,684</b>	<b>Total</b>	<b>1,277</b>



## **Outreach and Response Efforts in 2022**

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CAU assisted consumers in Ulster County who were affected by an ice storm in February 2022. Staff attended Disaster Assistance Centers coordinated by Ulster County and the New York State Division of Homeland Security to provide information to consumers who had questions about insurance coverage or who were experiencing problems with claims they had submitted for damage.

## **HOLOCAUST CLAIMS PROCESSING OFFICE**

The Holocaust Claims Processing Office (“HCPO”) provides institutional assistance to individuals seeking to recover assets lost due to Nazi persecution. Claimants pay no fee for the HCPO’s services, nor does the HCPO take a percentage of the value of the assets recovered.

The HCPO assists Holocaust victims and their heirs located anywhere in the world. From its inception through December 31, 2022, the HCPO has assisted individuals from 48 states, the District of Columbia, Guam, the U.S. Virgin Islands, and 39 countries.

To date, the HCPO has secured \$183,522,646 in offers<sup>2</sup> for bank, insurance, and other losses, and has facilitated restitution settlements involving 214 cultural objects. In 2022, HCPO claimants received \$217,173 in offers, and the office coordinated settlements for 19 works of art.

As required by Section 37-a of the Banking Law, HCPO submitted its [2022 Annual Report](#) to the Governor and Legislature in January 2023. The report is available on the Department’s website.

## **INVESTIGATIONS AND INTELLIGENCE UNIT ACTIVITIES**

CPFED’s two criminal investigation units, the Criminal Investigations Bureau on the banking side, and the Insurance Frauds Bureau on the insurance side, support the Department’s efforts to protect the integrity of New York’s financial system by detecting and deterring illegal activities conducted at or through New York State’s financial institutions. Through independent investigations, and in partnership with other law enforcement agencies, the units conduct criminal investigations related to our industries, particularly in the investigation of crimes

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<sup>2</sup> This includes offers made to victims or heirs of monetary compensation based on the value of the lost assets; the total amount of funds available to a claims agency, however, may be limited and may not allow for full payment of loss. Thus, the actual payment may be substantially less than the value of the lost asset. The full value noted in a decision is important as it recognizes the actual loss and guides in determining the amount of payment when full payment is not possible. Therefore, the HCPO reports the full value. Sometimes, victims do not consider the offer adequate and do not agree to settle. In other cases, the percentage of the full value that is offered is the amount paid.

involving violations of the Insurance and Banking Laws, Penal Law, BSA, and USA PATRIOT Act, and additional state and federal money laundering statutes. In the furtherance of criminal investigations, the Criminal Investigations Bureau and the Insurance Frauds Bureau also issue administrative subpoenas and respond to grand jury subpoenas and other requests for assistance from law enforcement and prosecutorial agencies, including by providing industry expertise through staff investigators and examiners.

## **Criminal Investigations Bureau**

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### **Background**

The Criminal Investigations Bureau (“CIB”) investigates potential violations of the New York Banking Law and certain enumerated crimes of the New York Penal Code, violations of anti-money laundering laws, and crimes related to residential mortgage fraud, and takes appropriate action after such investigation. CIB works cooperatively with law enforcement and regulatory agencies at the federal, state, county, and local levels, focusing its investigations in the following areas:

### **Criminal Prosecutions**

CIB investigates allegations of fraud, money laundering, theft, and embezzlement at the institutions DFS supervises, and partners with federal and state prosecutors to assist in the prosecution of insiders who steal from the institutions they are entrusted to run and those who conduct business in violation of the law.

In 2022, for example, a federal judge in the Eastern District of New York sentenced Edward Bohm, president and part-owner of DFS-licensed mortgage lender Vanguard Funding, to 24 months in prison. CIB investigators and examiners of the DFS Mortgage Banking Unit had uncovered Bohm’s scheme to defraud financial institutions that provide warehouse funding for short-term residential home loans, more than \$8 million of which Baum and his associates helped themselves to, falsely claiming the funds were for loans made on behalf of consumers.

Also in 2022, CIB investigators aided Eastern District of New York prosecutors in the conviction of Mustafa Goklu for operating an unlicensed money transmitting business and engaging in money laundering and related federal crimes. Goklu had laundered more than \$130,000 that he believed were the proceeds of narcotics sales by accepting large amounts of cash on several occasions and transferring the value in Bitcoin, minus his fee, to virtual currency wallets.

### **Major Financial Institutions**

CIB investigates allegations of fraud, theft, and embezzlement at the state-chartered banks and credit unions it supervises, and partners with federal and state prosecutors to assist in the prosecution of insiders who steal from the institutions they are entrusted to run.

## **Money Services Businesses**

CIB works with federal, state, county, and local regulatory and law enforcement agencies to ensure compliance by money services businesses, including licensed check cashers and money transmitters, with federal and state statutes and related regulations designed to detect and eliminate the illegal transmission of money within New York State to prevent money laundering and terrorist financing.

## **Mortgage Fraud Investigations**

CIB investigates mortgage fraud cases throughout New York State to assist local, state, and federal regulatory and law enforcement agencies in the investigation and prosecution of such cases and to educate law enforcement and the financial sector in identifying, investigating, and prosecuting mortgage fraud.

## **Mortgage Loan Originator Licensing Support**

CIB provides support to the Mortgage Banking Unit's efforts to comply with the federal Secure and Fair Enforcement for Mortgage Licensing Act of 2008 ("SAFE Act"). Under the SAFE Act, states are encouraged to increase uniformity, enhance consumer protection, and reduce mortgage fraud through the establishment of a national mortgage licensing system. One key requirement of the SAFE Act is a criminal background check of each mortgage loan originator applicant.

During 2022, CIB investigators reviewed 528 criminal history reports related to mortgage loan originator applications filed with DFS. In total, 2,657 mortgage loan originator applications were processed.

## **CIB's Additional Operations and Activities**

### Due Diligence Support

CIB attorneys provide support to various business units within DFS by vetting license applicants. In that capacity, they conduct due diligence background investigations of companies and control parties seeking student loan servicing, money services business, and virtual currency licenses from DFS. In 2022, CIB vetted the businesses and control parties underlying 51 DFS applications.

### Cyber Event Investigations

The DFS cyber incident response team investigates all cybersecurity events reported to DFS pursuant to Section 500.17 of the Cybersecurity Regulation (Part 500). DFS licensees that are covered entities under Part 500 report cybersecurity events through DFS's secure cyber portal. Information underlying cyber event notifications is gathered by the incident response team and escalated to the appropriate DFS operating divisions to enhance supervision of the cybersecurity programs of DFS licensees and ensure compliance with the Department's first-of-its-kind

cybersecurity regulations. In 2022, 138 cyber events noticed to DFS were investigated by the cyber incident response team.

## **FinCEN Reports**

CIB investigators are also responsible for the Department's access to the U.S. Treasury Department's Financial Crimes Enforcement Network ("FinCEN") BSA e-filing portal. They are trained to maintain FinCEN's strict confidentiality mandates for the searching and handling of reports of suspicious activity. These reports are an integral component of the Department's supervision of its licensees' BSA/AML compliance. CIB investigators processed and responded to 142 requests for FinCEN suspicious activity reports ("SARS") in 2022.

## **Insurance Frauds Bureau**

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### **Background**

The Insurance Frauds Bureau ("the Bureau") has a longstanding commitment to combating insurance fraud. It is responsible for the detection and investigation of insurance and financial fraud and the referral for prosecution of persons or entities that commit such fraud. The Bureau is headquartered in New York City, with offices in Garden City, Albany, Syracuse, Rochester, and Buffalo.

### **Highlights of 2022**

- In response to COVID-19, the Governor's Office assigned DFS investigators to multi-agency task forces to combat violations of executive orders related to coronavirus.
- The Bureau opened 279 cases for investigation.
- The Bureau's investigations resulted in 184 arrests, 58 of which were for healthcare fraud.
- Prosecutors obtained 118 convictions in cases in which the Bureau was involved.
- The Bureau's investigations led to \$206.6 million in court-ordered restitution.
- Of the fraud reports the Bureau received, 73% were for suspected no-fault fraud.

### **Reports of Suspected Fraud/Investigations**

The Bureau received 38,554 reports of suspected fraud in 2022. The majority were from licensees required to submit reports of suspected fraud to DFS. The remaining reports were from other sources, such as consumers and anonymous tips. The Bureau opened 279 cases for investigation in 2022. Tables showing the number of fraud reports received, investigations opened, and arrests by type of fraud appear in the Appendices.

In 2022, the Bureau referred 130 cases to prosecutorial agencies for prosecution. Prosecutors obtained 118 convictions in cases in which the Bureau participated.

### No-Fault Fraud Reports and Investigations

Suspected no-fault fraud reports accounted for 73% of all fraud reports received by the Bureau in 2022.

**Number of Suspected Fraud Reports Received Compared with Number of Suspected No-Fault Reports Received, 2018–2022**



Combating no-fault fraud is one of the Bureau’s highest priorities. Deceptive healthcare providers and medical mills that bill insurance companies under New York’s no-fault system cost New York drivers hundreds of millions of dollars. DFS maintained its aggressive approach to combating this type of fraud throughout the year.

### Arrests

Bureau investigations led to 184 arrests for insurance fraud and related crimes in 2022.

## **Restitution**

Criminal investigations conducted by the Bureau resulted in \$206.6 million in court-ordered restitution.

## **Multi-Agency Investigations**

In 2022, the Bureau conducted multi-agency investigations with the following government departments, agencies, and offices:

- New York Police Department's Fraudulent Collision Investigation Squad and Auto Crime Division
- Fire Department of New York's Bureau of Fire Investigations
- Office of the Workers' Compensation Fraud Inspector General
- New York State Office of Fire Prevention and Control
- New York State Insurance Fund
- Various District Attorney's Offices
- State and local police and sheriff's departments
- Various U.S. Attorney's Offices
- New York State Comptroller's Office
- New York State Attorney General's Office
- New York State Department of Motor Vehicles
- New York Auto Insurance Plan
- National Insurance Crime Bureau
- U.S. Postal Inspection Service
- U.S. Department of Labor
- Federal Bureau of Investigation
- U.S. Department of Health and Human Services
- Drug Enforcement Administration Tactical Diversion Task Force (Upstate/Downstate)

## **Task Force and Working Group Participation**

The Bureau is an active participant in 12 task forces and working groups designed to foster cooperation among agencies involved in fighting insurance fraud. Participation provides the opportunity for intelligence gathering, joint investigations, information sharing, and effective use

of resources. Below are some of the groups in which Bureau staff participated during the past year:

- New York State Department of Health Vaccine Complaint Investigation Team
- Western New York Health Care Fraud Task Force
- Central New York Health Care Fraud Working Group
- Rochester Health Care Fraud Working Group
- FBI New York Health Care Fraud Task Force/Medicare Fraud Strike Force
- New York Anti-Car Theft and Fraud Association
- Monroe County Auto Crimes Task Force
- National Insurance Crime Bureau Working Group
- High Intensity Drug Trafficking Areas Program
- Drug Enforcement Administration Tactical Diversion Task Force (Upstate/Downstate)
- Suffolk County District Attorney's Office Insurance Crime Bureau
- New York Alliance Against Insurance Fraud

### **Highlights of Task Force Participation**

DFS, working with the Town of Newburgh Police Department and with the assistance of multiple local law enforcement agencies, investigated a check-washing scheme. The victim, Local 17 of the International Association of Ironworkers located in Newburgh, New York, has had over \$50,000 in checks stolen from the mail, "washed," and cashed, since October 2021. From March 2021 through April 2022, the defendants engaged in a scheme of depositing into accounts at multiple banks altered and/or fraudulent checks belonging to Ironworkers Local 17, other area businesses, and private individuals. They then withdrew cash from those fraudulent deposits. The defendants created fake business accounts to facilitate the check deposits. The total amount of forged and altered checks from Ironworkers Local 17 was more than \$190,000, and the total amount of checks deposited from all victims was more than \$250,000. The investigation revealed additional victims in similar "check-washing" fraud schemes in other jurisdictions. Additionally, several cases of insurance fraud were also linked to these same defendants. Six individuals were arrested and charged with grand larceny, criminal possession of stolen property, criminal possession of a forged instrument, criminal possession of forgery devices, and criminal possession of stolen property. One individual was also charged with criminal possession of a weapon. All but one defendant was held in lieu of bail.



## **Consumer Reporting**

DFS encourages consumers to report suspected fraud and maintains a toll-free hotline to facilitate reporting. Consumers may call 1-888-FRAUDNY (1-888-372-8369) for information regarding insurance fraud and how to report it. DFS recorded an average of 27 calls per month in 2022. The “Consumers” section of DFS’s website includes a link to an electronic fraud report form and instructions on how to report fraud.

## **Collection of Rate Evasion Data**

DFS collected data from insurers that wrote at least 3,000 personal lines automobile insurance policies showing the number of instances in which individuals misrepresented the principal location where they garaged and drove their vehicles to obtain lower premiums in 2022. A summary of the data appears in the Appendices under the section titled “2023 Data Call: Vehicle Principal Location Misrepresentation.”

## **Approval of Fraud Prevention Plans**

Section 409 of the Insurance Law requires insurers that write at least 3,000 individual accident and health, workers’ compensation, or automobile policies (or group policies that cover at least 3,000 individuals) issued or issued for delivery annually in New York to submit a Fraud Prevention Plan for the detection, investigation, and prevention of insurance fraud. Licensed health maintenance organizations with at least 60,000 enrollees must also submit a Fraud Prevention Plan. Plans must provide for a full-time special investigations unit (“SIU”) and for the following:

- Interface of SIU personnel with law enforcement and prosecutorial agencies;
- Coordination with other units of the insurer for the investigation and initiation of civil actions based on information received by or through the SIU;
- Development of a fraud detection and procedures manual to assist in the detection and elimination of fraudulent activity;
- Staffing levels and other resources devoted to the SIU based on objective criteria;
- In-service training of investigative, claims, and underwriting personnel in identification and evaluation of insurance fraud; and
- Development of a public awareness program focused on the cost and frequency of insurance fraud and the methods by which the public can assist in preventing fraud.

Insurers may submit Fraud Prevention Plans for multiple affiliated insurers. A list of insurer Fraud Prevention Plans approved by DFS that were active as of December 31, 2022, appears in the Appendices.

Section 409 of the Insurance Law also requires insurers to file a Fraud Prevention Plan report on an annual basis and describe the insurer’s experience, performance, and cost effectiveness in

implementing the plan. In their electronically filed Annual SIU Reports, insurers reported \$893.3 million in savings resulting from SIU investigations in 2021 (the most recent year for which data is available) and \$51.5 million in recoveries from SIU investigations in 2021.

### **Investigation of Life Settlement Fraud and Review of Fraud Prevention Plans**

The Bureau collaborates with industry and law enforcement in the investigation and prevention of life settlement fraud. A life settlement is the sale of a life insurance policy to a third party, known as the life settlement provider. The owner of a life insurance policy may sell his or her policy for an immediate cash benefit, making the life settlement provider the new owner of the policy, which entails paying future premiums and collecting the death benefit when the insured dies.

The Life Settlement Act of 2009 brought the New York life settlement industry under regulation by DFS. The Act provides a comprehensive regulatory framework and created rules requiring the disclosure of crimes for acts of life settlement fraud and aggravated life settlement fraud.

Life settlement providers must submit Fraud Prevention Plans with their licensing applications. Section 411(e) of the Insurance Law also requires that they submit an annual report by March 15 of each year that describes the provider's experience, performance, and cost effectiveness in implementing its plan. There were 22 licensed life settlement providers in New York as of December 31, 2022, with approved plans on file. A complete list of those life settlement providers appears in the Appendices.

### **Major Insurance/Financial Fraud Cases in 2022**

- DFS, working with the Orange County District Attorney, investigated a licensed realtor and general contractor who targeted affluent members of the Hispanic and African American communities in Brooklyn, New York, in a real estate scheme. The realtor marketed foreclosed or municipally owned properties in Newburgh, New York, advising the targets to overbid and thereby increase her commissions. She then had those targets hire her as their general contractor. The realtor systematically exhausted the targets of their entire construction budget while only partially completing construction work on the properties. DFS investigators determined that the realtor spent \$600,000 of the victims' funds but had only completed approximately \$300,000 in construction work on the homes. DFS investigators executed search warrants on the realtor's home, business, and vehicle. The realtor was arrested and indicted on nine counts including felony scheme to defraud, grand larceny, and associated lien law larcenies. On February 9, 2022, the realtor pled guilty to multiple felony counts, was sentenced to incarceration, and ordered to pay over \$300,000 restitution.
- DFS, working with the Federal Bureau of Alcohol Tobacco & Firearms, the Newburgh Police Department, and other local law enforcement, investigated a suspicious commercial fire at a restaurant located in Newburgh, New York. The fire was deemed to have been set with criminal intent for pecuniary profit. The nature of the fire's origin was

considered especially heinous as it was discovered that a propane line had been tampered with, leading to structural collapse that endangered the lives of the first responders. On September 26, 2022, an Orange County jury returned a guilty verdict against the restaurant owner, finding him guilty of arson, conspiracy to commit felony arson, reckless endangerment, insurance fraud, and tax fraud. A co-defendant, the owner's wife, pled guilty to arson.

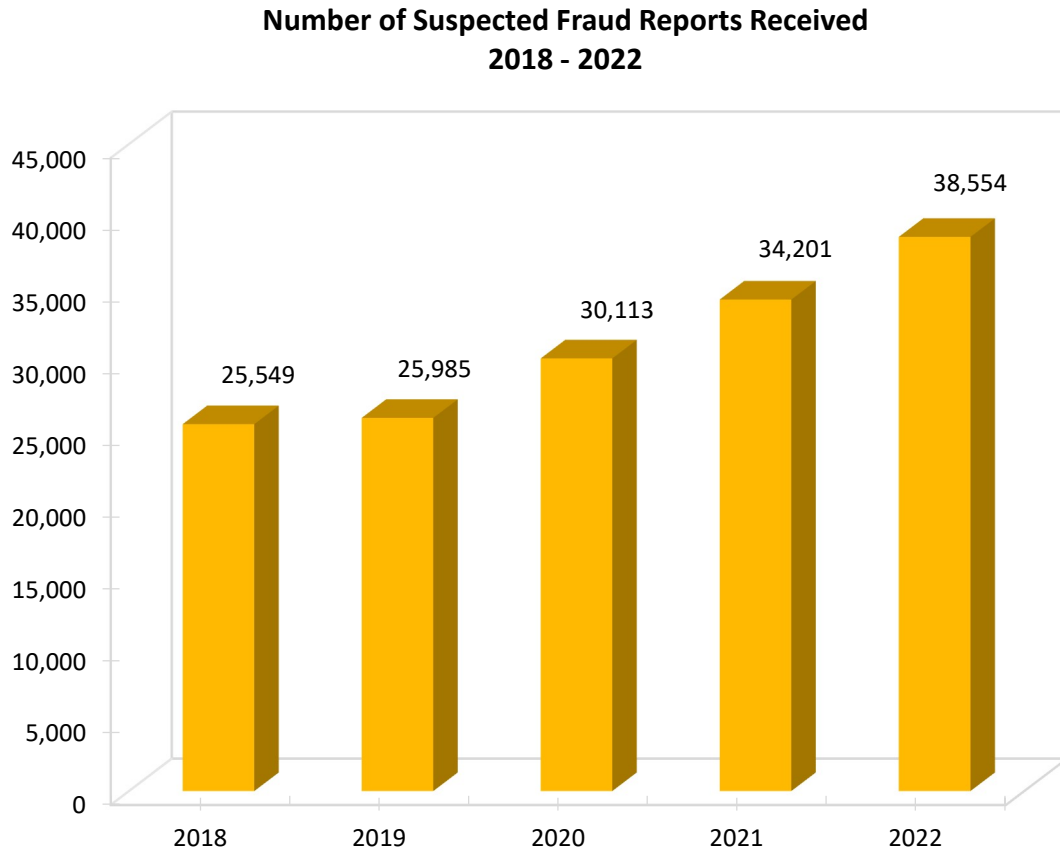
- An investigator in the Orange County District Attorney's Office requested DFS's assistance with a suspected elder abuse case stemming from a residential fire loss. The fire was deemed accidental in nature and the insured's claim was paid by their insurance carrier. The District Attorney's Office alleged that a local contracting company, in concert with a public adjuster, defrauded the 72-year-old policyholder of approximately \$400,000 of insurance proceeds. Both defendants pled guilty to the charges and were sentenced to probation and restitution totaling \$120,000. The public adjuster, a DFS licensee at the time of the crime, was convicted of bribery. Following the arrests and convictions, the DFS Consumer Assistance Unit negotiated the release of an additional insurance payout from the insurance company of \$70,000, which was paid to the victim.
- DFS, working with the New York State Police and the Federal Bureau of Investigation, investigated the owner of a used car dealership in Rochester, New York. The dealership owner sells vehicles and offers financing via CAR Financial, which is located in North Carolina. The dealership owner provided false bank account numbers to CAR Financial and then removed information pertaining to the original lien holder from the title so that he was able to fraudulently collect car payments directly from his customers. In all, the dealership owner fraudulently obtained \$37,612 in payments owed to CAR Financial for six vehicles. On July 18, 2022, the dealership owner was arrested and charged with grand larceny, sentenced to one year in prison and ordered to pay \$37,612 in restitution.
- DFS, working with the New York State Insurance Fund ("NYSIF"), investigated a claimant who reported that she had sustained a work-related injury to her right knee while employed by a transportation company. While processing the workers' compensation claim, the NYSIF obtained information indicating that the claimant had collected benefits totaling \$30,363 while working. The claimant had provided NYSIF with false documentation showing that she was 100% disabled, unable to work, and had no other source of income. The claimant was arrested and charged with insurance fraud and grand larceny.

## APPENDICES—2022 STATISTICS

The Bureau received 38,554 reports of suspected fraud in 2022 compared with 34,201 in 2021.

### Number of Suspected Fraud Reports Received

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### Information Furnished By IFB Reports (IFBs) Received by Year

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<b><u>IFBs Received by Year</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>
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Boat Theft	1	0	0	1	3
Auto Theft	610	547	569	653	512
Theft from Auto	32	55	54	55	66
Auto Vandalism	331	272	321	296	260
Auto Collision Damage	2,211	2,297	2,756	2,543	2,241
Auto Fraudulent Bills	76	76	62	40	38
Auto Miscellaneous	1,360	1,358	1,764	1,645	1,613
Auto I.D. Cards	7	5	9	15	18
<b>Total (Auto Unit)</b>	<b>4,628</b>	<b>4,610</b>	<b>5,535</b>	<b>5,248</b>	<b>4,751</b>

Workers' Compensation	1,044	803	726	596	517
<b>Total (Workers' Comp Unit)</b>	<b>1,044</b>	<b>803</b>	<b>726</b>	<b>596</b>	<b>517</b>

Disability Insurance	163	247	173	166	143
Health Accident Insurance	1,562	1,641	16,89	1,797	1,791
No-Fault Insurance	14,459	15,297	19,153	23,279	28,145
<b>Total (Medical/No-Fault Unit)</b>	<b>16,184</b>	<b>17,185</b>	<b>21,015</b>	<b>25,242</b>	<b>30,079</b>

Boat Fire	1	0	0	0	0
Auto Fire	87	99	96	69	70
Fire – Residential	86	136	97	101	91
Fire – Commercial	14	22	16	27	21
<b>Total (Arson Unit)</b>	<b>188</b>	<b>257</b>	<b>209</b>	<b>197</b>	<b>182</b>

Burglary – Residential	122	184	144	123	94
Burglary – Commercial	19	22	23	15	18
Homeowners	644	639	597	644	621
Larceny	202	218	200	159	264
Lost Property	1,351	834	678	783	896
Robbery	16	33	23	38	24
Bonds	5	2	0	2	2

Life Insurance	523	564	402	476	491
Ocean Marine Insurance	13	20	26	18	12
Reinsurance	1	2	2	1	1
Appraisers/Adjusters	8	21	15	16	8
Agents	106	97	72	71	42
Brokers	35	39	23	41	30
Ins. Company Employees	33	60	62	53	55
Insurance Companies	110	60	97	135	134
Title/Mortgage	9	8	1	8	6
Commercial Damage	238	239	235	124	156
Unclassified	70	88	28	51	46
Identification Theft				153	125
<b>Total (General Unit)</b>	<b>3,505</b>	<b>3,130</b>	<b>2,628</b>	<b>2,918</b>	<b>3,025</b>

Auto Unit Totals	4,628	4,610	5,535	5,248	4,751
Workers Comp Unit Totals	1,044	803	726	596	517
Medical/No-Fault Unit Totals	16,184	17,185	21,015	25,242	30,079
Arson Unit Totals	188	257	209	197	182
General Unit Totals	3,505	3,130	2,628	2,918	3,025
<b>Grand Total</b>	<b>25,549</b>	<b>25,985</b>	<b>30,113</b>	<b>34,201</b>	<b>38,554</b>

<b><u>Cases Opened by Year</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>
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Boat Theft	0	0	0	0	0
Auto Theft	78	81	77	67	36
Theft from Auto	0	1	0	0	0
Auto Vandalism	7	12	17	9	2
Auto Collision Damage	29	31	26	18	23
Auto Fraudulent Bills	1	3	0	1	1
Auto Miscellaneous	14	15	16	17	26
Auto I.D. Cards	0	0	0	0	3
<b>Total (Auto Unit)</b>	<b>129</b>	<b>143</b>	<b>136</b>	<b>112</b>	<b>91</b>

Workers' Compensation	194	130	48	20	56
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<b>Total (Workers' Comp Unit)</b>	<b>194</b>	<b>130</b>	<b>48</b>	<b>20</b>	<b>56</b>
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Disability Insurance	0	3	1	6	3
Health Accident Insurance	28	31	27	26	29
No-Fault Insurance	47	39	8	28	21
<b>Total (Medical/No-Fault Unit)</b>	<b>75</b>	<b>73</b>	<b>36</b>	<b>60</b>	<b>53</b>

Boat Fire	0	0	0	0	0
Auto Fire	11	6	5	6	8
Fire – Residential	10	17	12	4	8
Fire – Commercial	2	5	3	11	3
<b>Total (Arson Unit)</b>	<b>23</b>	<b>28</b>	<b>20</b>	<b>21</b>	<b>19</b>

Burglary – Residential	9	5	4	3	2
Burglary – Commercial	0	1	1	1	0
Homeowners	9	6	11	7	12
Larceny	28	45	20	23	14
Lost Property	1	1	3	3	2
Robbery	0	1	0	0	0
Bonds	0	0	0	0	0
Life Insurance	18	17	13	4	12
Ocean Marine Insurance	1	0	0	0	0
Reinsurance	0	0	0	0	0
Appraisers/Adjusters	1	1	0	0	0
Agents	6	4	10	1	1
Brokers	4	5	5	6	4
Ins. Company Employees	0	0	0	0	0
Insurance Companies	0	2	1	1	1
Title/Mortgage	2	1	0	0	0
Commercial Damage	2	7	6	0	0
Miscellaneous	52	56	10	12	3
Identification Theft				9	9
<b>Total (General Unit)</b>	<b>133</b>	<b>152</b>	<b>84</b>	<b>70</b>	<b>60</b>

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<b><u>Cases Opened by Year</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>
Auto Unit Totals	129	143	136	112	91
Workers Comp Unit Totals	194	130	48	20	56



Medical/No-Fault Unit Totals	75	73	36	60	53
Arson Unit Totals	23	28	20	21	19
General Unit Totals	133	152	84	70	60
<b>Total</b>	<b>554</b>	<b>526</b>	<b>324</b>	<b>283</b>	<b>279</b>

<b><u>2018</u></b>	<b><u>IFBs</u></b>	<b><u>Cases</u></b>	<b><u>Arrests</u></b>
Auto Unit Total	4,628	129	107
Workers' Comp Unit Total	1,044	194	109
Medical/No-Fault Unit Total	16,184	75	91
Arson Unit Total	188	23	9
General Unit Total	3,505	133	47
<b>Grand Total</b>	<b>25,549</b>	<b>554</b>	<b>363</b>

<b><u>2019</u></b>	<b><u>IFBs</u></b>	<b><u>Cases</u></b>	<b><u>Arrests</u></b>
Auto Unit Total	4,610	143	220
Workers' Comp Unit Total	803	130	31
Medical/No-Fault Unit Total	17,183	73	125
Arson Unit Total	256	28	18
General Unit Total	3,129	152	87
<b>Grand Total</b>	<b>25,981</b>	<b>526</b>	<b>481</b>

<b><u>2020</u></b>	<b><u>IFBs</u></b>	<b><u>Cases</u></b>	<b><u>Arrests</u></b>
Auto Unit Total	5,535	136	77
Workers' Comp Unit Total	726	48	19
Medical/No-Fault Unit Total	21,015	36	38
Arson Unit Total	209	20	7
General Unit Total	2,628	84	19
<b>Grand Total</b>	<b>30,113</b>	<b>324</b>	<b>160</b>

<b><u>2021</u></b>	<b><u>IFBs</u></b>	<b><u>Cases</u></b>	<b><u>Arrests</u></b>
Auto Unit Total	5,248	112	63
Workers' Comp Unit Total	596	20	19
Medical/No-Fault Unit Total	25,242	60	16
Arson Unit Total	197	21	10
General Unit Total	2,356	70	30
<b>Grand Total</b>	<b>34,201</b>	<b>283</b>	<b>138</b>

<b><u>2022</u></b>	<b><u>IFBs</u></b>	<b><u>Cases</u></b>	<b><u>Arrests</u></b>
Auto Unit Total	4,751	91	60

Workers' Comp Unit Total	517	56	33
Medical/No-Fault Unit Total	30,079	53	58
Arson Unit Total	182	19	23
General Unit Total	3,025	60	10
<b>Grand Total</b>	<b>38,554</b>	<b>279</b>	<b>184</b>

## 2023 DATA CALL: VEHICLE PRINCIPAL LOCATION MISREPRESENTATION

The 2023 Vehicle Principal Location Misrepresentation data call concerned misrepresentations by New York insureds of the principal place where their vehicles were garaged and/or driven during 2022.

### Summary of Data Reported

- More than 99% (determined by market share) of the personal line automobile insurance market responded to the data call.
- The total number of reported New York insureds who misrepresented the principal place where their vehicles were garaged and/or driven in 2022 was 18,753.
- The total amount of reported premium lost in 2022 as a result of New York insureds who misrepresented the principal place where their vehicles were garaged and/or driven was \$43,826,737.
- In 2022, 87.4% of the reported misrepresentations involved a location within New York State. The remaining 12.6 % involved a location outside of New York State.

### Misrepresentations Involving a New York State Location

- Total amount of reported premium lost in 2022 due to misrepresentations that involved a location (county) within New York State was \$38,304,698.
- The top reported New York counties where insureds, who misrepresented the garaging/driving location of their vehicles, actually garaged and/or drove their vehicles in 2022 were:

Kings	27.74%
Queens	23.94%
Bronx	19.73%
Nassau	6.21%
Suffolk	4.88%
New York	3.68%
Westchester	2.75%

Erie	1.33%
Richmond	1.20%

- The top reported New York counties used by insureds to misrepresent where their vehicles were garaged and/or driven in 2022 were:

Monroe	10.10%
Westchester	9.31%
Suffolk	7.94%
Nassau	5.94%
Albany	5.21%
Erie	4.15%
Broome	3.81%
New York	3.57%
Dutchess	3.37%
Orange	3.34%
Steuben	3.08%

#### **Misrepresentations Involving a Location Outside of New York State**

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- Total amount of reported premium lost in 2022 due to misrepresentations that involved a location outside of New York State was \$5,522,039.
- The top reported New York counties where insureds, who misrepresented the garaging or driving location of their vehicles, actually garaged and/or drove their vehicles in 2022 were:

Kings	14.82%
Suffolk	12.06%
Queens	11.26%
Nassau	9.38%
Bronx	8.92%
New York	6.61%
Westchester	5.78%
Erie	3.26%
Richmond	2.22%

- The top reported states used by insureds to misrepresent where vehicles were garaged and/or driven in 2022 were:

Florida	48.79%
Pennsylvania	14.91%

North Carolina	5.03%
South Carolina	3.98%
New Jersey	2.97%
Virginia	2.81%
Connecticut	2.55%
California	2.39%
Arizona	2.30%

## **Approved Fraud Prevention Plans on File as of December 31, 2022**

Aegis Security Insurance Company  
Aetna, Inc.  
AIG Companies  
Allianz Global Corporate & Specialty  
Allstate Insurance Group  
Amalgamated Life Insurance Company  
American Family Life Assurance of New York  
American Modern Insurance Group  
American Transit Insurance Company  
Ameritas Life Insurance Corp. of New York  
AMEX Assurance Company  
Amica Mutual Insurance Company  
AMTrust Financial Services, Inc.  
Anthem, Inc.  
Arch Insurance Company  
Assurant Group  
AXIS Insurance Company  
Bankers Consec Life Insurance Company  
Berkshire Hathaway Specialty Insurance Company  
CDPHP  
Central Mutual Insurance Company  
Chubb Ltd. Group  
CIGNA Health Group  
Cincinnati Insurance Company  
CMFG Life Insurance Company  
CNA Insurance Companies  
Commercial Travelers Life Insurance Company  
Countryway Insurance Company  
Country-Wide Insurance Company  
CSAA Fire & Casualty Insurance Company  
Delta Dental Insurance Company  
Delta Dental of New York, Inc.  
Dentcare Delivery Systems, Inc.  
Electric Insurance Company  
Emblem Health Inc.  
Employers  
Equitable Holdings, LLC  
Erie Insurance Group  
Esurance

Excellus Health Plan, Inc. and MedAmerica Insurance Company of NY  
Farm Family Casualty Insurance Company  
Farmers Insurance Group of Companies  
Fidelity Security Life Insurance Company  
First Symetra National Life Insurance Company of New York  
GEICO  
Genworth Life Insurance Company of New York  
Gerber Life  
Globe Life  
Granada Indemnity Company  
Guard Insurance Group  
Guardian Life Insurance Company of America  
Hanover Group  
Healthfirst Insurance Company, Inc.  
Healthplex Insurance Company  
Hereford Insurance Company  
Highmark of Western and Northeastern New York Inc.  
HM Life Insurance Company of New York  
Humana  
Independent Health Association, Inc.  
John Hancock New York  
Kemper  
Kingstone Insurance Company  
Liberty Mutual Commercial Insurance  
Liberty Mutual Personal Insurance  
Life Insurance Company of Boston & New York  
Lincoln Financial Group  
Maidstone Insurance Company  
Markel North American Insurance Group  
MassMutual Financial Group  
Merchants Insurance Group  
Mercury Insurance Group  
Metropolitan Life Insurance Company  
Metropolitan Property and Casualty Insurance Company  
Mutual of Omaha Insurance Company  
MVP Health Care  
National General Insurance  
National Liability & Fire Insurance Company  
Nationwide Mutual Insurance Company  
New York Automobile Insurance Plan  
New York Central Mutual Fire Insurance Company

New York Life Insurance Company  
Nippon Life Insurance Company of America  
Northwestern Mutual Life Insurance Company  
Oscar Insurance Corporation  
Palisades Insurance Company  
Philadelphia Indemnity Insurance Company  
Plymouth Rock Group  
Preferred Mutual Insurance Company  
Principal Life Insurance Company  
Privilege Underwriters Reciprocal Exchange (PURE)  
Progressive  
Prudential  
QBE Insurance Group, Ltd.  
Reliance Standard  
Renaissance Life & Health Insurance Company of New York  
SBLI USA Life Insurance Company, Inc.  
Securian Financial Group  
Selective Insurance Group  
ShelterPoint Life Insurance Company  
Solstice  
Standard Life Insurance Company of New York  
Standard Security Life Insurance Company of New York  
State Farm Insurance Companies  
State Insurance Fund  
Sterling  
Stillwater Insurance Company  
Sun Life and Health Insurance Company (U.S.)  
Talcott Resolution  
The Hartford Financial Services Group  
Torchmark Corporation  
Transamerica Financial Life Insurance Company  
Travelers Companies, Inc.  
Trustmark Mutual Holding Company Group  
Uniamerica Insurance Company of New York, Inc.  
Union Labor Life Insurance Company  
Union Security Life Insurance Company of New York  
United Concordia Insurance of New York  
United Healthcare Insurance Company of New York  
United Healthcare of New York, Inc.  
Universal American  
Unum Provident Company

USAA Group  
Utica National Insurance Group  
Voya Financial Inc.  
VSP  
Zurich in North America

**2022 Approved Life Settlement Provider Fraud Prevention Plans on File**

Abacus Settlements LLC  
Apex Settlement Group LLC  
Berkshire Settlements Inc  
Coventry First LLC  
Credit Suisse Life Settlements LLC  
Eagil Life Settlements LLC  
Fairmarket Life Settlements Corp.  
Georgia Settlement Group (Incorporated in its State of Domicile as The Settlement Group, Inc.)  
Habersham Funding, LLC  
Institutional Life Services LLC  
Life Capital Group, A Life Settlement Company  
Life Equity, LLC  
Life Policy Traders Inc  
Liferoc Capital LLC  
Lifetrust LLC  
Magna Life Settlements, Inc.  
Maple Life Financial LLC  
Montage Financial Group Inc  
Q Capital Strategies LLC  
SLG Life Settlements LLC  
Spiritus Life Inc  
Vespera Life LLC