



**Department of
Financial Services**

Consumer Protection and Financial Enforcement 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 2021 of the Consumer Protection and Financial Enforcement Division (“CPFED”)¹ of the Department of Financial Services (“DFS” or the “Department”) with respect to combating fraud against entities regulated under the Banking and Insurance laws, fraud against consumers, and the handling of consumer complaints. The report also summarizes CPFED’s examination activities in the areas of consumer compliance, fair lending, and the Community Reinvestment Act, as well as CPFED’s investigations with respect to potential criminal violations concerning the banking and insurance industries. Finally, the report discusses DFS’s work to assist Holocaust victims and their heirs.

CPFED Organization and Oversight

CPFED is comprised of the following units:

- Civil Investigations Unit (“CIU”): CIU investigates civil financial fraud and violations of consumer and fair lending laws, and 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 contested 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

¹ 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.

Resolution process, conducts outreach and education on topics regulated by DFS, and manages the deployment and staffing of the DFS Mobile Command Center.

- 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 2021.

Pension Risk Transfer Investigations

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. DFS launched investigations in 2019 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 January 2021, DFS settled with American International Group (“AIG”) for violations related to the PRT business of its subsidiary American General Life Insurance Company’s (“AGL”). Pursuant to the settlement, AIG agreed to pay a \$12 million penalty and undergo remediation by transferring the handling of PRT transactions from AGL, a subsidiary not licensed to do business in New York, to its New York-based subsidiary, the United States Life Insurance Company. The AIG investigation involved four large-scale transactions, as well as bids on several others, and was the second such enforcement action that DFS has taken in connection with unlicensed insurance activity in the PRT industry.

In December 2021, DFS finalized a settlement with Pacific Life Insurance Company (“PLIC”), continuing enforcement actions in the pension risk industry. PLIC, a life insurance company not

licensed or otherwise authorized to do insurance business in New York, had engaged in two large-scale PRT transactions with a New York-based sponsor that involved hundreds of New York policyholders and included hundreds of impermissible communications between PLIC and the New York-based plan sponsor or its consultants. PLIC agreed to pay a penalty of \$3 million and transfer its New York policyholders to the New York-licensed subsidiary, Pacific Life & Annuity Company.

Hunt Mortgage Corporation

In January 2021, DFS entered into a written agreement with Hunt Mortgage Corporation (“Hunt Mortgage”), a nonbank mortgage lender. A DFS review of Hunt Mortgage’s publicly available Home Mortgage Disclosure Act (“HMDA”) data revealed a significant lack of lending to minorities and in majority-minority neighborhoods in Buffalo and Syracuse. While DFS’s investigation did not find evidence of intentional discrimination by Hunt Mortgage, the investigation did identify weaknesses in the mortgage company’s fair lending and compliance programs, along with a lack of sufficient attention to fair lending issues.

In the written agreement, Hunt Mortgage agreed to take additional steps to increase its lending to minorities and in majority-minority neighborhoods. Such steps included: i) a detailed assessment of Hunt Mortgage’s fair lending compliance management system, including a risk assessment of its business practices, performed by a third-party; ii) the establishment of a Compliance Management Plan, grounded in the findings of the third-party risk assessment; iii) the investment of \$50,000 in advertising and marketing designed to reach potential applicants residing in majority-minority census tracts, including community outreach events; and iv) the establishment of a Special Financing Program, designed to increase the amount of loan applications generated from and loans originated for residents of majority-minority neighborhoods, through which Hunt Mortgage shall provide at least \$150,000 in discounts and subsidies to minority borrowers over a three-year period.

Report of Inquiry into Redlining in Buffalo

On February 4, 2021, the Department issued a report detailing the findings of its inquiry into mortgage lending patterns in the Buffalo metropolitan area. The report provided an overview of historical redlining in the Buffalo area, particularly with respect to negative effects of federally sanctioned redlining in the form of Home Owners’ Loan Corporation security maps that have substantial echoes even today. In addition to the historical review, the report provided tables 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 went on to recommend legislation to extend the New York State Community Reinvestment Act, which had previously been applicable only to state-chartered banks, to state-licensed mortgage bankers as well. Legislation effecting that purpose was enacted on November 1, 2021.

Facebook Report

DFS issued a report on February 18, 2021, detailing the findings of an investigation into the transmission of sensitive user data by application and website designers to Facebook. Following an initial report by the Wall Street Journal (“WSJ”), DFS’s investigation found that app developers regularly sent Facebook sensitive data, including medical and personal data, derived from consumers' usage of third-party websites and applications. The data was shared with Facebook by app developers as part of Facebook's free online data analytics services. Though such data-sharing violated Facebook policy, Facebook took few steps to enforce the policy or to block the flow of sensitive data prior to DFS’ investigation.

The report focused on facts surrounding the conduct described by the WSJ, the inadequate controls at Facebook that allowed the data-sharing to happen, the remedial measures Facebook has taken as a result of DFS’ investigation, and DFS’ conclusions and recommendations on consumer privacy protections. Despite the fact that sensitive data had been transmitted to Facebook in violation of Facebook’s policy, prior to the DFS investigation, Facebook did little to track whether app developers were violating its policies, and the company failed to take concrete action against developers that did.

As a result of DFS’ investigation, however, Facebook built and implemented a screening system designed to identify and block sensitive information before it enters Facebook’s system. Facebook also enhanced app developer education to better inform developers of their obligations to avoid transmitting sensitive data and took steps to give users more control over the data collected about them, including from off-Facebook activity. Although Facebook's remediation efforts are important first steps, DFS’ report recommended that Facebook do more to prevent developers from transmitting sensitive data in the first place, rather than simply relying on a back-end screening system. The report further urged Facebook to take additional steps to police its own rules by putting in place appropriate consequences for doing so. The report also supports the adoption of NYDATA, a comprehensive data privacy law that would significantly enhance privacy protections for New Yorkers. The law would mandate that any entity that collects data on large numbers of New Yorkers disclose the purposes of such collection, and limit the data collected to that purpose.

Apple Card Report

In March 2021, DFS released a report on its investigation into allegations of sex-based discrimination by Goldman Sachs Bank USA (“Goldman Sachs”) in its underwriting of Apple, Inc.’s, Apple Card credit card. The report also provided information to help consumers better understand credit scoring, credit reporting, and how to build credit, and addressed broader policy concerns related to credit underwriting, including the history of discrimination in lending and possibilities for innovation in underwriting to increase fairness in access to credit.

DFS initiated the investigation in late 2019, following reports of disparate Apple Card application outcomes between spouses in different-sex couples with shared finances, where the men were offered higher credit limits than the women. One affected individual also alleged that

Goldman Sachs could not explain the application outcomes because it was relying on a “black box” algorithm to make underwriting determinations. DFS’s investigation, which included analysis of underwriting data for approximately 400,000 New York Apple Card applicants, review of thousands of pages of documents and written responses to questions produced to DFS by Goldman Sachs, and interviews of complainants, did not uncover discrimination against women in the form of disparate treatment or disparate impact. DFS found that Goldman Sachs could explain application outcomes and that the underwriting of Apple Card comported with the bank’s credit policy and did not rely on any prohibited factors.

Goldman Sachs and Apple responded to DFS’ investigation and the consumer complaints by offering greater transparency to consumers on the Apple Card underwriting criteria including: i) implementing a program to assist consumers initially denied an Apple Card in improving their credit so that they could qualify for the card and ii) introducing an option for family members to share an Apple Card account rather than requiring all individuals to apply and be evaluated independently for a card.

New York Life Insurance & Annuity Corporation

In March 2021, DFS finalized a settlement with New York Life Insurance & Annuity Corporation (“New York Life”) for violations of New York Insurance regulations in deferred-to-immediate annuity replacement transactions. DFS’s investigation found that New York Life 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. 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 12 life insurers, totaling approximately \$23 million in restitution and penalties.

Immediate annuities provide periodic income payments that must begin within thirteen 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 settling with DFS, New York Life paid \$5.4 million in restitution to consumers and \$5,529,000 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. New York Life 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.

Residential Mortgage Services, Inc.

In March 2021, DFS entered into a consent order with Residential Mortgage Services (“RMS”), a mortgage loan servicer, for violations of the Department’s cybersecurity regulation. Pursuant to the settlement, RMS agreed to pay a \$1.5 million penalty.

DFS’ investigation found that RMS was aware of a cybersecurity event for 18 months prior to disclosing the event to the Department, even though RMS certified compliance with DFS’ cybersecurity regulation for calendar year 2019. With respect to the cybersecurity event, RMS learned that the email account of an employee who collected a substantial amount of personal data from mortgage loan applicants was compromised by an unauthorized intruder. The Department’s investigation found that RMS’s internal investigation conducted in response to the cybersecurity event was inadequate and that RMS failed to conduct further inquiry after concluding that the unauthorized access was limited to the employee’s email account. This failure was especially egregious given the employee’s daily handling of the private data of mortgage loan consumers, including Social Security numbers and bank account numbers, through the breached email account.

National Securities Corporation

In April 2021, the Department finalized a settlement with National Securities Corporation (“National Securities”) following the Department’s investigation into reported cybersecurity breaches that uncovered deficiencies in National Securities’ cybersecurity program in violation of the Department’s cybersecurity regulation.

The Department’s investigation uncovered evidence that National Securities had been the subject of four cyber breaches between 2018 and 2020, two of which had not been reported to the Department as mandated by the Cybersecurity Regulation. These cyber breaches involved the unauthorized access of the email accounts of National Securities employees and independent contractors who have access to a significant amount of sensitive personal data of National Securities’ customers. The investigation uncovered, among other things, that National Securities violated the Cybersecurity Regulation in 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. Further, National Securities falsely certified compliance with the Cybersecurity Regulation for the calendar year 2018 in light of the fact that MFA was not fully implemented.

Pursuant to the settlement, National Securities agreed to pay a \$3 million penalty and to undertake certain remediation efforts to improve its cybersecurity program and compliance with DFS’s Cybersecurity Regulation.

First Unum Life Insurance Company & The Paul Revere Life Insurance Company

In May 2021, the Department finalized a settlement with First Unum Life Insurance Company (“First Unum”) and The Paul Revere Life Insurance Company (“Paul Revere”) following an investigation into both companies’ compliance with the Department’s cybersecurity regulation.

The Department’s investigation found that First Unum and Paul Revere had been the subject of two successful cyber-attacks in 2018 and 2019. These cyber-attacks, which involved phishing emails designed to harvest employee email account credentials, compromised the email accounts of several First Unum and Paul Revere employees who had access to a significant amount of sensitive and personal data of the companies’ customers. The investigation uncovered, among other things, that First Unum and Paul Revere 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. Further, both First Unum and Paul Revere falsely certified compliance with the cybersecurity regulation for the calendar year 2018 given that MFA was not fully implemented.

Pursuant to the settlement, First Unum and Paul Revere agreed to pay a \$1.8 million penalty and to undertake certain remediation efforts to ensure their existing cybersecurity program becomes fully compliant with the cybersecurity regulation.

Chemung Canal Trust Company & Adirondack Trust Company

In June 2021, DFS finalized settlements with two upstate New York banks, Chemung Canal Trust Company (“Chemung Canal”) and Adirondack Trust Company (“Adirondack Trust”) following investigations, stemming from fair lending exam results, that focused on each bank’s indirect automobile lending program. The Department’s investigation found that Adirondack Trust’s and Chemung Canal’s practices 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 settlements, Chemung Canal and Adirondack Trust agreed to pay \$350,000 and \$275,000 in penalties, respectively, to address these violations New York State’s fair lending law, New York Executive Law § 296-a. Both banks also agreed to pay restitution to those individuals who were charged discriminatory interest rates. Adirondack Trust ended its indirect automobile lending program in 2017, and pursuant to the settlement, Chemung Canal is moving to a flat rate model for indirect automobile lending to prevent future discrimination.

Tri-State Consumer Insurance Company

In July 2021, DFS finalized a settlement with Tri-State Consumer Insurance Company (“Tri-State”). DFS’s investigation found that Tri-State failed to timely comply with New York Regulation 150, which prohibits the use of attained education level and/or occupational status as a factor in determining insurance rates.

The evidence demonstrated that the use of education and occupation in determining insurance rates can penalize drivers without college degrees or those who work in low-wage jobs or industries. Over the course of the investigation, DFS repeatedly expressed concerns about Tri-State's approach to compliance. DFS's investigation also concluded that Tri-State failed to timely report new business and other vehicle registration information to the New York State Department of Motor Vehicles, as required by New York law. As part of its agreement with DFS, the company agreed to employ a competent General Counsel or Chief Compliance Officer going forward, and Tri-State agreed to pay a \$500,000 penalty to DFS for multiple violations of the New York Insurance Law.

Utilities Investigation

In August 2020, Tropical Storm Isaias struck New York State, causing significant damage to parts of New York City, Long Island, and the Hudson Valley resulting in outages experienced by approximately one million New York customers. DFS was directed by the then-Governor to assist the Department of Public Service in its investigation into the response to the storm by certain of the state's electric and telecommunications providers. CIU attorneys provided extensive legal and forensic support, allowing for a more timely and comprehensive review. As a result of DFS's participation, the investigations and settlements were resolved less than one year after Tropical Storm Isaias.

The investigation resulted in settlements valued at \$86.2 million with four New York utilities: Consolidated Edison of New York, Orange & Rockland Utilities, Inc., Central Hudson Gas & Electric Corporation, and Frontier Communications of New York, Inc., for failing to adequately prepare for and respond to emergencies. In addition, a settlement in the amount of \$72 million was reached with broadband provider Altice related to the company's failures to prepare and respond to Tropical Storm Isaias. PSEG Long Island agreed to forfeit \$30 million to resolve then-pending litigation related to PSEG LI's management failures during the storm. The affected utilities were also required to develop more robust storm response programs and enhance communication and coordination with municipal and county governments.

Mashreqbank, PSC

In October 2021, the Department entered into a consent order with Mashreqbank PSC ("Mashreq") for violations of U.S. sanctions laws. The Department's multi-year investigation found that Mashreq had facilitated illegal and non-transparent payments related to Sudan that were processed through financial institutions in New York State, including Mashreq's own New York Branch, between 2005 and 2014. The investigation found that, notwithstanding an evident awareness of the applicability of the long-standing Sudanese sanctions, Mashreq instructed its employees to avoid populating certain fields in the payment messages so as to avoid detection of the Sudanese element by U.S.-based banks. Between 2005 and 2009 alone, Mashreq processed over 1,740 payments, totaling over \$4 billion USD, for Sudanese entities in violation of the sanctions laws. In 2009, a Swiss bank used by Mashreq to process these transactions rejected a Sudan-related U.S. dollar-denominated transaction. News outlets reported the next day that the Swiss bank was being investigated for violating sanctions rules by the New York County District

Attorney's office. However, Mashreq did not disclose these prohibited transactions to the Department, as required by regulation, until 2015.

In 2018, the Department and Mashreq entered into a consent order, in which Mashreq was fined \$40 million for its failure to maintain an effective and compliant Bank Secrecy Act/Anti-Money Laundering (AML) and Office of Foreign Assets Control (OFAC) program. The 2021 consent order acknowledged Mashreq's commitment to remediating the shortcomings identified in the 2018 order, and to building a sustainable compliance program. In the 2021 order, the Department gave substantial weight to the continued cooperation of Mashreq and imposed a monetary penalty of \$100 million, to be paid over the course of two years. The Department coordinated its investigation into Mashreq with OFAC and the Federal Reserve Bank, each of which reached its own settlements with Mashreq.

Opioids

Following DFS's announcement in September 2019 of its investigation into the effect of the opioids crisis on New York consumers of commercial health insurance, DFS filed administrative charges in 2020 against five corporate families of opioid manufacturers. DFS alleged that the opioid manufacturers committed false and fraudulent acts in promoting opioids, resulting in inflated insurance rates and premiums for consumers and that the manufacturers' acts caused the proliferation of medically inappropriate prescriptions for opioids to treat chronic pain. Currently, DFS administrative proceedings are pending against two corporate families, Teva and Endo, and await hearing dates.

With respect to the Johnson & Johnson corporate family respondents, DFS has released its claims as part of a \$230 million settlement with New York State, and a similar settlement for \$200 million with the Allergan corporate family is pending. The fifth corporate family, Mallinckrodt, filed for bankruptcy, and those proceedings are ongoing. DFS is a defendant in the adversary proceeding related to the bankruptcy. DFS has also submitted a proof of claim in the bankruptcy proceeding of Purdue Pharma LLC, the maker of OxyContin, as well as in the bankruptcy proceeding of a New York opioid distributor. DFS's investigation is ongoing.

First American Title Insurance Company

Approximately one year after DFS filed the statement of charges against First American Title Insurance Company ("First American") and following an investigation into the data exposure of hundreds of millions of customer documents, millions of which contained consumers' sensitive personal information or Nonpublic Information ("NPI"), the parties held oral arguments on two central issues in July 2021. DFS' statement of charges, filed in July 2020, alleges that First American's cybersecurity program failed in several ways to protect the vast amount of consumer data stored on its systems, and that the company had ignored the advice of its own cybersecurity defense team and did not prioritize vulnerabilities involving NPI, failed to provide adequate data-security training to its employees and affiliates, and failed to properly identify and classify sensitive documents. DFS is in the process of litigating the case in an administrative proceeding.

Aliera Companies & Trinity HealthShare

In October 2020, the Department brought an action against the Aliera Companies (“Aliera”) and Trinity HealthShare (“Trinity”) alleging that the companies operated an illegal insurance business in New York. As alleged by DFS, Trinity and Aliera sold insurance products that were disguised as purported health care sharing ministry “member sharing” plans. DFS alleges that Trinity purported to function as a health care sharing ministry but was wholly dependent on Aliera, its for-profit affiliate, for essentially all of its operations. DFS also alleges that Aliera siphoned off most of Trinity’s member payments rather than leaving them to be used for their intended purpose, *i.e.*, the payment of members’ claims. On July 8, 2021, Trinity abruptly filed for bankruptcy amid DFS’s administrative action. A few months later, creditors of Aliera forced it into involuntary bankruptcy in front of the same bankruptcy judge. The Department’s administrative proceeding remains pending, and DFS is coordinating with other states and creditors in connection with the bankruptcy proceedings.

Forster & Garbus LLP

After filing a statement of charges in September 2020, DFS has continued to pursue a case against Forster & Garbus LLP (“Forster & Garbus”), a law firm whose primary business purpose is the collection of debts, including student loan debts for several large student loan lenders. The case centers on Forster & Garbus’ alleged repeated failure to provide timely and proper substantiation of debt, that is, requests for information proving the validity of the debt and the firm’s right to collect the debt, to consumers from 2015 through 2018, in violation of the DFS’ current debt collection regulations. New York law requires that substantiation is provided within 60 days of any such request and describes the specific types of documentation a collector must show to substantiate the debt. DFS filed amended charges against Forster & Garbus in June 2021 and is in the process of litigating the case in an administrative hearing.

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 supervises student loan servicers.

Consumer Compliance and Fair Lending Examinations

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 2021, CEU conducted 21 CCFL exams. The examinations revealed that most institutions have 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 or improperly calculated certificate of deposit early withdrawal fees; providing unclear or non-compliant disclosures; improperly calculating penalties; failing to provide consumers rebates for ancillary products cancelled prior to their expiration dates; failing to prevent automobile dealers from manipulating vehicle purchase prices to cover financing costs; 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: Truth in Lending Act; 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 five years, CEU’s examinations resulted in depository institutions refunding to nearly 27,000 New York consumers

a total of over \$950,000 in improper and/or illegal fees and interest, and penalties to New York State in excess of \$500,000. In 2021, CEU’s examinations resulted in approximately \$250,000 in restitution paid to consumers.

CEU referred several matters to CIU with respect to indirect automobile financing lenders charging protected class borrowers more in discretionary markups than borrowers identified as non-Hispanic white. In 2021, CIU subsequently reached settlements with Adirondack Trust Company and Chemung Canal Trust Company, as discussed above, to resolve the Department’s investigations into fair lending violations. In addition, CEU collaborated with CIU on the Redlining Inquiry and Apple Card reports.

Registration, Examination, and Supervision of Consumer Credit Reporting Agencies

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 2021, CEU has registered 20 CCRAs, including Equifax Information Services, LLC, Experian Information Solutions, Inc., and TransUnion, LLC. CEU conducted two examinations of CCRAs in 2021. 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, 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

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. CEU is reviewing the comments and responses of stakeholders to the proposed regulation received during the public comment period. The Department expects to issue a final rule in 2022.

Community Reinvestment Act Examinations

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 2021, 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 intensive examinations to support banks' efforts to comply with New York State's 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 February 9, 2021, the Department issued an industry letter titled CRA Consideration for Activities that Contribute to Climate Mitigation and Adaptation. This guidance, issued to all state-chartered banking institutions, provided examples of financing activities that support climate resiliency in LMI and underserved nonmetropolitan middle-income communities and that may qualify for credit under the New York CRA. This guidance reflects the purpose of the NY CRA in encouraging banks to meet the credit needs of their communities, including LMI communities, and the fact that LMI communities are disproportionately impacted by climate change.

On November 3, 2021, the Department issued a proposed regulation to amend DFS's regulations that implement the NY 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 NY 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 NY 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 January 3, 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 New York 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 low- and moderate-income ("LMI") individuals and LMI neighborhoods. The Department is in the process of developing rules to implement the new law.

Guidance for Preventing Sexual Orientation Discrimination in Mortgage Lending

On August 31, 2021, the Department issued an industry letter, drafted by CEU, seeking to assist supervised institutions and their affiliates engaged in mortgage lending in New York to develop and implement compliance programs designed to ensure adherence to the prohibition of Section

296-a of the Executive Law against discrimination on the basis of sexual orientation. Before drafting the letter, CEU had conducted an analysis that revealed the existence of disparities in approvals and denials and terms of credit between same-sex and opposite-sex pairs in mortgage lending. The guidance provided a list of eleven actions that such institutions could take to reduce the risks of discrimination based on sexual orientation.

Community Development Unit

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 reviewing requests for designations of new BDDs, the re-activation 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. In addition, 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.

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 two new BDDs in 2021: Community District 11 (East Harlem) in New York County, and Community District 8 (Van Cortlandt Village) in Bronx County. The latter designation resulted in a branch remaining open that was slated for closure. CDU also assisted institutions with pre-application work. In 2021, CDU received new inquiries relating to 13 communities 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 six BDD Progress Reports for which it issued responses noting satisfactory progress.

Review of Applications for Community Impact

In 2021, CDU processed 64 branch applications comprised of the following: 25 closings; 23 electronic facility (ATM branch) openings; 11 full branch openings; and five relocations. In

addition, CDU processed 6 specialized applications, two changes of control, and four mergers. Finally, CDU reviewed 31 community development equity investment notifications (including 18 requests for prior approval of investments and 13 self-certification notifications), of which all were either acknowledged or approved.

Community Outreach and Special Projects

CDU continued to coordinate with New York City’s Department of Housing Preservation and Development and the University Neighborhood Housing Program to further DFS’s mission to protect tenants of multifamily properties in physical or financial distress through CRA examinations.

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 and the effects of COVID-19 in the Albany and Rochester regions. CDU also participated in a workshop entitled CRA for Community-Based Organizations which was conducted for community-based organizations in the Buffalo area. Finally, CDU participated in two Bankers Roundtable events for bankers serving the Buffalo and Albany area markets.

Summary of Consumer Examination Unit Activity

A breakdown of CEU’s activities in 2021, including exams conducted and applications processed, is summarized below:

Type of Work	2021
CCFL Examinations	21
CRA Examinations	16
CCRA Examinations	2
CDU – applications	101
CDU – BDD request for renewal	13
CDU – BDD progress reports	6

Student Loan Consumer Outreach and Assistance

In 2021, SPU, which is housed within CEU, conducted 31 workshops, 19 of which were conducted virtually due to the ongoing COVID-19 crisis. 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 also reviewed and successfully resolved 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 COVID-19 pandemic 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 available under the CARES Act, 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 the Enforcement Unit on various investigations related to student loans, including student loan debt collection and relief.

Licensing and Supervision of Student Loan Servicers

In 2019, the Student Loan Servicing Act was enacted, authorizing the Department to license and examine student loan servicers. The law addresses common abuses, many of which were identified through SPU's complaint handling process, that are found in the student loan servicing industry. In addition, the Department promulgated regulations in October 2019 that include additional measures to protect consumers from unscrupulous practices in the student loan servicing industry. The Department continues to receive and review applications and has issued 26 licenses and determined that 10 entities were exempt.

In 2021, the Department conducted three 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 continues to collaborate with state and federal partners regarding the ongoing transfers of federal loans among servicers, the anticipated return to repayment for Direct loans, and the PSLF temporary waiver.

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 and manages the Independent Dispute Resolution process with respect to 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:** 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 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 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

Insurance Complaints

CAU received 36,692 insurance complaints in 2021, closed more than 30,900 insurance complaints, and recovered \$59,593,618 on behalf of consumers and providers. CAU also responded to 1,387 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	3,694	1,305	35.33%	\$ 3,968,142
Health	3,136	1,156	36.86%	\$ 4,942,591
Prompt Pay	18,457	5,829	31.58%	\$34,535,104
Property Casualty & Service Contracts	1,729	414	23.54%	\$ 6,430,357

Life	908	271	29.85%	\$ 7,772,288
Workers Compensation & Paid Family Leave	3,021	1,194	39.52%	\$ 1,945,137
Total	30,945	10,169	32.86%	\$59,593,619

CAU was successful in obtaining monetary value for the consumer in approximately 33% 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 2021, CAU processed over 4,000 non-mortgage-related complaints, referrals, and inquiries, recovering \$1,035,647 for New York consumers. A breakdown is set out below:

	2021	2020
Complaints and Referrals	4,052	3,693
Written Inquiries	13	15
Total	4,065	3,708

In addition to resolving formal complaints, CAU also assists New York consumers by responding to questions received via email and phone calls that the Consolidated Call Center was unable to handle. In 2021, CAU responded to 7,353 emails and 4,866 Level 2 phone calls that were referred to CAU from the Consolidated Call Center.

Impact of COVID-19

CAU's work continued to be impacted by the COVID-19 pandemic in 2021, requiring work such as handling such issues as whether health insurance covers testing for COVID-19, testing needed for employment purposes, and use of home test kits. CAU received complaints about coverage for treatment as well as eligibility for Paid Family Leave while required to quarantine. The total number of insurance and banking complaints received increased approximately 10% and 15% respectively when compared to last year.

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. The 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 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 2021 and the preceding five years:

Summary of External Appeal Applications Received by Year						
Year	Received	Closed	Ineligible	Voluntary Reversal	Denial Upheld	Overtured
2016	8,602	8,620	2,255	607	3,349	2,409
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

Voluntary Reversals—plan overturned its denial before the appeal was submitted to a reviewer
Ineligible—the appeal was not eligible for an external review
Overtured—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 2021				
Type of Denial	Total	Overtured	Overtured in Part	Upheld
Medical Necessity	6,030	2,640	95	3,295
Experimental/Investigational	223	110	1	112

Clinical Trial	1	1	0	0
Out-of-Network Service	3	2	0	1
Out-of-network Referral	65	40	0	25
Rare Disease	4	2	0	2
Step Therapy	6	3	0	3
Formulary Exception	270	124	0	146
Total	6,602	2,922 (44.2%)	96 (1.5%)	3,584 (54.3%)

The table below summarizes the external appeals that were rejected:

2021 External Appeals Rejected as Ineligible	
Reason	Quantity
Applicant Withdrew Appeal	177
Contractual Issue	181
Coverage Terminated	24
Covered benefit issue	87
Coding issue	25
Duplicate Application	209
Failure to respond to request for information	1,595
Federal Employees Health benefit program	4
Medicaid Fair Hearing	7
Medicare	87
No internal appeal	432
Out-of-Network denial	20
Out-of-state contract	61
Overtured on Internal Appeal	29
Provider ineligible to Appeal	3
Reimbursement issue	124
Self-insured coverage	287
Untimely	119
Total	3,471

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 Independent Dispute Resolution 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 2021:

Summary of Independent Dispute Resolutions Received in 2021			
Emergency Services		Surprise Bills	
Total Received	1128	Total Received	1434
Not eligible	355	Not eligible	445
Still in process	18	Still in process	29
Decision rendered:		Decision rendered:	
Health plan payment more reasonable	147	Health plan payment more reasonable	70
Provider charges more reasonable	182	Provider charges more reasonable	400

Split decision	190	Split decision	331
Settlement reached	236	Settlement reached	159

Not eligible—the dispute was not eligible for a review.

Split decision—health plan payment more reasonable for one more codes and the provider’s charge more reasonable for the remaining codes.

Settlement reached—the health plan and provider agreed to settle the dispute prior to a full review.

Independent Dispute Resolutions Rejected as Ineligible in 2021

Emergency Services		Surprise Bills	
Action suspended	0	Action suspended	1
AOB not signed/submitted to health plan	0	AOB not signed/submitted to health plan	112
Application not received by IDRE or incomplete	99	Application not received by IDRE or incomplete	73
Application withdrawn	13	Application withdrawn	47
Claim paid, Balance patient responsibility	1	Claim paid, Balance patient responsibility	0
Date of Service Prior to 3/31/2015	0	Date of Service Prior to 3/31/2015	0
Duplicate submission	2	Duplicate submission	10
Federal Employee coverage	2	Federal Employee coverage	2
Incorrect Insurer	12	Incorrect Insurer	30
Incorrect Date of Service	12	Incorrect Date of Service	0
Medicaid/Essential Plan ER Service	11	Medicaid/Essential Plan ER Service	1
Medicare	5	Medicare	9
Not a surprise bill	0	Not a surprise bill	26
Not emergency services	21	Not emergency services	0
Not OON claim	3	Not OON claim	12
Out of State coverage	86	Out of State coverage	31
Self-funded coverage	68	Self-funded coverage	61
Services not rendered by a physician	7	Services not rendered by a physician	0
Services rendered by a par-provider	4	Services rendered by a par-provider	6
Services rendered out of state	0	Services rendered out of state	1
Settlement reached before IDR filed	2	Settlement reached before IDR filed	5

Unable to Determine Eligibility	7	Unable to Determine Eligibility	18
Total	355	Total	445

Outreach and Response Efforts in 2021

CAU staff assisted consumers who were affected by flooding resulting from Storm Ida. Working with other State and Federal Agencies, CAU assisted at several Federal Emergency Management Agency (“FEMA”) Disaster Centers, as well as other locations sponsored by Legislative Officials, to provide assistance to consumers who had questions about insurance coverage or who were experiencing problems with claims they had submitted for damage. Additionally, CAU provided disaster assistance to consumers in Rensselaer County who experienced flooding due to heavy rainfall in July. The COVID-19 pandemic continued to have an obvious effect on CAU’s normal outreach efforts, halting CAU’s ability to travel and engage with the community. As a result, CAU staff has modified its outreach efforts by participating in virtual events and providing printed material to various organizations.

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 from anywhere in the world. From its inception through December 31, 2021, the HCPO has assisted individuals from 48 states, the District of Columbia, Guam, and the U.S. Virgin Islands, and 39 countries.

To date, the HCPO has secured \$183,305,473 in offers² for bank, insurance, and other losses. The office facilitated restitution settlements involving 195 cultural objects. In 2021, HCPO claimants received \$883,838 in offers and the office coordinated settlements for 16 works of art.

² This includes offers made to victims or heirs of monetary compensation based on the value of the lost assets; however, the total amount of funds available to a claims agency 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.

As required by Section 37-a of the Banking Law, HCPO submitted its [2021 Annual Report](#) to the Governor and Legislature in January 2022. 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 involving violations of the Insurance and Banking Laws, Penal Law, Bank Secrecy Act ("BSA"), Patriot Act and additional state and federal money laundering statutes. In the furtherance of criminal investigations, they also issue administrative subpoenas and respond to grand jury subpoenas and other requests for assistance from law enforcement and prosecutorial agencies, including provision of industry expertise through staff investigators and examiners.

Criminal Investigations Bureau

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:

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. In 2021, for example, CIB assisted prosecutors of the U.S. Attorney's Office, Southern District of New York, who secured the conviction of Sylvia Ash, a former justice of the New York State Supreme Court and former chair of the Board of Directors of Municipal Credit Union ("MCU"), for her participation in a conspiracy to obstruct justice and for making false statements to federal agents in an attempt to hinder their investigation of others who had embezzled money from MCU.

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 provision of the SAFE Act is the requirement of a criminal background check of each mortgage loan originator applicant.

During 2021, CIB investigators reviewed 457 criminal history reports related to mortgage loan originator applications filed with DFS. In total, 2,584 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's Banking Division. In 2021, CIB vetted the businesses and control parties underlying 65 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 DFS Cybersecurity Regulations. DFS licensees that are covered entities under Part 500 of the DFS Cybersecurity Regulations report cybersecurity events through the DFS 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 2021, 217 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 174 requests for FinCEN suspicious activity reports in 2021.

Insurance Frauds Bureau

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 those frauds. The Bureau is headquartered in New York City, with offices in Garden City, Albany, Syracuse, Oneonta, Rochester, and Buffalo.

Highlights of 2021

- 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;
- Investigations resulted in 138 arrests, 16 of which were for healthcare fraud;
- The Bureau opened 283 cases for investigation;
- Investigations led to \$98.8 million in court-ordered restitution;
- Prosecutors obtained 97 convictions in cases in which the Bureau was involved;
- Suspected no-fault fraud accounted for 68% of all fraud reports received by the Bureau.

DFS investigators have staffed a 24-hour daily hotline, created to allow the public to report violations of executive orders by telephone. DFS investigators also responded to online reports of executive order violations. Each report is logged and routed to the appropriate state or local agency for investigation. In addition, DFS investigators have been assigned to enforcement details at airports, licensed premises and areas that have been identified as COVID-19 "hotspots." In instances of credible violations of executive orders, DFS investigators issued summonses and testified at administrative hearings.

Reports of Suspected Fraud/Investigations

The Bureau received 34,201 reports of suspected fraud in 2021. 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 283 cases for

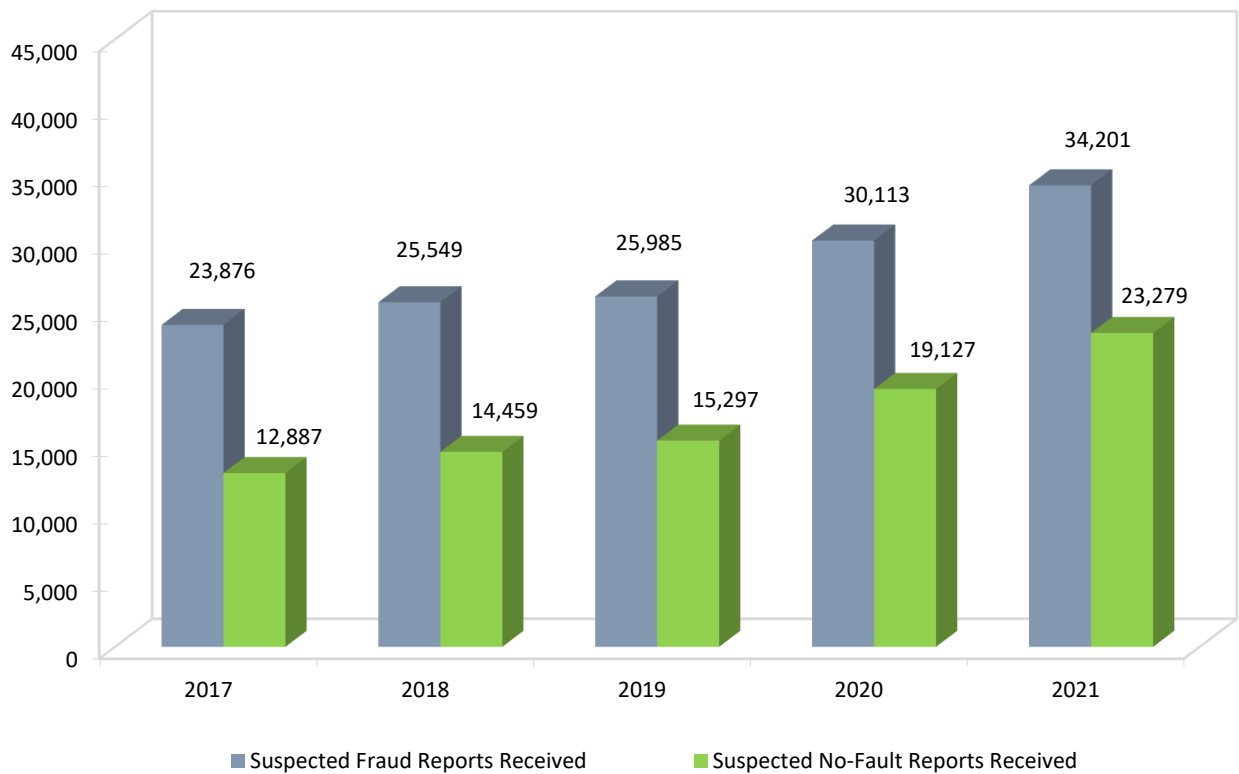
investigation in 2021. Tables showing the number of fraud reports received, investigations opened, and arrests by type of fraud appear in the Appendices.

In 2021, the Bureau referred 90 cases to prosecutorial agencies for prosecution. Prosecutors obtained 97 convictions in cases in which the Bureau participated.

No-Fault Fraud Reports and Investigations

The number of suspected no-fault fraud reports received by the Bureau accounted for 68% of all fraud reports received by the Bureau in 2021.

Number of Suspected Fraud Reports Received Compared with Number of Suspected No-Fault Reports Received 2017 - 2021



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 138 arrests for insurance fraud and related crimes in 2021.

Restitution

Criminal investigations conducted by the Bureau resulted in \$98.8 million in court-ordered restitution.

Multi-Agency Investigations

In 2021, 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
- District Attorney's Offices
- State and local Police and Sheriff's Departments
- 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 11 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
- National Insurance Crime Bureau Working Group
- High Intensity Drug Trafficking Area
- Drug Enforcement Administration Tactical Diversion Task Force (Upstate/Downstate)
- I Suffolk County District Attorney's Office Insurance Crime Bureau
- New York Alliance Against Insurance Fraud

Highlights of Task Force Participation

In December 2019, DFS and several law enforcement agencies, commenced an investigation into an alleged scheme by an insurance broker and his associates who conspired to steal money from predominantly immigrant Hispanic victims by purporting to provide them with automobile insurance coverage through a fraudulent company called "Protect Auto Insurance Company." The investigation into this "affinity" crime revealed that the defendants schemed to register motor vehicles, legitimately belonging to Suffolk County residents, in Virginia and obtain Virginia license plates and registrations. To obtain the registration and license plates, the victims provided foreign passports or other identification, an original title and between \$800 and \$1,200 as an up-front partial payment. A purported representative of Protect Auto Insurance Company contacted the victims to issue the insurance policies. The defendants accepted payment for the fraudulent insurance premiums in cash, credit cards, PayPal, Zelle, gift cards and money orders. The victims were charged approximately \$80 a month for the purported insurance coverage. In instances where the victims were involved in motor vehicle accidents, the subjects falsely explained that the incidents were not eligible for insurance coverage by claiming that the victim driver was at fault, or, that the insurance coverage was available only to Virginia residents. The investigation has identified more than 120 victims of this scheme to date.

In February 2021, the two main subjects were charged with Scheme to Defraud, Criminal Possession of a Forged Instrument, Grand Larceny; Petit Larceny. Two other subjects were charged with Criminal Possession of a Forged Instrument. The fifth subject was charged with Scheme to Defraud.

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 18 calls per month in 2021. 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 2021. A summary of the data appears in the Appendices under the Section titled “2022 Data Call: Vehicle Principal Location Misrepresentation.”

Approval of Fraud Prevention Plans

Section 409 of the New York 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, 2021, appears in the Appendices.

Section 409 of the New York Insurance Law sets forth insurers are required 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. Insurers reported, in their electronically filed Annual SIU Reports, \$864 million in savings resulting from SIU investigations in 2020 (the most recent year for which data is available). Property and casualty insurers reported \$8.8 million in recoveries from SIU investigations.

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 15th 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, 2021, with approved plans on file. A complete list of those life settlement providers appears in the Appendices.

Major Insurance/Financial Fraud Cases in 2021

- In 2021, DFS investigated a New York State-licensed life insurance agent located in Rochester who created false applications for life insurance by forging his client's signatures to policy documents, thereby fraudulently earning commissions. The agent stole funds from clients by furnishing false documents indicating that he was placing their money into insurance policies and annuities. Between January 2015 and January 2020, the defendant worked as an insurance agent for several life insurance companies, selling and servicing policies and receiving commissions and bonuses. The agent submitted approximately 105 fraudulent policy applications in various individuals' names and without their knowledge, utilizing actual names, Social Security Numbers, and dates of birth in the process. As a result, life insurance policies were issued, and the agent was paid a total of \$382,740.63 in commissions and bonuses to which he was not entitled. In addition, the agent used approximately \$70,580 that he fraudulently withdrew from

various bank accounts of unsuspecting clients to pay policy premiums on the fraudulent life insurance policies he had obtained.

The agent also defrauded existing and prospective clients by falsely claiming to be an investment advisor and persuading individuals to entrust funds to him. Rather than investing such funds on behalf of his clients, the agent used the funds to gamble or pay back prior investors. In addition, to prevent victims from inquiring about their investments, the agent issued fake account statements. The victims include a widow who “invested” \$332,500 that she had received as proceeds from her deceased husband’s life insurance policy. The agent misappropriated all but \$10,000 of the widow’s life insurance payout. The total estimated loss amount from the agent’s schemes is approximately \$1,026,668. The agent was arrested and charged with Wire Fraud, Attempted Wire Fraud, and Aggravated Identity Theft. The agent was convicted of wire fraud and aggravated identity theft and was sentenced to serve 70 months in prison. DFS conducted this joint investigation with Federal law enforcement partners.

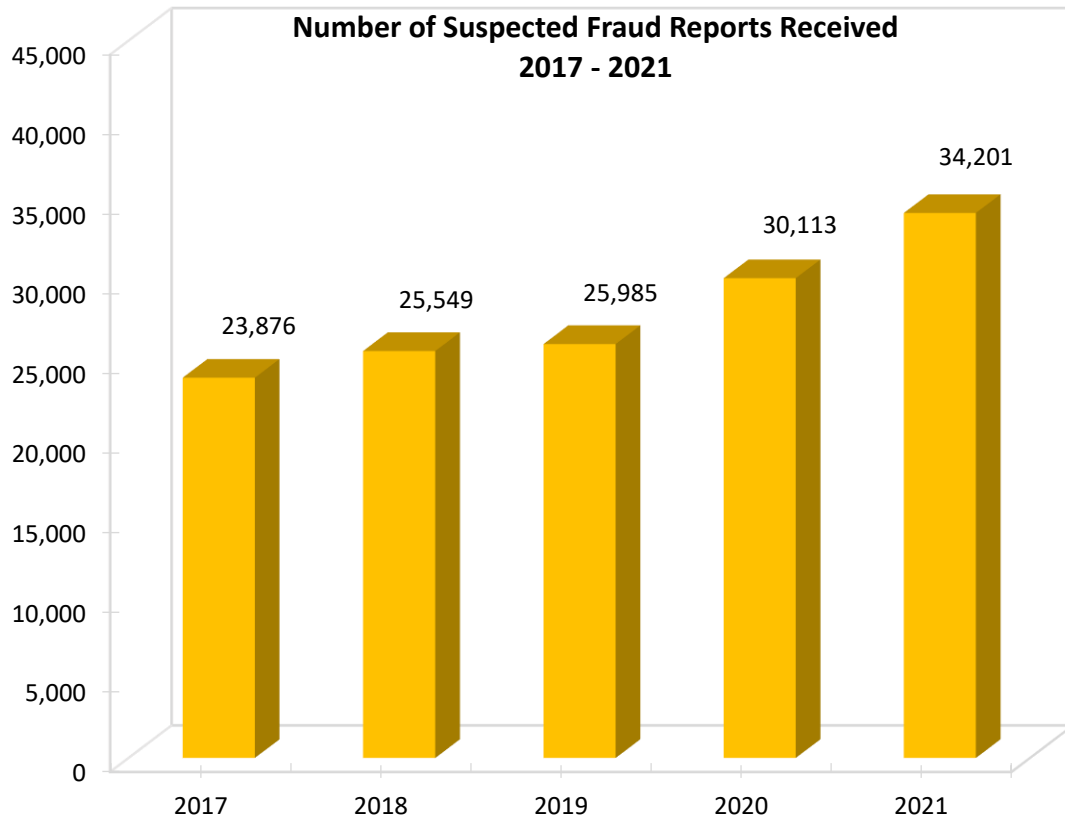
- DFS, working with other law enforcement agencies, investigated a banker from Greece, New York, who was arrested and charged with bank fraud and conspiracy to commit bank fraud. The banker was employed as a branch manager from July 2014 to March 2017 at two different banks. One of the subject’s largest clients was a company controlled by two additional subjects. The additional subjects controlled numerous entities, through which they are alleged to have operated a massive, decade-long Ponzi scheme. At the request of the banker’s client company, the banker repeatedly misrepresented financial asset information to another bank, which then extended millions of dollars of revolving credit to the company’s owners. The company’s owners used the fraudulently obtained credit line to finance the operations of their Ponzi scheme. The scheme would have collapsed years earlier if not for the owners’ access to such credit. The victim bank ultimately lost approximately \$335,968 as a result of the scheme.
- On January 27, 2021, DFS working with other law enforcement agencies arrested a woman who was charged with Grand Larceny in the second degree. The charges stemmed from an investigation of the subject who had made an unauthorized withdrawal from her deceased mother’s annuity. The subject fraudulently executed the withdrawal utilizing her authority as “power of attorney” after the death of her mother, thus wrongfully collecting \$82,824.39.
- DFS, working with law enforcement partners, investigated a Workers’ Compensation case involving a construction corporation owned by two subjects. The evidence showed that one of the subjects provided false business records to the New York State Insurance Fund (“NYSIF”) during four premium audits in order to hide the company’s true revenue and payroll, thereby defrauding the NYSIF out of insurance premiums. The total loss to the NYSIF was assessed at \$173,199.74 in premiums plus interest. The subjects were arrested and charged with insurance fraud and grand larceny on May 27, 2021.

- On September 6, 2017, a fire, which was subsequently determined to have been intentionally set, destroyed a restaurant in Newburgh, New York. A joint investigation conducted by DFS, Newburgh Town Police and Fire Investigation Unit, Federal Bureau of Alcohol Tobacco and Firearms, Westchester County Police and the Orange County District Attorney's Office resulted in the arrest of the business owner and his business manager in December 2021. They are accused of conspiring to intentionally burn down the restaurant in order to wrongfully collect in excess of \$1 million in insurance proceeds. Both subjects are being held in the Orange County correctional facility, pending further court action.

APPENDICES—2021 STATISTICS

The Bureau received 34,201 reports of suspected fraud in 2021 compared with 30,113 in 2020.

Number of Suspected Fraud Reports Received



Information Furnished By (IFB) Reports Received by Year

<u>IFBs Received by Year</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Boat Theft	4	1	0	0	1
Auto Theft	559	610	547	569	653
Theft from Auto	28	32	55	54	55
Auto Vandalism	324	331	272	321	296
Auto Collision Damage	2,293	2,211	2,297	2,756	2,543
Auto Fraudulent Bills	114	76	76	62	40
Auto Miscellaneous	1,342	1,360	1,358	1,764	1,645
Auto I.D. Cards	6	7	5	9	15
Total - Auto Unit	4,670	4,628	4,610	5,535	5,248

Workers' Compensation	1,147	1,044	803	726	596
Total - Workers' Comp Unit	1,147	1,044	803	726	596
Disability Insurance	235	163	247	173	166
Health Accident Insurance	1,500	1,562	1,641	16,89	1,797
No-Fault Insurance	12,887	14,459	15,297	19,153	23,279
Total - Medical/No-Fault Unit	14,622	16,184	17,185	21,015	25,242

Boat Fire	0	1	0	0	0
Auto Fire	126	87	99	96	69
Fire – Residential	99	86	136	97	101
Fire – Commercial	36	14	22	16	27
Total - Arson Unit	261	188	257	209	197

Burglary - Residential	179	122	184	144	123
Burglary - Commercial	33	19	22	23	15
Homeowners	580	644	639	597	644
Larceny	214	202	218	200	159
Lost Property	1,027	1,351	834	678	783
Robbery	15	16	33	23	38
Bonds	3	5	2	0	2
Life Insurance	517	523	564	402	476

Ocean Marine Insurance	12	13	20	26	18
Reinsurance	1	1	2	2	1
Appraisers/Adjusters	5	8	21	15	16
Agents	71	106	97	72	71
Brokers	40	35	39	23	41
Ins. Company Employees	5	33	60	62	53
Insurance Companies	81	110	60	97	135
Title/Mortgage	17	9	8	1	8
Commercial Damage	287	238	239	235	124
Unclassified	89	70	88	28	51
Cyber Event					7
Identification Theft					153
Total - General Unit	3,176	3,505	3,130	2,628	2,918

<u>IFBs Received</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Auto Unit Totals	4,670	4,628	4,610	5,535	5,248
Workers Comp Unit Totals	1,147	1,044	803	726	596
Medical/No-Fault Unit Totals	14,622	16,184	17,185	21,015	25,242
Arson Unit Totals	261	188	257	209	197
General Unit Totals	3,176	3,505	3,130	2,628	2,918
Grand Total	23,876	25,549	25,985	30,113	34,201

<u>Cases Opened by Year</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Boat Theft	0	0	0	0	0
Auto Theft	55	78	81	77	67
Theft from Auto	1	0	1	0	0
Auto Vandalism	11	7	12	17	9
Auto Collision Damage	26	29	31	26	18
Auto Fraudulent Bills	1	1	3	0	1
Auto Miscellaneous	11	14	15	16	17
Auto I.D. Cards	2	0	0	0	0
Total - Auto Unit	107	129	143	136	112

Workers' Compensation	136	194	130	48	20
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Total - Workers' Comp Unit	136	194	130	48	20
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Disability Insurance	10	0	3	1	6
Health Accident Insurance	39	28	31	27	26
No-Fault Insurance	67	47	39	8	28
Total - Medical/No-Fault Unit	116	75	73	36	60

Boat Fire	0	0	0	0	0
Auto Fire	14	11	6	5	6
Fire – Residential	10	10	17	12	4
Fire – Commercial	6	2	5	3	11
Total - Arson Unit	30	23	28	20	21

Burglary – Residential	4	9	5	4	3
Burglary – Commercial	0	0	1	1	1
Homeowners	9	9	6	11	7
Larceny	13	28	45	20	23
Lost Property	3	1	1	3	3
Robbery	0	0	1	0	0
Bonds	0	0	0	0	0
Life Insurance	26	18	17	13	4
Ocean Marine Insurance	1	1	0	0	0
Reinsurance	0	0	0	0	0
Appraisers/Adjusters	0	1	1	0	0
Agents	10	6	4	10	1
Brokers	7	4	5	5	6
Ins. Company Employees	1	0	0	0	0
Insurance Companies	0	0	2	1	1
Title/Mortgage	0	2	1	0	0
Commercial Damage	1	2	7	6	0
Miscellaneous	57	52	56	10	12
Cyber Event					0
Identification Theft					9
Total - General Unit	132	133	152	84	70
Grand Total	521	554	526	324	283

<u>Cases Opened by Year</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Auto Unit Totals	107	129	143	136	112
Workers Comp Unit Totals	136	194	130	48	20
Medical/No-Fault Unit Totals				36	60
	116	75	73		
Arson Unit Totals	30	23	28	20	21
General Unit Totals	132	133	152	84	70
Total	521	554	526	324	283

<u>2017</u>	<u>IFBs</u>	<u>Cases</u>	<u>Arrests</u>
Auto Unit Total	4,670	107	63
Workers' Comp Unit Total	1,147	136	38
Medical/No-Fault Unit Total	14,622	116	105
Arson Unit Total	261	30	9
General Unit Total	3,176	132	77
Grand Total	23,876	521	292

<u>2018</u>	<u>IFBs</u>	<u>Cases</u>	<u>Arrests</u>
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
Grand Total	25,549	554	363

<u>2019</u>	<u>IFBs</u>	<u>Cases</u>	<u>Arrests</u>
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
Grand Total	25,981	526	481

<u>2020</u>	<u>IFBs</u>	<u>Cases</u>	<u>Arrests</u>
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
Grand Total	30,113	324	160

<u>2021</u>	<u>IFBs</u>	<u>Cases</u>	<u>Arrests</u>
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
Grand Total	34,201	283	138

2022 DATA CALL: VEHICLE PRINCIPAL LOCATION MISREPRESENTATION

The 2022 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 2021.

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 2021 was 17,238.
- The total amount of reported premium lost in 2021 as a result of New York insureds who misrepresented the principal place where their vehicles were garaged and/or driven was \$38,945,980.
- In 2021, 84% of the reported misrepresentations involved a location within New York State. The remaining 16% involved a location outside of New York State.

Misrepresentations Involving a New York State Location

- Total amount of reported premium lost in 2021 due to misrepresentations that involved a location (county) within New York State was \$36,370,138.
- 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 2021 were:

Kings	26.70%
Queens	20.13%
Bronx	17.98%
Nassau	6.69%
Suffolk	5.17%
Westchester	4.08%

New York	3.81%
Monroe	1.78%
Erie	1.68%

- The top reported New York counties used by insureds to misrepresent where their vehicles were garaged and/or driven in 2021 were:

Suffolk	10.95%
Westchester	10.54%
Nassau	7.09%
Monroe	5.90%
Albany	5.46%
Erie	4.27%
Broome	4.01%
New York	3.62%
Dutchess	3.28%
Orange	3.22%
Queens	3.02%
Schenectady	2.80%

Misrepresentations Involving a Location Outside of New York State

- Total amount of reported premium lost in 2021 due to misrepresentations that involved a location outside of New York State was \$2,572,842.
- 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 2021 were:

Suffolk	14.65%
Nassau	10.81%
Kings	10.73%
Queens	9.11%
New York	7.95%
Bronx	6.97%
Westchester	6.48%
Erie	3.58%
Richmond	2.22%

- The top reported states used by insureds to misrepresent where vehicles were garaged and/or driven in 2021 were:

Florida	50.63%
Pennsylvania	10.95%
Connecticut	5.55%
South Carolina	3.99%
North Carolina	3.76%
New Jersey	2.79%
Arizona	2.65%
Virginia	2.65%
California	2.16%

Approved Fraud Prevention Plans on File as of December 31, 2021

Aegis Security Insurance Company
Aetna, Inc.
AIG Companies
Allianz Global Corporate & Specialty
Allstate Insurance Group
Amalgamated Life Insurance Company
American Family Connect Property and Casualty 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
Atlantic Specialty Insurance Company
AXIS Insurance Company
Bankers Consec Life 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
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.
Ironshore Indemnity Inc.
John Hancock New York
Kemper
Kingstone Insurance Company
Lancer Insurance Company
Liberty Mutual Commercial Insurance
Liberty Mutual Personal Insurance
Life Insurance Company of Boston & New York
Lincoln Financial Group
Maidstone Insurance Company
Main Street America Group
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
Oxford Health Plans
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
Sun Life and Health Insurance Company (U.S.)
Talcott Resolution
The Hartford Financial Services Group
The Sentry Insurance 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

2021 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