



Why do drivers in  
New York state pay  
53 percent more  
for liability auto  
insurance than the  
national average?

**FRAUD COSTS** **NY**

[www.FraudCostsNewYork.com](http://www.FraudCostsNewYork.com)

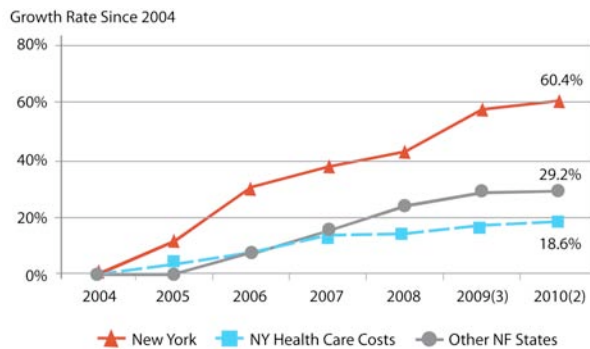
# Fraud Cost New Yorkers \$241 million in 2010

Fraud and lawsuit abuse by medical providers force New Yorkers to pay significantly higher insurance rates. The state's broken no-fault auto insurance system, which pays for auto accident injuries, is plagued by fraud, overuse of health care services and lawsuit abuse, often by health care providers.

In these days of tight budgets and economic uncertainty, consumers will benefit from regulations and legislation that reign in the fraud and abuse of the no-fault system. The following highlights the trend lines for fraud:

*Fraud and lawsuit abuse by medical providers force New Yorkers to pay significantly higher insurance rates.*

**New York state's no-fault claim costs are increasing faster than other no-fault states and medical costs in general**



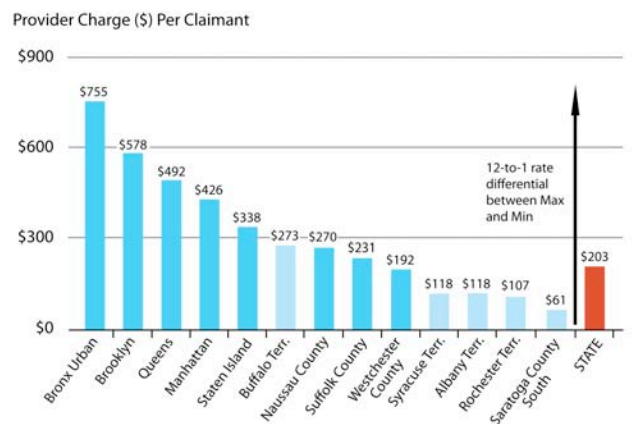
Note: All years except 2010 reflect the fourth quarter.

Sources: Fast Track Monitoring System @ 2nd Qtr. 2010 and U.S. Bureau of Labor Statistics, CPI (health care costs reflect NY/Long Island-Northern NJ-CT-PA).

- From 2004 through the 2nd Quarter of 2010, the average personal injury protection (PIP) claim cost rose 60.4 percent in New York, nearly 42 points faster than the 18.6 percent growth rate in the Consumer Price Index cost of medical goods and services found in the region.
- The cost of no-fault personal injury protection (PIP) coverage has soared. New York's average no-fault PIP claim cost - \$9,007 - is the third highest in the nation as of 2nd quarter 2010.

*New York City is the epicenter of the state's fraud problem.*

**Provider/attorney-driven fraud contributes to NYC drivers paying about 67% (Staten Island) to 272% (Bronx) more than statewide average for no-fault coverage**



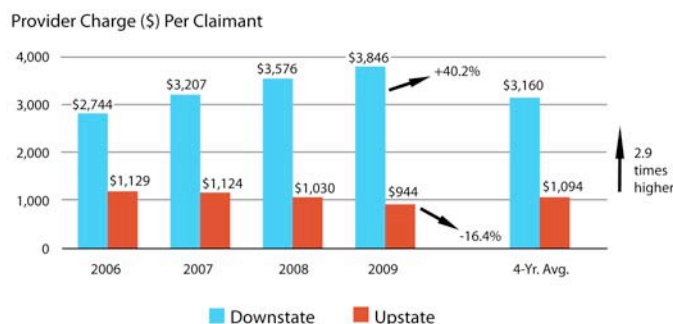
Source: PCI, using Independent Statistical Service (ISS) 2006-2008 territorial losses and NAIC loss cost and 2007 premium. Territories for ISS and Mitchell (in previous slides) differ.

- Honest New York State drivers pay higher insurance premiums as a direct result of no-fault fraud.
- Although a statewide system, the majority of no-fault fraud occurs within New York City's five boroughs.



The no-fault "fraud tax" amounts to about 22 percent of every claim in New York.

Average amount of provider charges is 3 times greater downstate than upstate:  
DS charges have risen 40%; US charges have fallen 16%

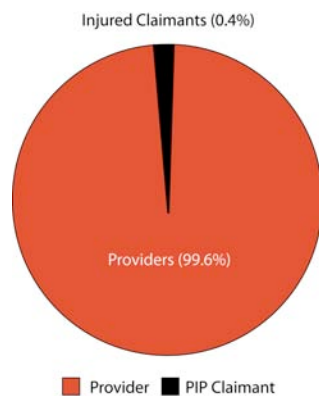


Notes: 1) Downstate (DS) = NYC, Nassau, Suffolk and Westchester Counties;  
Upstate (US) = All other counties  
2) 2009 is through 3rd Qtr. only.

Source: Mitchell International, Inc. (data are by county only)

- The average amount charged by health care providers downstate is almost three times greater than the average amount charged by health care providers in upstate New York.
- Illegal corporate structures flourish allowing dishonest people to open and run no-fault medical clinics that operate solely to bill insurance companies and do not provide legitimate medical care.

Nearly all lawsuits against insurers are filed by health care providers



Source: Industry Litigation Survey (2009-2010); results represent 50.1% of the NY auto market and reflect the period 2007-2009(3) combined.

- For the most part, the perpetrators of this type of fraud are located in the Downstate areas (i.e., New York City and Nassau, Suffolk and Westchester Counties).
- However, all drivers are penalized by paying significantly higher auto insurance rates due to no-fault fraud.

## SOLUTIONS

### OUR LEGISLATIVE AGENDA:

1. Encourages Fast and Fair Dispute Settlements
2. Supports Adequate Time for Fraud Investigations
3. Institutes Tough Penalties for Insurance Fraud
4. Combats Excessive Medical Charges

### FRAUD COSTS NEW YORK

Auto insurance fraud steals from each and every driver by increasing the cost of insurance. In this economic environment factors that unnecessarily make insurance more expensive for consumers should be addressed.

For more information regarding the scope of New York's no-fault crisis or legislative remedies, contact Kristina Baldwin, assistant vice president for the Property Casualty Insurers Association of America (PCI) at 518-443-2220 or visit

[www.FraudCostsNewYork.com](http://www.FraudCostsNewYork.com).

## Report Fraud Now

Those who suspect insurance fraud should report it immediately to their insurance company, local law enforcement office, the fraud hotline of the NY Insurance Department or the National Insurance Crime Bureau.

## NY Insurance Department

1-888-FRAUD NY

## National Insurance Crime Bureau

1-800-TEL-NICB

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## The Fraud Costs New York Coalition

Fraud Costs New York is a coalition of consumers, small businesses, elected officials and insurance trade associations committed to reforming New York State's no-fault automobile insurance system and stopping insurance fraud and lawsuit abuses that drive up costs for consumers.

### COALITION PARTNERS:

Councilman Peter Vallone, Jr. (D-Astoria)	East Bayside Homeowners Association	AAA New York State, Inc
Councilman Dan Halloran (R-Whitestone)	Malba Gardens Civic Association	NYS Association of Minority Contractors
Councilman Peter Koo (R-Flushing)	Waterside Estates Homeowners Association	Highland Park Community Development Corporation
Queens Chamber of Commerce	Station Road Civic Association	Community Partners Commission Association
Long Island Hispanic Chamber of Commerce	Young Korean American Network	New Lots Avenue Triangle Merchants Association
New York State Business Council	Whitestone Village	Brookman Construction
Auburndale Improvement Association	New York Young Republican Club, Inc.	Community Board #5 (Brooklyn)
Queens Civic Congress	Bay Village Properties, LLC	Rev. Leonard Hatter, President of Courage to Change in Brooklyn
Bayside Business Improvement District	C.J. Sullivan's American Grill	Baldwin Civic Association
North Queens United	Bourbon Street Café	Mineola Civic Association
109th Police Precinct Community Council	Local Bar & Grill	Property Casualty Insurers Association of America
Little Neck Pines Civic Association	Bellerose Civic Association	
Bayside Hills Civic Association	Cornucopia Society, Inc.	
	Citizens Against Graffiti Everywhere (CAGE)	
	Queens Coalition for Parks and Green Spaces	