



Legislation Text

File #: Res 1194-2012, **Version:** A

Proposed Res. No. 1194-A

Resolution calling upon the New York State Legislature to pass and the Governor to sign legislation amending the New York State Penal Law to establish as a crime the unlawful procurement of clients, patients, or customers, in order to reduce the staging of automobile accidents.

By Council Members Vacca, Ignizio, Comrie, Lander, Mealy, Mendez, Rodriguez, Vann, Koo and Ulrich

Whereas, According to a 2012 report of the National Association of Insurance Commissioners, New York State has the fourth highest auto insurance rates in the nation; and

Whereas, According to 2009 data from the Property Casualty Insurance Association of America, on average all of New York City's boroughs pay auto insurance premiums at least 32 percent higher than the statewide average: Staten Island 32 percent higher, the Bronx, 57.3 percent higher, Manhattan 57.7 percent higher, Queens, 60.7 percent higher, and Brooklyn, 79.2 percent higher; and

Whereas, Such rates are driven up by a large number of fictitious accidents, which have led to more claims being paid out by insurance companies, which in turn harms the public as insurance companies raise the insurance premiums for all; and

Whereas, New York State has a “no-fault” auto insurance system, often leading to insurance settlement payouts without any independent investigation of the alleged accident or the alleged injuries suffered through that accident; and

Whereas, The Federal Bureau of Investigation estimates that fraudulent billings to health care programs, both public and private, are between three and ten percent of the total annual health care expenditures, comprising approximately 68 billion dollars to 226 billion dollars in fraudulent billings annually; and

Whereas, New York State must help ensure that regulatory and legal measures are as effective as possible in both preventing “no-fault” insurance and overall health care insurance fraud and by identifying and prosecuting any such fraud where it exists; and

Whereas, a "runner" is a person who, knowingly and for profit, procures or attempts to procure a client, patient or customer at the direction of, request of or in cooperation with an attorney or health care professional or facility for the purpose of obtaining benefits under a contract of insurance or asserting a claim against an insured or an insurance carrier for providing services to the client, patient or customer, or to obtain benefits under or assert a claim against a state or federal health care benefits program or prescription drug assistance program; and

Whereas, Since most fraud schemes depend on a large volume of patients, those engaged in fraud will often pay such runners to recruit clients, patients, and customers without regard to whether treatment is truly necessary, or whether the claimed accidents were real or staged; and

Whereas, In testimony given to the New York State Standing Committee on Insurance in April 2011, the Queens District Attorney’s Office testified that 322 individuals and corporations had been convicted of felony insurance fraud in the previous 8 years in Queens County; and

Whereas, Unscrupulous health care providers that pay runners for patients file false and fraudulent insurance claims, which has led to inflating the cost of insurance, especially auto insurance, which is borne by the public; and

Whereas, A.9768-A, sponsored by Assembly Member J. Gary Pretlow, introduced in the New York State Assembly on June 13, 2012, sought to amend the New York State Penal Law by establishing the crime of unlawful procurement of clients, patients or customers; and

Whereas, This crime occurs when someone knowingly acts as a runner or uses, solicits, directs, hires or employs another person to act as a runner; and

Whereas, In an effort to address this problem, on [DATE] the New York State Senate passed S.7451, sponsored by Senators Dean Skelos, Martin Golden, and Thomas O'Mara, the companion bill to A.9768-A, which was delivered to the Assembly on the same date, but did not pass the Assembly by the close of the legislative session; now, therefore, be it

Resolved, That the Council of the City of New York calls upon the New York State Legislature to pass and the Governor to sign legislation amending the New York State Penal Law to establish as a crime the unlawful procurement of clients, patients, or customers, in order to reduce the fraudulent filing of insurance claims and lawsuits relating to automobile accidents.

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