

The Insurance Frauds Bureau 1981-2001

Twenty Years of Service to the People of New York State

Twenty years ago, then-Governor Hugh L. Carey enacted legislation that brought the Insurance Frauds Bureau into existence as a law enforcement agency within the New York State Insurance Department. Since that time, the Bureau has grown into one of the premier agencies in the country dedicated to the investigation of insurance fraud. Here are highlights from our extraordinary history.

1981 On November 1, the Frauds Bureau is created. Its mission: to detect and apprehend those who commit insurance fraud and to change the public perception of insurance fraud as a victimless crime. The staff: 13 investigators, an insurance examiner and support staff under the supervision of a Director, Deputy Director and Frauds Bureau Counsel.

1982 The Bureau breaks its first major case, Claridge Brokerage, the largest producer of Assigned Risk business in New York; 28 are indicted in a \$50 million fraud scheme. Federal authorities subsequently file charges under RICO against many of these individuals.

1983 The Bureau branches out, formalizing its liaison with the insurance industry. Regular meetings with insurer SIUs are scheduled for training and networking. Legislation is enacted extending the Bureau's sunset provision to January 1, 1987.

1985 Bureau investigations result in the denial of fraudulent claims and restitution exceeding \$3 million. The New York Frauds Bureau is one of only four fraud bureaus in the country.

1986 The Bureau joins California, Florida, Idaho, Nevada, North Carolina and Ontario, Canada to establish the International Association of Insurance Fraud Agencies to encourage other states to create insurance fraud units.

1988 The Bureau establishes a Medical Unit in response to an increasing number of health care fraud reports. The Unit meets with major health insurers to discuss problem providers and potential fraud situations.

1989 The Bureau conducts its first sting operations.

1990 A 162-count indictment charges 15 Brooklyn residents with participating in an organized fraud ring. The defendants are accused of conspiring to file accident reports falsely claiming damage to luxury cars which they owned or leased.

1991 ABC TV's news program 20/20 features a Frauds Bureau case in which an undercover correspondent is seen on hidden camera buying a stolen car. Twenty-six are arrested and 53 vehicles are recovered.

1992 New laws authorize the Insurance Department to impose *civil penalties* on those who commit insurance fraud and permit a fine for possession of fraudulent automobile identification cards.

1993 Bureau investigative staff increases to 19 in New York City and 5 upstate in response to an increased workload. An Auto Unit and a General Unit are created to accompany the Medical Unit.

1995 The Bureau strengthens its relationship with the Attorney General's Criminal Prosecutions Bureau, particularly in the area of health insurance fraud. At year-end, the Medical Unit is actively pursuing 26 investigations in conjunction with the AG's Office.

1996 The Bureau establishes a toll-free hotline for reporting insurance fraud. The number of fraud reports soars to 22,343, an increase of 760% over the total for 1982, the Bureau's initial year. Arrests, at 154, and convictions, at 57, are also well above 1982 levels.

1997 Two new units – Organized Fraud and Workers' Compensation – are created and a regional office is opened in Mineola to investigate cases originating in Nassau, Suffolk and Queens.

1998 Legislation requires insurers to file a Fraud Prevention Plan with the Superintendent. The Bureau receives 305 Plans for review and approval. The Bureau hosts its first off-site seminar for insurers and law enforcement to share information and hone investigative skills.

1999 The Bureau issues its first Manual of Procedures, sponsors two conferences, launches the Frauds Resource Center on the Department's Web site, publishes a consumer brochure, and introduces an electronic fraud reporting system.

2000 Bureau staff meets with prosecutors from each of New York's 62 counties and assists the industry in launching four major public awareness advertising campaigns.

2001 In response to the events of 9/11, the Bureau institutes a dedicated hotline and fax line, establishes a procedure for fast-tracking World Trade Center-related claims, and staffs an emergency center 12 hours a day, 7 days a week. *In this, our 20th year of operation, 26,028 reports of suspected insurance fraud were received, and arrests totaled 554, an all-time high.*

