



NEW YORK STATE
DEPARTMENT *of*
FINANCIAL SERVICES

Andrew M. Cuomo
Governor

Benjamin M. Lawsky
Superintendent

March 15, 2014

Dear Governor Cuomo, Temporary President and Majority Coalition Leader Skelos, Temporary President and Majority Coalition Leader Klein, and Speaker Silver:

On behalf of the Department of Financial Services, I hereby submit a copy of the report required by § 409(b) of the Financial Services Law on the activities of the Department's Financial Frauds and Consumer Protection Division (FFCPD).

Among some of the highlights of FFCPD's work in 2013 are the following:

- Entered into agreements with every force-placed insurer in New York. The agreements included a total of \$25 million in penalties, a set of nation-leading reforms, and restitution for homeowners who were harmed.
- Initiated investigations into illegal online payday lending.
- Banned 18 doctors and other health care providers from billing insurance companies under the no-fault system.
- Investigated mortgage-related fraud resulting in 24 arrests involving more than \$141 million in losses to victimized homeowners and financial institutions.
- Provided assistance to consumers recovering from the damage caused by Super Storm Sandy, including handling thousands of complaints related to disaster insurance issues, and working closely with FEMA to help consumers navigate between state and federal authorities.
- Issued Slumlord Prevention Guidelines to help protect tenants, strengthen communities, and incentivize banks to lend to landlords who are committed to the long-term health of a community, instead of slumlords who let buildings fall into disrepair.

We will continue to ensure that the FFCPD accomplishes necessary reforms in the financial sector; is effective in investigating and battling financial fraud, misconduct and criminal activity in the banking, finance and insurance industries; and is aggressive and responsive in protecting the interests of New York consumers.

Respectfully submitted,

Benjamin M. Lawsky
Superintendent of Financial Services



New York State Department of Financial Services Financial Frauds and Consumer Protection Report

Annual Report as required by § 409(b) of the Financial Services Law

March 15, 2014

Benjamin M. Lawsky
Superintendent
New York State Department of Financial Services

Table of Contents

INTRODUCTION.....	4
FFCPD Organization and Oversight	4
FFCPD Storm Sandy Response.....	4
CIVIL INVESTIGATIONS AND ENFORCEMENT ACTIVITIES	5
Force-Placed Insurance	5
Title Insurance.....	6
No-Fault Insurance Fraud.....	7
Payday Lending.....	7
Investigation	7
Payday Loan “Lead Generators”	8
Litigation	8
Regulation of Debt Collectors.....	9
RelayRides Investigation.....	9
Disciplinary Unit.....	9
Stipulations in 2013.....	10
Hearings in 2012.....	10
CRIMINAL INVESTIGATIONS AND ENFORCEMENT ACTIVITIES.....	10
Banking Criminal Investigations Bureau (CIB).....	10
Highlights of 2013.....	10
Background.....	10
Operations and Activities	10
Insurance Frauds Bureau.....	14
Highlights of 2013.....	14
Background.....	15
Operations and Activities	15
MOBILE COMMAND CENTER (MCC)	21
Storm Sandy Deployments	21
Other Deployments.....	21
THE CONSUMER ASSISTANCE UNIT (CAU).....	22
Operations and Activities	22
Complaints and Inquiries	23

Insurance Complaints	23
Banking Complaints, Referrals and Inquiries (Non-Mortgage Related).....	23
External Appeals	24
Outreach and Response Efforts in 2013	25
PRODUCER LICENSING.....	25
CONSUMER EXAMINATIONS	26
Background	26
Operations and Activities	26
Consumer Compliance Examinations	26
Fair Lending Examinations	26
CRA Examinations.....	27
Approaches:.....	27
Consumer Examinations Summary	28
Slumlord Prevention Guidelines.....	28
Community Development	29
Applications Processing	29
Community Outreach	29
CRA Quarterly Mailings	30
HOLOCAUST CLAIMS PROCESSING OFFICE (HCPO)	30
APPENDICES – 2013 STATISTICS.....	31
Number of Suspected Fraud Reports Received.....	31
Information Furnished By (IFB) Reports Received by Year	31
2013 DATA CALL: VEHICLE PRINCIPAL LOCATION MISREPRESENTATION	35
Summary of Data Reported.....	35
Misrepresentations Involving a New York State Location	35
Misrepresentations that Involved a Location Outside of New York State.....	36
Approved Fraud Prevention Plans on File as of December 31, 2013 (136).....	38
2013 Approved Life Settlement Provider Fraud Prevention Plans on File (32)	40

INTRODUCTION

This report, required under § 409(b) of the Financial Services Law, summarizes the activities of the Department of Financial Services (DFS) in combating frauds against entities regulated under the banking and insurance laws, as well as frauds against consumers; the Department's handling of consumer complaints; and the Department's examination activities in the areas of consumer compliance, fair lending and the Community Reinvestment Act.

FFCPD Organization and Oversight

The FFCPD encompasses a Civil Investigation Unit (including a staff of attorneys investigating civil financial fraud, consumer and fair lending law, licensed insurance producers, banking law and insurance law violations, as well as a staff of attorneys who bring disciplinary proceedings against insurance producers for violations of the insurance law), a Criminal Investigation Unit (composed of the bureaus handling banking criminal investigations and insurance frauds), a Consumer Assistance Unit (CAU), a Consumer Examinations Unit (which conducts fair lending, consumer compliance and outreach and Community Reinvestment Act examinations, and is responsible for the Banking Development District Program), and a Student Protection Unit in the formative stages.

The powers of the FFCPD are set forth in § 404 of the Financial Services Law. Paragraph (a) clarifies that the Superintendent is authorized to investigate activities that may constitute violations subject to §408 of the Financial Services Law, or violations of the Insurance Law or Banking Law. Under paragraph (b), if the FFCPD has a reasonable suspicion that a person or entity has engaged or is engaging in fraud or misconduct under the Banking Law, the Insurance Law, the Financial Services Law, or other laws that give the Superintendent investigatory or enforcement powers, then the Superintendent, in the enforcement of the relevant laws or regulations, can investigate or assist another entity with the power to do so.

FFCPD Storm Sandy Response

In 2013, FFCPD continued to coordinate activities to assist New Yorkers impacted by 2012's Storm Sandy. Among these projects were the following:

- FFCPD trained Department employees in insurance and banking issues and deployed staff to assist consumers and businesses to assist with complex insurance and banking problems.
- FFCPD and other DFS staff attended town hall events and other community functions in impacted areas throughout 2013 to answer insurance and banking questions, take complaints, and distribute information materials.
- The Department issued an emergency regulation that established a non-binding mediation program aimed at bringing prompt closure to disputed insurance claims. Eligible homeowners could seek mediation, administered by the American Arbitration Association, for claims that were disputed or if they disagreed with their insurance company's denial of a claim. Insurers were required to participate in mediations in good faith and cover the costs of mediation.
- DFS issued an emergency regulation to address inadequate claims processing by insurers following Storm Sandy. The regulation required insurers to provide detailed, written notification to insureds of what documents and forms were needed to complete claims. Insurers who could not respond to a claim within 15 days would receive a 30-day extension instead of

the previous 90 days. Finally, insurers were required to provide weekly reports to the Department on the status of open claims and the reason claims remained open. This allowed the Department to monitor progress and reach out to claimants who may have needed assistance.

- DFS tracked and analyzed consumer complaints filed following Storm Sandy. In response to emerging trends, in late 2012 and 2013, the Department opened investigations, including issuing subpoenas of several insurance companies to determine the companies' compliance with New York insurance claims practices laws and regulations. The Department's investigation has confirmed considerable claims-processing issues, specifically with respect to delays in adjuster inspections. The Department has initiated settlement discussions with one insurer, while investigations of the other companies' post-Sandy claims settlement practices are ongoing.

CIVIL INVESTIGATIONS AND ENFORCEMENT ACTIVITIES

The Civil Investigation Unit utilizes the investigative and enforcement powers granted by the Financial Services Law, to investigate civil financial fraud, consumer and fair lending law, banking law and insurance law violations. Some of the Unit's investigations, activities and initiatives in 2013 are discussed below.

Force-Placed Insurance

Force-placed insurance is insurance purchased by a bank or mortgage servicer when a homeowner's property insurance coverage lapses, is cancelled, or does not comply with the homeowner's mortgage. The insurance is typically far more expensive than the coverage purchased by a homeowner, yet often provides less protection for the homeowner while protecting the lender's or investor's interest in the property. The Department conducted an investigation of the force-placed insurance industry that found that the rates for force-placed insurance bore little relation to insurers' actual loss experience, resulting in high profits, a portion of which insurers commonly passed on to mortgage servicers and their affiliates through commissions, other payments, and reinsurance arrangements, to the detriment of homeowners and investors.

In 2013, the Department entered into agreements with every admitted insurance carrier writing force-placed insurance in New York. The agreements included a total of \$25 million in penalties, a set of nation-leading reforms, and restitution for homeowners who were harmed. The Department also issued proposed regulations to ensure that the Department's force-placed insurance reforms cover any company—present or future—that decides to offer force-placed insurance in New York.

The Department entered into Consent Orders with Assurant, the country's largest force-placed insurer, QBE and Balboa, the country's second and third largest force-placed insurers, and American Modern Home Insurance Company. In addition, Great American Insurance Company, Chubb, Fidelity and Deposit Company of Maryland, and FinSecure—which had each written relatively smaller volumes of force-placed insurance and were not found to have engaged in the kickback arrangements uncovered at other companies—voluntarily agreed to sign proactive codes of conduct implementing the Department's reforms.

The Consent Orders with Assurant, QBE, Balboa and American Modern Insurance require the companies to:

- File with the Department force-placed premium rates with a permissible loss ratio of 62 percent, supported by credible data and an actuarial analysis that is acceptable to DFS. This will substantially reduce premiums;
- Re-file their rates with the Department for review every 3 years thereafter;
- Re-file their rates sooner than every three years if the companies' actual loss ratio for any preceding year dips below 40 percent;
- Report their actual loss ratio, earned premiums, itemized expenses, losses, and reserves to the Department annually;
- Provide improved disclosures and notices to homeowners; and
- Make refunds to eligible homeowners who were force-placed at any time after January 1, 2008.

Further, the Consent Orders with Assurant, QBE, Balboa and American Modern Insurance and Codes of Conduct with Great American, Chubb, Fidelity and Deposit Company of Maryland, FinSecure prohibit the companies from:

- Issuing any force-placed insurance on mortgaged properties serviced by a bank or servicer affiliated with the insurer;
- Paying any commissions (including contingent compensation based on underwriting profitability or target loss ratios) to any bank or mortgage servicer (or person or entity affiliated therewith) on force-placed business;
- Reinsuring force-placed insurance policies with any person or entity affiliated with the bank or servicer that obtains the policies; and
- Making any other payments to servicers, lenders, or their affiliates in connection with securing force-placed insurance business.

The Department issued a proposed force-placed insurance regulation that was published in the September 25, 2013 New York State Register. The proposed regulation closely follows the key terms of the agreements that the Department reached with 100% of the admitted force-placed market in New York. The 45-day comment period for the proposed regulation ended on November 9. The Department currently is reviewing comments and considering whether to make any changes to the proposed regulation and intends to issue a final regulation in 2014.

Title Insurance

DFS is investigating unlawful inducements in the title insurance industry, and their impact on title insurance rates in New York.

The Department commenced an investigation of the title insurance industry in late 2012, following a rate filing submitted by TIRSA, the licensed rate service organization for title underwriters in New York, which sought a large rate increase. The Department sent letters, pursuant to Section 308 of the Insurance Law, to all licensed title insurers in New York and served subpoenas on a representative sampling of title agents, requesting documents and information relating to expenses incurred in connection with the work performed by the insurers and agents prior to the issuance of title insurance policies. The Department specifically sought a breakdown of certain expenses that are reported to the Department in annual statistical reports in broad categories but with no details as to particular expenditures. The Department also requested information concerning ancillary searches performed in

connection with the issuance of title insurance policies and charged to consumers at large markups. The Department received and analyzed thousands of financial documents produced in the course of the investigation.

In December 2013, the Department held a public non-adjudicatory hearing where TIRSA, five insurers, seven agents and two experts testified at the hearing. The focus of the hearing was to identify expenditures made in the course of issuing a title insurance policy, what expenditures constitute a proper use of premium dollars, and which nationwide expenses are properly included in the New York rate through allocation. The insurers and agents were questioned regarding information that was discovered during the course of the investigation, including the annual expenditure of millions of dollars on meals, entertainment, and gifts for attorneys and other real estate professionals who order title insurance on behalf of their clients. Such expenditures are included in the ratemaking calculation and, accordingly, are ultimately paid for by the insured. The insurers also testified in connection with their methods for allocating nationwide expense to New York. Those methods are not uniform among insurers, although the amount that is allocated impacts the rate charged in New York.

The insurers and agents were further questioned in connection with large markups charged for additional searches that are performed prior to the issuance of a title insurance policy and about payments made to closers at real estate closings that can add hundreds of dollars to consumers' closing costs. The investigation is ongoing.

The Department expects to issue proposed regulations to the industry delineating what expenditures may be made with premium dollars.

No-Fault Insurance Fraud

Combating no-fault fraud is an important component in mitigating increases in automobile insurance rates. DFS is dedicated to stamping out no-fault fraud and other forms of health insurance fraud that plague New York's no-fault insurance payment system and cost New Yorkers hundreds of millions of dollars in insurance costs. As part of an ongoing investigation, in the spring of 2013, DFS issued citations to medical providers convicted of charges or found guilty of professional misconduct in connection with services provided under the no-fault law.

Over the past year, DFS has de-authorized 18 doctors and other health service from billing New York's no-fault auto insurance system; 15 of the doctors or other health service providers entered into stipulations in which they agreed that they would no longer make claims or take payments under the no-fault system. Three of the doctors or health service providers were de-authorized following an administrative hearing. Investigations continue and we expect the de-authorization process will continue to rid the no-fault system of corrupt providers.

Payday Lending

Investigation

In early 2013, based on consumer complaints, the Department launched an investigation into payday lending. On February 22, 2013, the Superintendent issued a circular letter warning debt collectors that they are prohibited from collecting on illegal payday loans in New York, including usurious payday loans made in and to New York over the Internet. The letter stated that loans offered in New York by New York-chartered banks or non-bank lenders with an interest rate above the statutory maximums,

including payday loans, are void and unenforceable, and that attempts to collect on debts that are void or unenforceable violate state and federal law.

On August 5, 2013, the Department sent letters to 35 online companies that were offering payday loans to New York consumers in violation of New York law, including loans with interest rates as high as 1,095%. The letters demanded that the companies cease and desist from offering and originating illegal loans in New York. Since the Department issued those letters, 23 of the 35 online lenders purportedly have stopped making payday loans to New York consumers. DFS also issued a letter to all debt collection companies operating in New York directing them not to collect on illegal payday loans from the 35 companies that the Department's investigation had identified to date.

Also on August 5, the Department sent letters to 117 financial institutions, as well as NACHA, the association that administers the Automated Clearing House network through which bank account credits and debits are issued, requesting that they work with the Department to enforce existing rules and to create a new set of model safeguards and procedures to stop illegal payday lending in and to New York. The Department has reviewed the financial institutions' responses to its letters and has met with a number of interested parties. The investigation is ongoing.

Payday Loan “Lead Generators”

In late November 2013, as part of its comprehensive approach toward ending illegal payday lending in New York, the Department issued subpoenas to 16 “lead generators” suspected of deceptive or misleading marketing of illegal online payday loans in New York in violation of state law. The Department believes that these firms collect and sell loan applicants' personal information to illegal online payday lenders and other entities, including scam artists. DFS requested a range of materials from the lead generators, including marketing materials, contracts for sale of consumer information, and privacy policies. The Department is in the process of reviewing the productions. The investigation is ongoing.

Litigation

On August 21, 2013, two allegedly federally recognized Native American tribes, their wholly-owned loan corporations to which the Department had sent cease-and-desist letters, and the tribes' regulatory agencies sued the Department and the Superintendent in his official capacity in the United States District Court for the Southern District of New York. The complaint alleged that the state had violated the Indian Commerce Clause and infringed upon plaintiffs' sovereign rights, and sought to permanently enjoin the State from interfering with plaintiffs' lending activities. On September 30, 2013, Judge Richard Sullivan denied plaintiffs' motion for a preliminary injunction. The Court's decision affirmed the state's authority to protect New York consumers from usurious online payday loans, including those made by tribal lenders in and to New York from beyond the state's borders.

On October 4, 2013, plaintiffs filed notice of their interlocutory appeal of Judge Sullivan's decision to the United States Court of Appeals for the Second Circuit. On this expedited appeal, plaintiffs asserted that the District Court erred in denying their preliminary injunction motion because the court failed to balance tribal, federal, and state interests in determining whether the plaintiffs were likely to succeed on the merits. Second Circuit Judges Gerard E. Lynch, Raymond J. Lohier, Jr., and Robert D. Sack heard oral argument on the appeal on December 5, 2013.

Regulation of Debt Collectors

On August 21, 2013, the Department published for comment regulations that would set nation-leading consumer protection standards for debt collectors operating in New York. The regulations would, among other things, cut down on repeated, harassing phone calls from debt collectors; guard against the collection of expired debts; prevent situations where companies try to collect debts from the wrong consumer for the wrong amount of money due to poor record-keeping; as well as address other widespread abuses in the debt collection industry. Adoption of the regulations will establish Department oversight of the debt collection industry, the first new consumer product or service regulated pursuant to the expanded consumer protection mandate in the Financial Services Law. The comment period ended on October 11, 2013, and DFS has been reviewing comments, meeting with some commenters for further discussion, and amending the regulations where appropriate.

RelayRides Investigation

RelayRides is a company that offers an online car sharing service through which owners of automobiles rent out their personal vehicles to individuals who need the use of a car. In May 2013, DFS ordered the company to stop operating in New York after determining that the company was violating New York law by, among other things, acting as an insurance producer and an insurance adjuster without a license.

The Department also determined that RelayRides had made certain misleading representations and omissions in its advertising, including misrepresenting the adequacy of the liability insurance issued by RelayRides which could put car owners and potential third-party victims at financial risk in the event of an accident. Following its investigation, DFS negotiated a settlement with RelayRides, including penalties and injunctive relief.

Disciplinary Unit

The Disciplinary Unit oversees the activities of licensed individuals and entities who conduct insurance business in New York State. The goals of the Unit are to protect the public and ensure that licensees act in accordance with applicable insurance laws and Department regulations. There are currently more than 280,000 licensees in New York. Licensees include producers (agents and brokers), limited lines producers, independent and public adjusters, reinsurance intermediaries, bail bond agents, and viatical settlement brokers.

The Unit monitors the insurance marketplace and reviews licensing applications to determine if unlicensed activity is occurring and, if necessary, takes steps to ensure that individuals or entities either achieve compliance or cease activities.

The Omnibus Crime Bill of 1994 disqualifies from employment in the insurance industry anyone convicted of a criminal felony involving dishonesty or a breach of trust. This ban, however, may be removed if approval for written consent to engage in the business of insurance pursuant to 18 U.S.C. §§1033 and 1034 is given by the Superintendent. The Unit also reviews all such applications for written consent.

When a violation of the Insurance Law is proven, an administrative sanction may be imposed resulting in license revocation or suspension, the denial of pending applications, or monetary penalties imposed with corrective actions to address violations.

In 2013, the Department entered into approximately 234 stipulations imposing penalties on insurance companies or producers (i.e., agents or brokers). In addition, the Department held approximately 33 administrative hearings.

Stipulations in 2013

Type of Action	Total Requested	Total Completed	Fine Amount
Agent/ Broker	185	150	\$543,500
Company	49	41	\$3,852,110
Total	234	191	\$4,395,610

Hearings in 2012

	Requested	Held	Pending	Revocation	Monetary Penalty	Awaiting Final Order
Agent/Broker/ Applicant	33	33	3	30	9	9

CRIMINAL INVESTIGATIONS AND ENFORCEMENT ACTIVITIES

Banking Criminal Investigations Bureau (CIB)

Highlights of 2013

- Court-ordered restitution resulting from CIB's investigations totaled over \$157.3 million.
- The Mortgage Fraud Unit's investigations resulted in 24 arrests involving more than \$141 million in losses to victimized homeowners and financial institutions.
- CIB conducted 54 investigations, which resulted in 22 convictions.
- 14 new cases were opened for investigation.

Background

The CIB investigates all possible violations of the New York Banking Law and certain enumerated misdemeanors and/or felonies of the New York Penal Code and takes appropriate action after such investigation. CIB also investigates violations of anti-money laundering laws and regulations as well as crimes relating to residential mortgage fraud. In that capacity, CIB was delegated the responsibility to review applicants' criminal histories to assist the Mortgage Banking and Legal Divisions in their determinations of whether applicants meet the statutory requirements to be licensed or registered as a mortgage loan originator by DFS.

Operations and Activities

CIB conducts specialized investigations into criminal conduct involving the financial services industry and works cooperatively with law enforcement and regulatory agencies at the federal, state, county, and local levels. Among CIB's major focuses are the following areas:

Bank Secrecy Act and Anti-Money Laundering Investigations

CIB conducts criminal investigations into possible violations of the federal Bank Secrecy Act, federal and state anti-money laundering laws and related regulations, and possible violations of the federal Office of Foreign Assets Control (OFAC) laws and related regulations. Members of CIB have assisted federal, state and county prosecutors in numerous investigations relating to violations of both federal and state laws.

Investigations of Money Services Businesses

CIB works closely with numerous federal, state, county and local regulatory and law enforcement agencies to ensure compliance with federal and state statutes and related regulations pertaining to money services businesses, including licensed check cashers and money transmitters. CIB works closely with the New York/New Jersey High Intensity Crime Area and with the federal Financial Crimes Enforcement Network on matters designed to detect and eliminate the illegal transmission of money within New York State as well as to eliminate illegal money laundering. CIB also works closely with both federal and state tax officials to identify and prosecute individuals and companies for tax avoidance activities.

Mortgage Fraud Investigations

The Mortgage Frauds Unit (MFU) within CIB was created to combat mortgage fraud by providing investigative expertise and support to regulatory and law enforcement agencies. The MFU's three-fold mission is to investigate mortgage fraud cases throughout the 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. The MFU is a member of several federal mortgage fraud task forces and its staff has provided expert testimony at trial and in grand jury proceedings. Since its inception in April 2007, the MFU has participated in investigations that have culminated in charges against more than 235 individuals and involved in excess of \$537.5 million in losses to victimized homeowners and financial institutions. In 2013, mortgage fraud investigations resulted in 24 arrests and 22 convictions in cases involving more than \$141 million in losses to victimized homeowners and financial institutions.

In furtherance of its mission, the MFU hosts a monthly Mortgage Fraud Working Group, created a Mortgage Fraud Training Course to train individuals in the investigation and prosecution of cases, and developed an annual Mortgage Fraud Forum to provide a platform for prosecutors across the state to explore trends and exchange ideas on methods to combat the epidemic of mortgage fraud. CIB held its sixth Mortgage Fraud Forum in 2013. The two day Forum highlighted recent mortgage fraud trends and state and federal investigations and prosecutions.

Major Mortgage Fraud Investigations During 2013

- **Attorney Convicted in \$6 Million Mortgage Fraud Scheme.** In February, a jury in the Southern District of New York returned a guilty verdict on all five counts against an attorney and his co-conspirators for engaging in a large mortgage fraud flipping scheme employing the use of straw buyers and multiple LLCs, including French Open LLC, Australian Open LLC, and U.S. Open LLC. Defendant's co-conspirators purchased properties at foreclosure auctions and then sold them to straw buyers. Defendant served as the closing attorney and recruiter of straw buyers. In December, defendant was sentenced to 87 months for his part in the \$4 million mortgage fraud scheme. This was a joint

investigation conducted with the FBI and the United States Attorney's Office for the Southern District of New York.

- **Queens Attorney Among Three Individuals Charged in \$3.3 Million Mortgage Fraud Operation.** In April, three individuals, including a Richmond Hill attorney, were arrested and charged with conspiring to commit mortgage fraud and larceny by allegedly obtaining from Wells Fargo Bank mortgage funds in excess of \$3.3 million pertaining to the purchase of six properties. The defendants were charged with first-degree grand larceny, first-degree criminal possession of stolen property, first-degree falsifying business records, fourth-degree criminal facilitation, first-degree scheme to defraud and fourth-degree conspiracy. CIB developed and conducted the initial investigation and referred the matter for prosecution to the Queens District Attorney's Office.
- **Attorney Convicted in a Multi-Million Dollar Mortgage Fraud Scheme.** In July, a jury in the Southern District of New York returned a guilty verdict on all counts against an attorney in Brooklyn, and his co-conspirator stemming from a mortgage fraud scheme through which they swindled an elderly woman out of a multi-million dollar apartment building in Harlem that she had owned for more than 40 years. The two defendants cultivated a relationship with the woman and persuaded her to sell the property to them for \$3.1 million. At the closing, the defendants presented the victim with multiple fake and fraudulent checks to make it appear that they had paid the agreed-upon price. They induced the victim to return all of the checks to them by representing that they would safeguard her money and give her a "private mortgage" on the property; however, they never recorded the private mortgage and subsequently submitted a fraudulent mortgage application to Washington Mutual Bank. They falsely represented to the bank that they had purchased the property and owned it "free and clear." Based on those and other fraudulent representations, the defendants obtained a \$1.8 million mortgage loan from the bank, which they failed to repay. This was a joint investigation with the New York Attorney General Office's Crime Proceeds Task Force and the United States Attorney's Office for the Southern District of New York.
- **Five Defendants Defrauded First-Time Home Buyers and Institutional Lenders in Rent-To-Own Mortgage Scheme.** In July 2013, two attorneys, an appraiser and two others were indicted for their roles in a mortgage fraud ring that operated for years in the Onondaga County area and netted more than \$1 million by preying upon first-time home buyers and institutional lenders. The defendants bilked consumers by advertising a rent-to-own opportunity in which first-time home buyers with low credit were offered the chance to own their own homes with no down payments and no closing costs. The defendants then took out fraudulent loans against those properties, conned lenders into believing they were paying off underlying mortgages, and pocketed the money. CIB conducted the initial investigations with the New York State Police and the U.S. Department of Housing and Urban Development Office of the Inspector General. CIB referred the matter to the New York State Attorney General's Office for prosecution.
- **Defendant Arrested and Pled Guilty in \$92 Million Mortgage Fraud Conspiracy.** Defendant assisted her father and others, in a scheme to defraud banks and other investors in mortgages by obtaining mortgage loans in the names of straw buyers by fraudulent means and selling those mortgages to banks and other investors. Defendant's father purchased and subdivided properties in East New York, Brooklyn and Queens. After the conspirators obtained permits to construct multi-unit housing, they staged sales of properties financed by mortgage loans. They also created fraudulent loan files to give the appearance that the

properties were being purchased by creditworthy homeowners when, in fact, the properties were being sold to straw buyers. The mortgages were supported by fraudulent appraisals depicting finished homes when the buildings had yet to be built or had fictional addresses, and the mortgage files contained fraudulent title abstract reports and other documentation designed to indicate the seller had clear title to convey. To prevent investors from learning that the conspirators had used many of the properties as security for multiple loans, Defendant's father instructed the Defendant and others to employ a Ponzi scheme in which they made monthly mortgage payments to prevent the loans from becoming delinquent. Defendant pled guilty in June and was sentenced in November. Ten defendants have been convicted as a result of the investigation. The case was developed and investigated by CIB. CIB referred the matter to the United States Attorney's Office for the Eastern District of New York for prosecution.

- **Attorney Convicted at Trial in \$20 Million Fraudulent Mortgage Loan Conspiracy.** In October, an attorney, was convicted following a trial in federal court in the Eastern District of New York. The defendant and his associates engaged in a conspiracy in which \$20 million in fraudulent mortgage loans were obtained on properties located primarily in Brooklyn. Associates in the conspiracy located properties to sell to straw buyers, located straw buyers, falsified the mortgage applications, and provided the inflated appraisals. The defendant conducted the closings and the defendant was convicted of Bank Fraud, Conspiracy to Commit Bank Fraud and Aggravated Identity Theft. The remaining conspirators pled guilty to various charges including Wire Fraud, Bank Fraud and Conspiracy to Commit Bank Fraud. The investigation was conducted jointly with the FBI, and was prosecuted by the United States Attorney's Office for the Eastern District of New York.

ATM Program

The New York Banking Law authorizes DFS to enforce provisions of the New York ATM Safety Act (Act). The primary purpose of the Act is to ensure the safety and convenience of ATM users by establishing minimum security measures at ATM locations. The Department's ATM Inspection Unit ensures compliance with the Act by conducting inspections of bank-owned ATM facilities throughout the State and monitoring compliance submissions provided to DFS as required under the Act. The Superintendent has authority to assess fines for violations of the Act and to approve variances or exemptions of required security measures. The Act applies to all federal and state-chartered banking institutions, whether headquartered in or outside New York State, provided that the institution operates one or more ATMs within the State. As of year-end 2013, there were 5,250 ATMs under the ownership of banking institutions and, thus, subject to the security provisions of the Act.

In July of 2013, Governor Cuomo signed into law an amendment to the Act, which requires every banking institution that maintains ATM facilities in New York State to submit letters electronically twice a year certifying that the ATM facilities under their control are in compliance with the Act.

During 2013, the ATM Inspection Unit of CIB conducted 6,107 inspections. Of the 6,107 inspections, 1,157 resulted in the issuance of notices of violations.

Mortgage Loan Originator Licensing Support

CIB provides critical support to the Mortgage Banking Division's efforts to comply with the federal SAFE Act. Under the SAFE Act, states were encouraged to increase uniformity, enhance consumer protection and reduce mortgage fraud through establishment of a national mortgage licensing system (NMLS). One of the key tools in the SAFE Act is the requirement of a criminal background check of each mortgage loan originator applicant. During 2013, investigators within CIB reviewed 442 criminal history reports related to mortgage loan originator applications filed with the State.

CIB Task Force/Working Group Participation

CIB is an active participant in numerous task forces and working groups designed to foster collaboration and cooperation among the many agencies involved in fighting financial fraud. Among the task force groups of which CIB is a member are the following:

- Crime Proceeds Strike Force
- FBI C-3 Mortgage Task Force
- FBI Bank Fraud Task Force
- HIFCA(High Intensity Financial Crime Area)-El Dorado Task Force
- New York Identity Theft Task Force
- MAGLOGLEN (Middle Atlantic-Great Lakes Organized Crime Law Enforcement Network)
- New York State Mortgage Fraud Working Group
- National White Collar Crime Center
- New York External Fraud Committee
- Long Island External Fraud Committee

Insurance Frauds Bureau

Highlights of 2013

- Court-ordered restitution totaled \$28.9 million as a result of the Bureau's criminal investigations, an increase of 60% over 2012.
- Investigations conducted by Bureau staff resulted in 468 arrests, 170 of those arrest were for health care fraud.
- 393 new cases were opened for investigation.
- By year-end, prosecutors had obtained 385 convictions in cases in which the Bureau was involved.
- The Bureau received 22,688 reports of suspected fraud during 2013, a decrease of approximately 5% from 2012.
- Of the fraud reports received, 13,198 reports were for suspected no-fault fraud, accounting for 58% of all fraud reports.

- Investigations conducted by the Bureau led to the de-authorization of 18 doctors and other health care providers from billing insurance carriers under New York’s no-fault law.

Background

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 these frauds. The Bureau is headquartered in New York City, with six additional offices across the State in Mineola, Albany, Syracuse, Oneonta, Rochester and Buffalo.

Operations and Activities

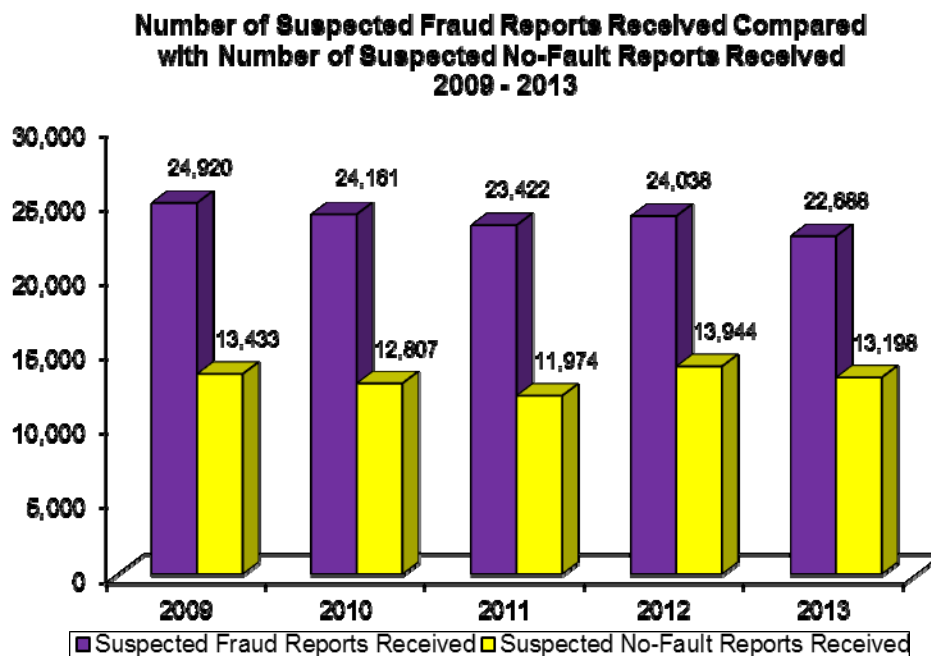
Reports of Suspected Fraud/Investigations

The Bureau received 22,688 reports of suspected fraud in 2013. The vast majority of those reports — 22,127 — were from licensees required to submit such reports to the Department and the remaining reports were from other sources, such as consumers and anonymous tips. The Bureau opened 393 new cases for investigation during the past year. Tables showing the number of fraud reports received, investigations opened, and arrests by type of fraud appear in the Appendices.

During 2013, the Bureau referred 237 cases to prosecutorial agencies for criminal prosecution. Prosecutors obtained 385 convictions in Bureau cases.

No-Fault Fraud Reports and Investigation

The number of suspected no-fault fraud reports received by the Bureau decreased by approximately 5% from 2012 to 2013. However, suspected no-fault fraud reports accounted for 58% of all fraud reports received by the Bureau in 2013.



Combating no-fault fraud is one of the Department’s highest priorities. Deceptive health care providers and medical mills that bill insurance companies under New York’s no-fault system cost New York

drivers hundreds of millions of dollars. In 2013, the Department's investigations led to the ban of 18 doctors and other health care providers from billing insurance companies under the no-fault system. The Department maintained its aggressive approach to combating this fraud throughout the year with investigations that are currently ongoing.

Web-Based Case Management System

Insurers are required by New York Insurance Law § 405 to report suspected fraud to the Department. The Department's Web-based Case Management System, known as the Fraud Case Management System or FCMS, allows insurers to submit reports of suspected fraud electronically. In 2013, approximately 95% of the 22,688 fraud reports received by the Bureau were transmitted electronically and received remotely from insurers. Insurers have access to FCMS through the Department's portal using secure accounts.

The benefits of FCMS to insurers include automatic acknowledgment of receipt of fraud reports and notification of case assignments and eventual case disposition. Insurers also benefit from on-line help screens and an on-line operations manual, as well as search and cross-reference features. Department staff members regularly monitor the system and make improvements and changes as necessary.

Arrests

Insurance Frauds Bureau investigations led to 468 arrests for insurance fraud and related crimes during 2013.

Civil Enforcement, Restitution and Forfeitures

Section 403 of the New York Insurance Law authorizes the Department to levy civil penalties of up to \$5,000 plus the amount of the claim on individuals who commit fraudulent insurance acts. Section 2133 permits the Department to levy a civil fine of up to \$1,000 for possession of one fraudulent automobile insurance identification card and up to \$5,000 for each additional card.

Criminal investigations conducted by the Bureau resulted in \$28.9 million in court-ordered restitution in 2013, up from \$18 million in the prior year.

Multi-Agency Investigations

In 2013, the Bureau conducted numerous multi-agency investigations with the following:

- New York Police Department's (NYPD) Fraudulent Accident Investigation Squad (FAIS) and Auto Crime Division
- Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF)
- Fire Department of New York's (FDNY) Bureau of Fire Investigations
- Workers' Compensation Board's Office of the Fraud Inspector General
- State Insurance Fund
- District Attorney's Offices
- U.S. Attorney's Office
- New York State Attorney General's Office

- New York State Department of Motor Vehicles
- U.S. Postal Inspection Service
- Federal Bureau of Investigation (FBI)
- U.S. Department of Health and Human Services
- As well as various local law enforcement and many task forces and working groups of which the Bureau is a member.

Task Force/Working Group Participation

The Bureau is an active participant in thirteen task forces and working groups designed to foster cooperation among the many agencies involved in fighting insurance fraud. Participation provides the opportunity for intelligence gathering, joint investigations, information sharing and effective use of state resources. Among the groups in which Bureau staff participated during the past year are the following:

- Western New York Health Care Fraud Task Force
- Central New York Health Care Fraud Working Group
- Monroe County Auto Crime Task Force
- FBI New York Health Care Fraud Task Force
- New York Anti-Car Theft and Fraud Association
- National Insurance Crime Bureau Working Group
- Motor Vehicle Theft and Insurance Fraud Prevention Board (DCJS)
- High Intensity Drug Trafficking Area (HIDTA)
- High Intensity Financial Crimes Area (HIFCA)
- New York State Banking Department Mortgage Fraud Working Group
- Medicare Fraud Strike Force
- Drug Enforcement Administration Tactical Diversion Task Force (Upstate/Downstate)
- Suffolk County District Attorney's Office Insurance Crime Bureau
- ACA Marketplace, Law Enforcement Information Sharing Working Group

2013 Highlights from Task Force Participation:

- A joint undercover investigation with the FBI's New York Health Care Fraud Task Force led to the arrest of the pharmacy owner for fraudulent billing. The undercover investigators filled legitimate prescriptions at the pharmacies and the owner then used the undercovers' personal medical information to bill Medicare, Medicaid, and private insurers for more fraudulent prescriptions. The amount of the fraud is estimated at close to \$1 million.
- The Bureau's work within the DEA Tactical Diversion Task Force helped to secure 66 Task Force arrests. This Task Force investigates organized drug diversion schemes, patients who

simultaneously see multiple doctors to acquire numerous prescriptions for controlled substances, and the forgery of such prescriptions.

Collection of Rate Evasion Data

The Department collected data from insurers that write personal lines insurance showing the number of instances in which individuals misrepresented the principal location where their vehicles were garaged and/or driven in order to obtain lower premiums in 2013. A summary of the data appears in the Appendices under the Section titled “2013 Data Call: Vehicle Principal Location Misrepresentations.”

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. Additionally, licensed health maintenance organizations with at least 60,000 enrollees must submit a Fraud Prevention Plan. The Plan must provide for a full-time Special Investigations Unit (SIU), as well as specific staffing levels within the SIU. All Fraud Prevention Plans must include 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.
- The rationale for the level of staffing and 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.
- 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 the Department as of December 31, 2013 appears in the Appendices.

Investigation of Life Settlement Fraud and Review of Fraud Prevention Plans

A life settlement is the sale of a life insurance policy to a third party — the life settlement provider. The owner of the life insurance policy sells the policy for an immediate cash benefit. The life settlement provider becomes the new owner of the life insurance policy, pays future premiums, and collects the death benefit when the insured dies.

The Life Settlement Act, signed into law in 2009, marks the first time the life settlement industry has been regulated in New York. It provides a comprehensive framework for the Department to regulate the life settlement business, including providing enhanced consumer protections. The law also creates new crimes of life settlement fraud and aggravated life settlement fraud. The Bureau collaborates with industry and law enforcement in the investigation and prevention of life settlement fraud.

Life settlement providers must submit Fraud Prevention Plans with their licensing applications describing the provider's experience, performance and cost effectiveness in implementing its Plan. There were 32 licensed life settlement providers in New York as of December 31, 2013. A complete list of licensed life settlement providers with approved Plans on file appears in the Appendices.

Major Insurance Fraud Cases During 2013

- **Two Defendants ordered to pay \$1.4 million in restitution for staged auto accident.** Two defendants were arrested for participating in an insurance and health care fraud scheme and were sentenced after pleading guilty to conspiracy to commit mail and health care fraud. One defendant reported that he was injured during a staged accident in which he was not a passenger at the time of impact. He sought medical treatment for nonexistent or unrelated injuries and his medical bills were paid by Progressive Insurance Company. In addition, he filed a civil lawsuit seeking damages for injuries purportedly sustained in the accident and received a payment of \$682,297 from Old Republic, the rental truck's insurer. He was sentenced to 30 months in prison. The second defendant claimed to have been driving the van and she falsely reported injuries and filed insurance claims as well as no-fault and disability benefits. Progressive Insurance Company paid her medical claims and Mutual of Omaha paid out \$108,000 on a disability policy. The woman also filed a lawsuit for purported injuries and received a \$30,000 settlement. She was sentenced to 27 months in prison and will serve three years of supervision following her release. This was a joint investigation with the FBI and the U.S. Attorney's Office for the Northern District of New York.
- **Queens man arrested for an identity theft scheme that defrauded four banks out of \$110,000.** The Bureau uncovered evidence that a Queens man used his knowledge of computers, the Internet and financial institution procedures to carry out an elaborate plot that resulted in substantial losses to four banks. The investigation revealed that the suspect had opened bank accounts in the names of individuals and corporations whose identities he had stolen. He then wrote checks to other accounts under his control and withdrew the funds prior to discovery of the fraud. Bank surveillance cameras that captured him making ATM and teller withdrawals led investigators to the suspect and resulted in his arrest. He netted \$101,000 in the scheme. The Bureau initiated the investigation based on information developed by the High Intensity Drug Trafficking Area (HIDTA) Program, of which the Bureau is a member.
- **Nine suspects and a Queens medical clinic indicted for a no-fault scheme that defrauded insurance companies of more than \$150,000.** Seven indictments charge that five of the suspects who had been in minor auto accidents received cash payments from two "runners" who coached them on how to fabricate and exaggerate their injuries and steered them to the clinic where they received unnecessary medical treatment. The clinic's receptionist and its manager, who was accused of paying the runners for finding the patients, were also charged. The joint investigation with the Queens District Attorney's Office and the NYPD's FAIS included physical surveillance, court-authorized electronic eavesdropping and intelligence information.
- **The manager of a health clinic was ordered to pay \$871,846 in restitution and to forfeit \$52,000 for his participation in billing scams.** He was among 24 suspects arrested in 2011 and charged with participating in billing scams that defrauded private insurers, Medicare and Medicaid of millions of dollars. He was sentenced to time served, plus three years supervised release. The man and other clinic managers had recruited and paid corrupt medical practitioners to work at the clinics and supervised fraudulent billing to no-fault insurers for medical treatment

that was not provided or was unnecessary. He also coached patients on how to describe their purported injuries if questioned by insurers. In 2012, he pleaded guilty in federal court to conspiracy to commit health care fraud and mail fraud. This was a joint investigation with the Office of the U.S. Attorney for the Southern District of New York, the FBI, the NYPD and the U.S. Department of Health and Human Services.

- **Eight suspects were arrested and charged with mail fraud and conspiracy to commit mail fraud as a result of their participation in a staged-accident scheme that defrauded multiple insurance companies of more than \$1 million.** From March 2009 to July 2011, the defendants rented U-Haul vehicles and, with co-conspirators as passengers, intentionally either struck or were struck by vehicles driven and occupied by other co-conspirators. The defendants then sought medical treatment for their purported injuries. They later filed claims with U-Haul's insurer, Republic Western Insurance Company, and other insurers and received more than \$1 million in payments for treatment of nonexistent injuries. This was a joint investigation with the Office of the U.S. Attorney for the Eastern District of New York, the U.S. Postal Inspection Service and the NYPD.
- **Three defendants were arrested and charged with conspiracy to commit arson and insurance fraud for a profit of \$50,000.** The Otsego County 911 center received a report of a possible structure fire in the hamlet of Hartwick. The Hartwick Fire Department responded to the scene and immediately called for assistance from several nearby fire departments. The subsequent investigation revealed that the three defendants had acted in concert to burn down one of their homes in order to collect a \$50,000 insurance payout. They face up to 15 years in prison on the arson charge and an additional 15 years for insurance fraud. This was joint investigation with the Otsego County Sheriff's Office and the Otsego County Office of Emergency Services.
- **Upstate resident ordered to pay \$117,580 in restitution for worker's compensation fraud.** An upstate resident who was arrested in February 2013 pled guilty to insurance fraud in October and was sentenced in January 2014 to six months in jail, five years' probation and ordered to pay \$117,580 in restitution. He had applied for workers' compensation benefits and represented to Greater New York Mutual Insurance Company that he was not working, however, evidence revealed that he, in fact, was employed and working while fraudulently collecting \$117,580 in benefits. This was a joint investigation with the Workers' Compensation Board's Office of the Fraud Inspector General.
- **Three suspects were arrested for their alleged involvement in a scheme to rent late-model cars at local airports and then sell them using phony ID and credit card information.** The scheme came to light during a drug trafficking investigation in Suffolk County. Two of the defendants rented the cars using fake credit cards and driver's licenses produced by the third defendant. The trio secured valid credit card information from a local retail store and paid \$2 to \$3 each for valid credit cards from an overseas website. An undercover detective paid approximately \$22,500 for eight vehicles, a fraction of their \$245,000 Blue Book value. Two additional vehicles were seized during the execution of a search warrant. A separate search warrant uncovered 150 fake Visa, American Express and other credit cards. This was a joint investigation with the Suffolk County District Attorney's Office.
- **Defendant convicted of murdering son after investigation uncovers defendant took out a life insurance policy on the victim.** A man was sentenced in Seneca County to 15 years to life

following a guilty plea in the 2008 murder of his 23-year-old son. In 2008, the police responded to a 911 call from the defendant's wife and found the son lying motionless under a jacked up truck that the father said his son had been working on. The Sheriff's Office reported there were no indications of foul play and the incident appeared to be an accident. In 2012, however, information came to light that a substantial life insurance policy had been taken out on the victim days before his death naming the defendant as the sole beneficiary. Other evidence surfaced that suggested that the defendant took actions that caused the truck to fall off the jack, pinning the victim underneath. This was a joint investigation by the Seneca County Sheriff's Office, the State Police Violent Crime Investigation Team and the Seneca County District Attorney's Office.

- **18 suspects were arrested and charged with corruption for stealing and attempting to sell 48 luxury vehicles valued at approximately \$2.4 million.** The defendants are accused of stealing and then "tagging" the cars –changing the vehicle identification numbers (VINS) and registering them with "washed" titles – and then using "brokers" to sell them. They also allegedly took orders for certain makes and models to be stolen. The indictments allege that each member of the ring had a specialized role in the operation, including "thieves" who stole the cars and fed them to the brokers; "taggers" who supplied "packages" that included VIN stickers and license plates; "brokers" who obtained cars from the thieves and sold them on the black market; "title washers" who provided forged titles; and "black market dealers" who sold the tagged and washed cars. Nine defendants charged with enterprise corruption face up to 25 years in prison and the others face sentences of between 7 and 15 years. This was a sweeping 18-month joint investigation with the Department of Motor Vehicles, the NYPD's Auto Crime Division and the Queens District Attorney's Organized Crime and Rackets Bureau.

MOBILE COMMAND CENTER (MCC)

The MCC is a state-of-the-art vehicle equipped with the latest in computer and communications technology, including broadband and broadcast satellite, as well as police and ham radio communications.

Storm Sandy Deployments

During 2013, the Department staffed the MCC at 160 sites across the State to provide continued assistance to homeowners, renters and business owners impacted by the storm. DFS representatives provided assistance with insurance-related issues from damage caused by the storm and helped residents apply for federal recovery aid.

Other Deployments

DFS deployed the MCC to assist homeowners and businesses affected by the late-spring/early-summer flooding in the Mohawk Valley region. The Department assisted consumers at 21 sites in the region to contact insurers if consumers had been unable to do so and to answer insurance coverage questions.

In addition, the MCC was deployed to 15 sites statewide during 2013 to provide hands-on advice and foreclosure-prevention assistance to New York families struggling to save their homes.

Operations and Activities

CAU staff responsibilities include handling consumer complaints against regulated or licensed insurance companies and financial institutions under the supervision of DFS, disseminating information and responding to consumer inquiries, and mediating and resolving disputes that consumers would otherwise be unable to resolve on their own. CAU also acts as industry watchdog, promoting industry accountability by working closely with insurance companies and financial institutions to investigate and help correct patterns of consumer abuse and fraud.

The Department's New York Complaint Information System (NYCIS), serves as CAU's work flow engine. NYCIS not only allows staff to manage their files but also enhances consumer protection efforts by allowing staff to more easily identify potential problems and trends. By utilizing customized reports, CAU may assist in large scale investigations when collecting documents and reviewing past complaints. The recently implemented full text functionality is particularly useful when there is a need to research previous issues.

Among the improvements already implemented or currently in the process of being implemented are the following:

- **Complaint Resolution:** The CAU provides a hands-on approach to consumer issues through informal mediation and negotiation. When possible, CAU attempts to resolve issues that extend beyond strict violations of law to the satisfaction of all parties. With the addition of Consumer Representatives to our staff, CAU is able to mediate complaints in greater numbers and more efficiently, and to provide an enhanced consumer experience.
- **Consolidation of Complaint System:** Using our enhanced complaint system, CAU staff can quickly track various types of financial complaints and identify trends. Once a systemic trend or issue is identified, it is elevated to the Civil Investigations Unit to review and decide if a more complex review of the issue is needed, with the ultimate goal of benefiting a broad class of consumers.
- **Complaint Triage:** Improvement of processes for triaging complaints and reevaluation of staff assignments have enabled CAU to route complaints more quickly and use resources and staff more efficiently depending on the level of complexity of the issues.
- **Consolidated Call Center (CCC):** To promote efficiencies, DFS integrated its call center function with that of the Department of Tax and Finance (DTF). DFS staff works with the CCC to provide updates and new information to assist callers. The call center operates 8:30 - 4:30 Monday through Friday, with extended coverage during disasters.
- **Consumer Assistance on "Gap" Products:** The FSL gave the FFCPD authority to handle additional "gap" complaints involving unregulated financial products and service providers, such as payday loans (illegal in New York), debt collectors, prepaid debit cards, financial products offered by retailers, student loans, and debt settlement complaints, among others. CAU is effectively working on training staff to handle such gap complaints, and is developing new procedures to ensure that these new complaints are processed and mediated expeditiously. FFCPD has hired and will be recruiting and training additional DFS Consumer Representatives to work on these complaints.

Complaints and Inquiries

Insurance Complaints

CAU received 37,842 insurance complaints in 2013. The Unit processed 23,563 insurance complaints, and handled 1,490 insurance inquiries. Insurance complaints were closed as follows: 5,525 were upheld and/or transferred for prompt pay review; 3,056 were not upheld but adjusted; 7,834 were not upheld; and 7,148 were referrals, duplicates, withdrawn or suspended.

For approximately 29% of the closed files, the Unit successfully recovered monetary value for the consumer in the form of increased claim payment, reinstatement of lapsed coverage, payment for denied medical claims, or coverage of disaster-related claims that previously had been denied.

The specific breakdown is as follows:

Type	# of Complaints	Recovery
Property & Casualty	1,225	\$19,644,843
Service Contracts	12	14,326
No-Fault	539	1,252,724
Health	713	4,206,433
Auto	446	3,699,936
Investigations	53	630,382
Life	43	3,064,054
Prompt Pay	3,814	15,340,524
Total	6,845	\$47,853,223

During 2013, CAU also required insurance companies to offer reinstatement to 20 policyholders as a result of CAU's discovery that the same insurer errors involved in individual cases had been made in numerous instances with respect to consumers who had not filed complaints.

Banking Complaints, Referrals and Inquiries (Non-Mortgage Related)

In 2013, the CAU processed an aggregate volume of 818 non-mortgage related complaints, referrals and inquiries, representing a 45% decrease from 2012.¹ A breakdown is set out below:

¹ This number reflects closed cases. Past practice was to refer out and simultaneously close a high number of non-mortgage related complaints. At present CAU is not referring out these cases in such high volume and, instead, is working the files. Accordingly, these complaints are not being closed as rapidly as in the past.

	12/31/2013	12/31/2012	Change %
Complaints	547	438	24.89
Referrals	179	991	-81.94
Written Inquiries	92	50	84
Aggregate Volume	818	1,479	-44.69
Phone Inquiries	31,937	63,395	-49.62

External Appeals

Under Article 49 of the Insurance Law, consumers have the right to request a review of certain coverage denials by medical professionals who are independent of the health care plan issuing the denial. An external appeal can be requested when a health plan denies insurance coverage because it deems specific health care services to be experimental or investigational, not medically necessary, for treatment of a rare disease or for participation in a clinical trial. Additionally, consumers covered by an HMO may file for an external appeal when their requests for out-of-network exceptions are denied and the HMO offers an alternate in-network treatment.

CAU screens the appeals applications for completeness and eligibility. Eligible applications are randomly assigned to one of three external appeal agents screening for conflicts of interest. Once assigned, the Department monitors to insure a timely decision is rendered by the External Appeal Agent and that proper notice of the decision is provided.

This table summarizes appeals received and appeals closed for 2013 and the preceding five years:

Summary of External Appeal Applications Received by Year						
Year	Received	Closed	Ineligible	Voluntary Reversal	Denial Upheld	Overtured*
2008	3920	3926	1566	325	1145	890
2009	4260	4166	1783	350	1218	815
2010	4955	4600	1869	361	1430	940
2011	5469	5416	1754	362	2117	1183
2012	5796	5753	1874	360	2427	1092
2013	7868	7725	2734	483	2987	1521

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

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

External Appeal Determinations by Type of Appeal in 2013				
Type of Denial	Total	Overtured	Overtured in Part	Upheld
Medical Necessity	4344	1221	234	2889
Experimental/Investigational	161	64	0	97
Clinical Trial	2	2	0	0
Out-of-Network	1	0	0	1
Rare Disease	0	0	0	0
Total	4508	1287 (29%)	234 (5%)	2987 (66%)

Outreach and Response Efforts in 2013

Storm Sandy Response: The CAU received 2,980 complaints related to Storm Sandy disaster insurance issues. Many of the complaints concerned delays in property inspections by adjusters, delays in claims payments, and disputes over settlement amounts. CAU has closed over 2,485 files; of those, CAU assisted 842 consumers to recover a total of \$13.6 million.

Department's Insurance Emergency Operations Center (IEOC): The IEOC is a joint operation staffed by insurance company representatives and Department professionals at the Department's offices in New York City and Albany. The IEOC facilitates the exchange of information between the Department and insurance companies, and expedites insurers' handling of consumer complaints so that claims could be processed more rapidly. Consumer Assistance staff are critical to the success of the IEOC in 2013.

Department's Rapid Response Team (RRT) initiative: RRTs are two-person teams consisting of a property insurance expert and an insurance fraud investigator (NYS peace officer) in DFS vehicles marked with official DFS decals. With the goal of resolving disputes quickly, these teams go into the field to respond to insurance inquiries from homeowners and businesses or investigate issues that may benefit from an in-person visit. RRT staff also traveled to hard-hit communities to talk to residents and gather information on emerging insurance problems.

PRODUCER LICENSING

The Producer Licensing Unit reviews applications, issues licenses and processes renewals for insurance companies as well as licensed producers, including agents, brokers, adjusters, bail bond agents, life settlement brokers, providers and intermediaries. In 2013, the Producer Licensing Unit issued 168,774 licenses, and collected over \$18.9 million in fees. The Producer Licensing Unit also monitors, approves and audits courses, instructors and providers for education and continuing education.

CONSUMER EXAMINATIONS

Background

The mission of the Consumer Examination Unit (CEU) is to maintain and enhance consumer confidence in New York's banking system by ensuring that regulated institutions abide by the State's consumer protection, Fair Lending and Community Reinvestment Act (CRA) regulations; increase consumer access to traditional banking services in under-served communities by effectively administering the Department's Banking Development District program and other community development initiatives; and harmonize the examination and enforcement activities with those of the Department's federal counterparts.

Operations and Activities

Consumer Compliance Examinations

CEU's consumer compliance examinations promote consumer confidence in DFS-regulated depository institutions by monitoring institutions' compliance with consumer protection statutes and regulations through biennial onsite compliance examinations. Although consumer compliance examinations are not required by statute, performing periodic consumer compliance reviews positively impacts both the strength of regulated financial institutions and the financial well-being of consumers.

Approaches:

- Conduct intensive on-site consumer compliance examinations of regulated institutions.
- Improve compliance by identifying deviations from bank policy and/or industry "best practices" during the examination process.
- Create written, value-added examination findings that will help bank management implement strong compliance procedures.
- Ensure that examiners are trained not only to identify routine compliance issues but also to anticipate and detect new risks that surface as emerging technologies and products are adopted.

In 2013, CEU conducted 12 consumer compliance exams. CEU enhanced its examination procedures to add a focus on elder financial abuse and consumer protection. The examinations revealed that several depository institutions were subject to regulatory risk resulting from their failure to develop policies and procedures that covered all relevant New York State laws, regulations and supervisory procedures. These examinations also uncovered objectionable practices in regard to loan servicing, basic banking disclosures and bank account service charges. CEU is following through with the institutions to address the objectionable practices.

Fair Lending Examinations

The Department seeks to ensure that consumers who borrow money from DFS-regulated institutions are treated fairly and equitably in all aspects of the credit application, underwriting and servicing processes. The fair lending examination process includes onsite 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 formal Fair Lending plans. The subject

areas of these examinations extend to predatory lending, reviewing sub-prime loans for appropriateness, and supporting mortgage fraud investigations. Although fair lending examinations, like consumer compliance examinations, are not statutorily required, performing these examinations helps to identify and correct potentially discriminatory lending and ensures consumers that the Department is committed to protecting them against discriminatory lending practices, as outlined in Executive Law § 296-a. The Department accordingly undertakes a diligent and strenuous examination process.

Approaches:

- Initiate fair lending examinations of mortgage brokers to address the risks inherent in a segment of the industry that presents unique and potentially problematic fair lending risks. The need for these examinations is underscored by mortgage brokers' increasing role in the market as more and more banks exit the one-to-four family mortgage lending business.
- Coordinate with and perform examinations to ensure that all DFS-regulated lenders are held to the same fair lending standards and expectations.
- Conduct advanced analyses to determine the relationship between exotic mortgage products and economic factors that lead to foreclosures.

In 2013, CEU conducted 19 fair lending exams including 12 depository institutions and 7 non-depository institutions. The 7 non-depository examinations focused on automobile finance and retail sales finance companies. CEU also reviewed approximately 90 fair lending plans, and developed a process to examine for discrimination against people in same-sex marriages. The unit required all depository and non-depository institutions to develop a tracking mechanism to indicate the military status of their consumers. In addition, CEU concluded an examination from a previous year with significant restitution for customers where the company's practices were inconsistent with the terms contained in its loan contracts.

CRA Examinations

CRA examinations seek to ensure that regulated institutions are providing loans, investments and services to support the economic stability, growth and/or revitalization of the communities they serve, particularly in low-and moderate-income (LMI) neighborhoods. CRA examinations further seek to ensure that borrowers and businesses at all income levels have access to appropriate financial resources at a reasonable cost without straying beyond the bounds of safe and sound banking practices.

Through CRA examinations, CEU enforces New York State's CRA regulations (Part 76 of the General Regulations of the Superintendent). Through intensive on-site examinations, CEU supports banks' efforts to comply with Part 76, and issues examination ratings and reports that must be shared with the public.

Approaches:

- Conduct on-site examinations of financial institutions' CRA performance.
- Identify and incorporate community needs and market data, including information on distressed multifamily buildings and pre-foreclosure filings, to assess the performance of financial institutions in meeting community credit needs.

- Develop examiners’ subject matter expertise to ensure that field staff can make nuanced but critical distinctions between poor CRA performance and performance that can be reasonably explained by local economic conditions and/or competitive pressures (i.e., so called “performance context issues”).
- Generate high quality examination reports that assign appropriate ratings, provide solid support for the examiners’ conclusions, treat comparable institutions in a manner that is consistent and defensible before bank management, consumer advocacy groups and other outside parties, including other banks.

In 2013, the Consumer Examination Unit conducted 29 CRA exams. This year the CRA examinations added a section on community development lending to owners of multifamily affordable housing intended to ensure that lending to distressed or overleveraged multifamily buildings does not receive CRA credit if the lending undermines community conditions. CEU partnered with the Federal Deposit Insurance Corporation and the Federal Reserve Bank of New York to adopt new examination procedures focused on multifamily community development lending. In addition, DFS issued an industry letter clarifying CRA eligibility for disaster recovery efforts and announcing special consideration for financial institutions that partnered with New York Rising’s Community Reconstruction Program.

Consumer Examinations Summary

The Consumer Examinations Unit is responsible for performing consumer compliance, fair lending and Community Reinvestment Act examinations. In 2013, the unit conducted 12 consumer compliance, 19 fair lending and 29 CRA exams.

Type of Exam	2013	Scheduled in 2014
Consumer Compliance	12	15
Fair Lending (FL)	19	27
FL Depositories	12	15
FL Non-depositories	7	12
CRA	29	34

Slumlord Prevention Guidelines

The Department addressed the rise in the number of affordable multifamily properties now considered in physical and/or financial distress by issuing new Slumlord Prevention Guidelines to help protect tenants, strengthen communities, and promote sustainable, long-term investments in rental housing.

The guidelines issued in September 2013 include new CRA examination rules to incentivize banks to lend to landlords who are committed to the long-term health of a community — instead of slumlords who let buildings fall into disrepair. Under the guidelines, CRA examinations will be used to review such issues as whether a bank has met its responsibility to ensure that loans contributes to — and do not undermine — the availability of affordable housing or neighborhood conditions.

Community Development

Another objective of the Department is to facilitate the development and/or preservation of banking services in under-banked or LMI neighborhoods. To realize that goal, the Community Development Unit (CDU) researches and analyzes community demographic information to ascertain the financial needs of consumers, reviews the potential community impact of merger applications, bank applications and related matters and administers the Banking Development District (BDD) Program. In addition, CDU leads the Department's community outreach efforts, and fosters working relationships with community groups, financial institutions, municipal governments and agencies, and other regulatory agencies to ensure that residents, businesses and communities throughout New York State have access to the banking information, products and services they need.

Approaches:

- Conduct research on community needs and banking services to inform the bank application process.
- Contribute to the development of regulatory, policy and programmatic initiatives that involve consumer-related concerns, affect LMI areas in the State, or both.
- Engage banks and community groups on select issues facing consumers and LMI communities, such as efforts to assist consumers avoid foreclosures and Storm Sandy recovery efforts.
- Implement changes to the BDD Program identified through the 10 Year Report process and through internal discussions to improve the effectiveness and impact of the program on underbanked communities.
- Continue building on the successes of the BDD program and work to strengthen the program. Continue administering Annual BDD Reports and document the impact of BDDs on their communities.

Applications Processing

In 2013, CDU processed 95 branch applications of the following types: closings (27); branch openings – electronic facilities (11); branch openings (33); and relocations (1). In addition, the branch processed 4 specialized applications as follows: conversions (3); and mergers (1). Lastly, CDU issued 19 approval memos for Public Welfare Investment projects.

BDD Applications

CDU reviewed 17 BDD Request for Renewal of Deposit Applications, as well as the recommendations for renewal of deposits resulting from said reviews. The reviews resulted in 16 recommendations for renewal with no reservations, and 1 recommendation for renewal with six month probation. The CDU also reviewed one progress report for a BDD branch which has an initial deposit for a 4 year term.

Community Outreach

CDU worked with New York State Homes and Community Renewal (HCR)'s Tenant Protection Unit on strategies to increase monitoring of unscrupulous landlords and continued to participate in the At-Risk Multifamily Building Data Sharing Initiative with NYC Housing Preservation and Development. In 2013, CDU also partnered with HCR's Disaster Recovery efforts to host multiple meetings of banks

and community development organizations to encourage financial institutions to partner in storm rebuilding efforts.

CRA Quarterly Mailings

CDU completed four quarterly electronic mailings to over 100 community groups across the State.

HOLOCAUST CLAIMS PROCESSING OFFICE (HCPO)

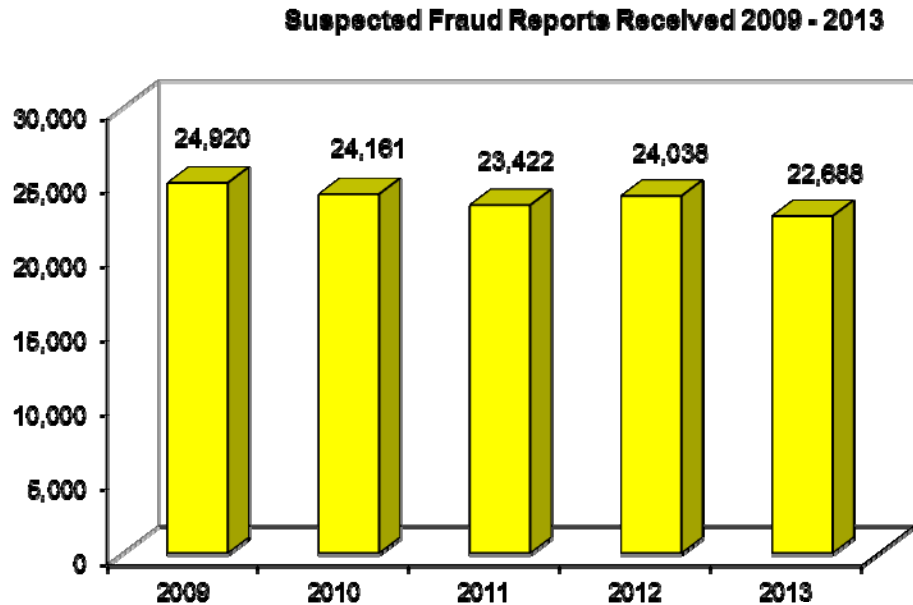
The Holocaust Claims Processing Office helps Holocaust victims and their heirs recover assets deposited in banks, unpaid proceeds of insurance policies issued by European insurers, and artworks that were lost, looted or sold under duress. The HCPO accepts claims for Holocaust-era looted assets from anywhere in the world and charges no fees for its services. From its inception through December 2013, HCPO has responded to more than 13,000 inquiries and received claims from 5,008 individuals from 45 states, the District of Columbia and 39 countries. In 2013, the combined total of offers extended to HCPO claimants for bank, insurance and other asset losses is \$3,331,785. The combined total of offers extended to HCPO claimants for bank, insurance, and other asset losses amounts to \$166,655,154 and a total of 79 cultural objects have been restituted.

As required by Section 37-a of the Banking Law, HCPO submitted its [2013 Annual Report](#) to the Governor and Legislature on January 15, 2014. The report is available on the Department's website.

APPENDICES – 2013 STATISTICS

The FFCPD received 22,688 reports of suspected fraud in 2013, compared with 24,038 in 2012, a decrease of approximately 5%.

Number of Suspected Fraud Reports Received



Information Furnished By (IFB) Reports Received by Year

IFBs Received by Year	2009	2010	2011	2012	2013
Boat Theft	6	5	5	4	0
Auto Theft	1,429	1,084	922	877	751
Theft From Auto	34	33	28	23	29
Auto Vandalism	248	205	350	290	239
Auto Collision Damage	1,318	1,654	2,213	1,931	1,812
Auto Fraudulent Bills	114	98	114	37	80
Auto Miscellaneous	1,388	1,938	1,268	1,376	1,271
Auto I.D. Cards	5	11	9	13	11
Total - Auto	4,542	5,028	4,909	4,551	4,193
Workers' Compensation	1,486	1,352	1,584	1,255	1,014
Total - Workers' Comp	1,486	1,352	1,584	1,255	1,014
Disability Insurance	242	193	144	142	182
Health Accident Insurance	1,488	1,625	1,915	1,389	1,163
No-Fault Insurance	13,433	12,807	11,974	13,944	13,198
Total - Medical/No-Fault	15,163	14,625	14,033	15,475	14,543
Boat Fire	2	1	4	1	0

Auto Fire	399	278	243	186	185
Fire – Residential	213	170	149	120	89
Fire – Commercial	40	40	34	29	21
Total - Arson	654	489	430	336	295
Burglary - Residential	504	362	380	278	254
Burglary - Commercial	127	176	82	60	45
Homeowners	889	1,038	823	997	1,068
Larceny	45	33	36	65	79
Lost Property	154	108	219	108	109
Robbery	15	24	22	9	14
Bonds	9	15	6	6	9
Life Insurance	392	378	407	381	397
Ocean Marine Insurance	13	9	10	6	18
Reinsurance	2	0	1	0	0
Appraisers/Adjusters	5	8	11	5	5
Agents	69	50	55	30	56
Brokers	106	100	50	40	45
Ins. Company Employees	5	3	3	0	4
Insurance Companies	27	23	42	69	62
Title/Mortgage	326	208	143	73	38
Commercial Damage	85	70	81	68	103
Unclassified	302	62	95	226	337
Total - General	3,075	2,667	2,466	2,421	2,643

Total IFBs Received	2009	2010	2011	2012	2013
Auto Unit Totals	4,542	5,028	4,909	4,551	4,193
Workers Comp Unit Totals	1,486	1,352	1,584	1,255	1,014
Medical/No-Fault Unit Totals	15,163	14,625	14,033	15,475	14,543
Arson Unit Totals	654	489	430	336	295
General Totals	3,075	2,667	2,466	2,421	2,643
Grand Total	24,920	24,161	23,422	24,038	22,688

Cases Opened by Year	2009	2010	2011	2012	2013
Boat Theft	2	3	0	2	0
Auto Theft	152	119	96	70	55
Theft From Auto	3	1	1	0	0
Auto Vandalism	19	14	9	6	3
Auto Collision Damage	66	63	65	38	25
Auto Fraudulent Bills	11	5	5	3	2
Auto Miscellaneous	85	61	39	25	16

Auto I.D. Cards	0	3	1	0	0
Total - Auto	338	269	216	144	101
Workers' Compensation	717	537	1,042	467	98
Total - Workers' Comp	717	537	1,042	467	98
Disability Insurance	35	18	13	3	2
Health Accident Insurance	98	80	72	41	32
No-Fault Insurance	101	72	88	44	22
Total - Medical/No-Fault	234	170	173	88	56
Boat Fire	2	0	1	0	0
Auto Fire	69	59	48	35	14
Fire – Residential	53	28	19	11	8
Fire – Commercial	12	12	12	6	6
Total - Arson	136	99	80	52	28
Burglary – Residential	15	15	12	11	1
Burglary – Commercial	6	5	2	1	1
Homeowners	52	25	22	9	6
Larceny	9	13	8	13	14
Lost Property	3	4	1	2	0
Robbery	1	0	1	0	0
Bonds	3	4	2	3	5
Life Insurance	26	9	13	9	11
Ocean Marine Insurance	4	1	1	0	1
Reinsurance	0	0	0	0	0
Appraisers/Adjusters	2	2	2	1	2
Agents	28	18	12	4	9
Brokers	42	15	17	7	8
Ins. Company Employees	3	1	1	0	0
Insurance Companies	9	9	10	1	0
Title/Mortgage	18	21	8	4	2
Commercial Damage	8	7	6	4	2
Miscellaneous	53	12	38	21	48
Total - General	282	161	156	90	110
Grand Total	1,707	1,236	1,667	841	393

Cases Opened by Year	2009	2010	2011	2012	2013
Auto Unit Totals	338	269	216	144	101
Workers Comp Unit Totals	717	537	1,042	467	98
Medical/No-Fault Unit	234	170	173	88	56
Arson Unit Totals	136	99	80	52	28
General Unit Totals	282	161	156	90	110
Total	1,707	1,236	1,667	841	393

2009	IFBs	Cases	Arrests
Auto Unit Total	4,542	338	219
Workers' Comp Unit Total	1,486	717	184
Medical/No-Fault Total	15,163	234	157
Arson Unit Total	654	136	68
General Unit Total	3,075	282	110
Grand Total	24,920	1,707	738

2010	IFBs	Cases	Arrests
Auto Unit Total	5,028	269	252
Workers' Comp Unit Total	1,352	537	119
Medical/No-Fault Unit Total	14,625	170	159
Arson Unit Total	489	99	56
General Unit Total	2667	161	82
Grand Total	24,161	1,236	668

2011	IFBs	Cases	Arrests
Auto Unit Total	4,909	216	225
Workers' Comp Unit Total	1,584	1,042	148
Medical/No-Fault Unit Total	14,033	173	210
Arson Unit Total	430	80	43
General Unit Total	2,466	156	77
Grand Total	23,422	1,667	703

2012	IFBs	Cases	Arrests
Auto Unit Total	4,551	144	164
Workers' Comp Unit Total	1,255	467	99
Medical/No-Fault Unit Total	15,475	88	195
Arson Unit Total	336	52	28
General Unit Total	2,421	90	109
Grand Total	24,038	841	595

2013	IFBs	Cases	Arrests
Auto Unit Total	4,193	101	97
Workers' Comp Unit Total	1,014	98	85
Medical/No-Fault Unit Total	14,543	56	170
Arson Unit Total	295	28	17
General Unit Total	2,643	110	99
Grand Total	22,688	393	468

2013 DATA CALL: VEHICLE PRINCIPAL LOCATION MISREPRESENTATION

The 2013 Vehicle Principal Location Misrepresentation data call concerned misrepresentations by New York insureds of the principal place where their vehicles were garaged and/or driven.

Summary of Data Reported

- Approximately 8% 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 2013 was 14,528.
- The total amount of reported premium lost in 2013 as a result of New York insureds who misrepresented the principal place where their vehicles were garaged and/or driven was \$16,955,432.
- In 2013, 11,085 (76%) of the reported misrepresentations involved a location within New York State and 3,443 (24%) of the reported misrepresentations involved a location outside of New York State.

Misrepresentations Involving a New York State Location

- Total amount of reported premium lost in 2013 due to misrepresentations that involved a location (county) within New York State was \$14,750,855.
- Top reported New York counties where insureds actually garaged and/or drove their vehicles in 2013:

Kings	33.19%
Queens	20.26%
Bronx	14.86%
Nassau	6.21%
Suffolk	5.38%
New-York	5.07%
Westchester	3.51%
Monroe	1.61%
Erie	1.40%
Richmond	1.12%
Rockland	0.89%
Orange	0.87%
Onondaga	0.71%
Ulster	0.51%

- Top reported New York counties used by insureds to misrepresent where their vehicles were garaged and/or driven in 2013:

Suffolk	12.04%
Nassau	9.70%
Westchester	8.51%
Queens	6.83%
Orange	4.73%
New-York	4.33%
Albany	4.22%
Monroe	4.18%
Erie	3.39%
Kings	3.34%
Dutchess	3.23%
Sullivan	2.65%
Schenectady	2.61%
Broome	2.44%
Richmond	2.37%
Onondaga	2.27%
Rockland	2.21%
Bronx	2.13%
Ulster	1.72%
Oneida	1.65%
Greene	1.20%

Misrepresentations that Involved a Location Outside of New York State

- Total amount of reported premium lost in 2013 due to misrepresentations that involved a location outside of New York State was \$2,204,577.
- Top reported New York counties where the insureds actually garaged and/or drove their vehicles in 2013:

Kings	19.37%
Queens	12.90%
Suffolk	11.65%
New-York	10.89%
Nassau	9.09%
Bronx	7.55%
Westchester	4.68%
Richmond	3.57%
Erie	2.47%
Rockland	1.34%
Orange	1.31%
Monroe	1.22%
Dutchess	1.10%

- Top reported states used by insureds to misrepresent where vehicles were garaged and/or driven in 2013:

Florida	43.94%
Pennsylvania	14.78%
South Carolina	5.02%
Connecticut	5.00%
North Carolina	2.96%
Maryland	2.82%
New Jersey	2.76%
Georgia	2.53%
Arizona	2.27%
California	1.92%
Vermont	1.80%
Virginia	1.77%
Ohio	1.16%
Delaware	1.07%
Texas	1.05%

Approved Fraud Prevention Plans on File as of December 31, 2013 (136)

ACA Insurance Company	Farm Family Casualty Insurance Company
ACE USA Group of Companies	Farmers' New Century Insurance Company
Aetna Life Insurance Company	Fiduciary Insurance Company of America
AIG Companies	Firemans' Fund Insurance Company
Allstate Insurance Group	First Central National Life Insurance Company of New York
Allstate Life Insurance Company of New York	First Rehabilitation Life Insurance Company of America
Amalgamated Life Insurance Company	First Reliance Standard Life Insurance Company
American Commerce Insurance Company	Fort Dearborn Life Insurance Company of New York
American Family Life Assurance of New York	GEICO
American General Life Companies, LLC	Genworth Life Insurance Company of New York
American Medical and Life Insurance Company	Gerber Life Insurance Company
American Modern Insurance Group	Global Liberty Insurance Company of New York
American Progressive Life and Health of New York	GMAC Insurance
American Transit Insurance Company	Guard Insurance Group
Americhoice of New York, Inc.	Guardian Life Insurance Company of America
Ameritas Life Insurance Corp. of New York	Hanover Group
Amex Assurance Company	Harleysville Insurance Company
Amica Mutual Insurance Company	Hartford Fire and Casualty Group
AMTrust Financial Services Inc.	Hartford Life Insurance Company
Arch Insurance Company	Health Net
Assurant Group	HealthNow of New York Inc.
AutoOne Insurance Company	Hereford Insurance Company
Capital District Physicians' Health Plan	HM Life Insurance Company of New York
Central Mutual Insurance Company	IDS Property Casualty Insurance Company
Central States Indemnity Company of Omaha	Independent Health Association, Inc.
Centre Life Insurance Company	Infinity Property Casualty Company
Chubb Group of Insurance Companies	ING Insurance Company of North America
CIGNA Health Group	Interboro Insurance Company
Cincinnati Insurance Company	John Hancock Life Insurance Company of New York
CNA Insurance Companies	Kemper
Combined Life Insurance Company of New York	Lancer Insurance Company
Countryway Insurance Company	Liberty Life Assurance Company of Boston
Country-Wide Insurance Company	Liberty Mutual Insurance (Agency Markets)
CUNA Mutual Insurance Society	Liberty Mutual Insurance (Commercial Lines)
Dairyland Insurance Company	Liberty Mutual Insurance (Personal Lines)
Delta Dental Insurance Company	Life Insurance Company of Boston and New York
Delta Dental of New York	Lincoln Life & Annuity Company of New York
Dentcare Delivery Systems	Magna Carta Companies
Eastern Vision Service Plan	Main Street America Group
Electric Insurance Company	MAPFRE Insurance Company of New York
EmblemHealth	
Erie Insurance Group	
Esurance Insurance Company	
Eveready Insurance Company	
Excellus BlueCross BlueShield	

MassMutual Financial Group
Merchants Insurance Company
Mercury Insurance Group
Metropolitan Life Insurance Company
Metropolitan Property and Casualty Insurance Group
Mutual of Omaha Insurance Company
MVP Health Plan
National Benefit Life Insurance
National Liability and Fire Insurance Company
Nationwide Insurance Group
New York Automobile Insurance Plan
New York Central Mutual Fire Insurance Company
New York Life Insurance Company
New York State Insurance Fund
Nippon Life of America
Northwestern Mutual Life Insurance Company
OneBeacon Insurance Company
Oxford Health Plans
Permanent General Assurance Corporation
Preferred Mutual Insurance Company
Presidential Life Insurance Company
Principal Life Insurance Company
Progressive Group of Insurance Companies
Prudential
QBE Insurance Group Limited
SBLI Mutual Life Insurance Company
Securian Financial Group

Security Mutual Life Insurance Company of New York
Selective Insurance Group, Inc.
Standard Life Insurance Company of New York
Standard Security Life Insurance Company of New York
State Farm Mutual
Sun Life Insurance and Annuity Company of New York
Torchmark
Tower Group of Companies
Transamerica Financial Life Insurance Company
Travelers
Tri-State Consumer Insurance Company
Trustmark Insurance Company
Ullico
Unicare Life and Health Insurance Company
Unimerica Insurance Company of New York, Inc.
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.
Unum Provident Company
USAA Group
Utica National Insurance Group
Wellpoint, Inc.
Zurich North American

2013 Approved Life Settlement Provider Fraud Prevention Plans on File (32)

Abacus Settlements, LLC
Berkshire Settlements, Inc.
Coventry First LLC
Credit Suisse Life Settlements LLC
EAGil Life Settlement Inc.
EconoTree Capital INC.
FairMarket Life Settlements Corp.
Financial Life Services, LLC
GCM Life Settlements LLC
Georgia Settlement Group
GWG Life Settlements, LLC
Habersham Funding, LLC
Imperial Life Settlements, LLC
Institutional Life Settlements, LLC
J. G. Wentworth Life Settlements, LLC
Legacy Benefits, LLC
Life Equity, LLC
Life Policy Traders, LLC
Life Settlements International, LLC
Life Settlement Solutions, Inc.
LifeTrust, LLC
Lotus Life, LLC
Magna Life Settlements, LLC
Maple Life Financial Inc.
Montage Financial Group, Inc.
Neuma, Inc.
Proverian Capital, LLC
Q Capital Strategies, LLC
SLG Life Settlements, LLC
Spiritus Life, Inc.
Viasource Funding Group, LLC
Wm. Page & Associates, Inc.