9026

IN ASSEMBLY

March 10, 2014

Introduced by M. of A. WEPRIN -- read once and referred to the Committee on Insurance

AN ACT to amend the insurance law, the penal law, and the vehicle and traffic law, in relation to insurance fraud; and to repeal subdivision 1 of section 502 of the vehicle and traffic law relating to applications for licenses

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Section 401 of the insurance law is amended by adding a new subsection (d) to read as follows:

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- (D) THE SUPERINTENDENT SHALL HAVE BROAD AUTHORITY PURSUANT TO INVESTIGATE FRAUDULENT ACTIVITIES WITH REGARD TO INDIVIDUALS THAT OPERATE MOTOR VEHICLES WITH NO INSURANCE COVERAGE, AND MOTOR VEHI-INSUREDS WHO MISREPRESENT THE PRINCIPAL PLACE WHERE INSURED MOTOR VEHICLES ARE GARAGED AND OPERATED. OPERATING MOTOR VEHICLES WITHOUT INSURANCE IN VIOLATION OF ARTICLE SIX OF THE VEHICLE AND TRAFFIC LAW IS A SIGNIFICANT DANGER TO THE PUBLIC BECAUSE DRIVERS ARE UNABLE INDIVIDUALS FOR PERSONAL INJURIES, DEATH AND PROPERTY DAMAGE COMPENSATE FURTHERMORE, MOTOR VEHICLE THEY INFLICT UPON OTHERS. INSUREDS WHO MISREPRESENT THE PRINCIPAL PLACE WHERE SUCH VEHICLES ARE GARAGED AND OPERATED IMPROPERLY SHIFT THEIR HIGH LIABILITY EXPOSURE COSTS MOTOR VEHICLE INSUREDS THAT DO NOT FACE SUCH HIGH LIABILITY RISK AND INSURANCE PREMIUM COSTS.
- S 2. Subsection (a) of section 405 of the insurance law, as amended by section 7 of part A of chapter 62 of the laws of 2011, is amended to read as follows:
- (a) Any person licensed or registered pursuant to the provisions of this chapter, and any person engaged in the business of insurance or life settlement in this state who is exempted from compliance with the licensing requirements of this chapter, including the state insurance fund of this state, who has reason to believe that an insurance transaction or life settlement act may be fraudulent, or has knowledge that a fraudulent insurance transaction or fraudulent life settlement act is about to take place, or has taken place shall, within thirty days after

EXPLANATION--Matter in ITALICS (underscored) is new; matter in brackets [] is old law to be omitted.

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determination by such person that the transaction appears to be fraudulent, send to the superintendent on a form prescribed by the superinten-3 dent, the information requested by the form and such additional information relative to the factual circumstances of the transaction and the parties involved as the superintendent may require. The superintendent 6 shall accept reports of suspected fraudulent insurance transactions or 7 fraudulent life settlement acts from any self insurer, including but not 8 limited to self insurers providing health insurance coverage or those in section fifty of the workers' compensation law, and shall 9 10 treat such reports as any other received pursuant to this section. 11 SHALL ACCEPT REPORTS OF SUSPECTED FRAUDULENT INSURANCE SUPERINTENDENT 12 TRANSACTIONS FROM ANY SELF INSURER INCLUDING, BUT NOT LIMITED TO, 13 PROVIDING HEALTH INSURANCE COVERAGE, THOSE PROVIDING MOTOR 14 VEHICLE LIABILITY INSURANCE OR THOSE DEFINED IN SECTION FIFTYOF 15 COMPENSATION LAW, AND SHALL TREAT SUCH REPORTS AS ANY OTHER RECEIVED PURSUANT TO THIS SECTION. 16

- S 3. Section 2133 of the insurance law, as amended by chapter 77 of the laws of 1994, is amended to read as follows:
- 2133. [Forged] FALSE INSURANCE DOCUMENTS AND FORGED insurance identification cards. Any insurance company, insurance agent, insurance or other person who or which, personally or by the action of an employee or agent, KNOWINGLY possesses, transfers or uses: (A) ANY DOCU-MENT WHICH PURPORTS TO EVINCE INSURANCE COVERAGE WHEN SUCH COVERAGE EFFECT OR IS IN EFFECT AT LIMITS LESS THAN THOSE STATED IN THE DOCUMENT; OR (B) a forged insurance identification card for a motor vehicle, having knowledge, personally or through such employee or agent, the fact that such insurance identification card, when issued, did not actually represent an owner's policy of liability insurance or a financial security bond issued by an insurance company licensed to do business in this state covering the motor vehicle identified on such card, shall be liable for payment to the people of this state of a civil penalty in a sum not exceeding one thousand dollars for the first such violation and a sum not exceeding five thousand dollars for each quent violation. For the purposes of this section the term "forged insurance identification card" means a written insurance identification has been falsely made, completed or altered, and the term which "falsely made, completed or altered" shall have the same meaning as forth in section 170.00 of the penal law.
- S 4. Subdivision 5 of section 170.10 of the penal law is amended and a new subdivision 6 is added to read as follows:
- 5. A prescription of a duly licensed physician or other person authorized to issue the same for any drug or any instrument or device used in the taking or administering of drugs for which a prescription is required by law[.]; OR
- 6. A CERTIFICATE OF INSURANCE OR AN INSURANCE IDENTIFICATION CARD, AS DEFINED IN SECTION THREE HUNDRED ELEVEN OF THE VEHICLE AND TRAFFIC LAW.
- S 5. Section 170.15 of the penal law is amended to read as follows: S 170.15 Forgery in the first degree.

A person is guilty of forgery in the first degree when, with intent to defraud, deceive or injure another, he OR SHE falsely makes, completes or alters [a]:

- 1. TEN OR MORE WRITTEN INSTRUMENTS; OR
- 2. A written instrument which is or purports to be, or which is calcu-14 lated to become or to represent if completed:

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[1.] (A) Part of an issue of money, stamps, securities or other valuable instruments issued by a government or governmental instrumentality; or

[2.] (B) Part of an issue of stock, bonds or other instruments representing interests in or claims against a corporate or other organization or its property.

Forgery in the first degree is a class C felony.

- S 6. The penal law is amended by adding a new section 175.50 to read as follows:
- 10 S 175.50 OFFERING A FALSE APPLICATION FOR MOTOR VEHICLE INSURANCE OR REGISTRATION.

A PERSON IS GUILTY OF OFFERING A FALSE APPLICATION FOR MOTOR VEHICLE INSURANCE OR REGISTRATION WHEN KNOWING THAT ANY DOCUMENT HE OR SHE FILES WITH THE DEPARTMENT OF MOTOR VEHICLES OR AN INSURER PROVIDING LIABILITY INSURANCE FOR A MOTOR VEHICLE CONTAINS A FALSE STATEMENT OR FALSE INFORMATION WITH REGARD TO WHERE HE OR SHE RESIDES OR WHERE HIS OR HER MOTOR VEHICLE IS GARAGED AND OPERATED.

OFFERING A FALSE APPLICATION FOR MOTOR VEHICLE INSURANCE OR REGISTRATION IS A CLASS E FELONY.

- S 7. Subdivision 1 of section 176.05 of the penal law, as amended by chapter 211 of the laws of 2011, is amended to read as follows:
- 1. any written statement as part of, or in support of, an application for the issuance of, or the rating of a commercial insurance policy, or certificate or evidence of self insurance for commercial OR PERSONAL insurance or commercial OR PERSONAL self insurance, or a claim for payment or other benefit pursuant to an insurance policy or self insurance program for commercial or personal insurance that he or she knows to:
- (a) contain materially false information concerning any fact material thereto; or
- (b) conceal, for the purpose of misleading, information concerning any fact material thereto; or
- S 8. Section 176.15 of the penal law, as amended by chapter 515 of the laws of 1986, is amended to read as follows:

S 176.15 Insurance fraud in the fourth degree.

A person is guilty of insurance fraud in the fourth degree when he [commits] OR SHE:

- 1. COMMITS a fraudulent insurance act and thereby wrongfully takes, obtains or withholds, or attempts to wrongfully take, obtain or withhold property with a value in excess of one thousand dollars; OR
- 2. OPERATES A MOTOR VEHICLE ON A PUBLIC HIGHWAY, WHEN SUCH MOTOR VEHICLE IS INSURED BY A POLICY ISSUED UNDER THE LAWS OF ANOTHER STATE, WHEN SUCH PERSON MAINTAINS HIS OR HER PRINCIPAL RESIDENCE IN THIS STATE OR SUCH MOTOR VEHICLE IS PRINCIPALLY GARAGED IN THIS STATE, AND SUCH INSURANCE POLICY WAS ISSUED UPON ANY WRITTEN OR ORAL STATEMENT BY SUCH PERSON THAT HE OR SHE PRINCIPALLY RESIDES IN SUCH OTHER STATE OR THAT SUCH MOTOR VEHICLE IS PRINCIPALLY GARAGED IN SUCH OTHER STATE.

Insurance fraud in the fourth degree is a class E felony.

- S 9. The vehicle and traffic law is amended by adding a new section 50 201-a to read as follows:
- 51 S 201-A. ACCESS TO INFORMATION. THE DEPARTMENT SHALL ALLOW LAW 52 ENFORCEMENT PERSONNEL ACCESS TO ANY INDIVIDUAL'S STREET ADDRESS PROVIDED 53 PURSUANT TO PARAGRAPH B OF SUBDIVISION ONE OF SECTION FOUR HUNDRED ONE 54 AND SUBDIVISION ONE OF SECTION FIVE HUNDRED TWO OF THIS CHAPTER.

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S 10. Paragraph b of subdivision 1 of section 401 of the vehicle and traffic law, as amended by chapter 222 of the laws of 1996, is amended to read as follows:

Every owner of a motor vehicle which shall be operated or driven 5 upon the public highways of this state shall, except as otherwise expressly provided, cause to be presented, by mail or otherwise, to the 6 office or a branch office of the commissioner, or to any agent of 7 8 commissioner, constituted as provided in this chapter, an application for registration addressed to the commissioner, and on a blank to be 9 10 prepared under the direction of and furnished by the commissioner for 11 that purpose, containing: (a) a brief description of the motor vehicle to be registered, including the name and factory number of such vehicle, and such other facts as the commissioner shall require; (b) the weight 12 13 14 of the vehicle upon which the registration fee is based if the 15 based on weight; (c) the name and residence, including county of the owner of such motor vehicle, PROVIDED THAT IF THE APPLICANT USES A POST OFFICE BOX WHEN PROVIDING A RESIDENCE ADDRESS, SUCH APPLICANT SHALL ALSO 16 17 STREET ADDRESS AT WHICH HE OR SHE RESIDES; (d) provided 18 PROVIDE THE 19 that, if such motor vehicle is used or to be used as an omnibus, applicant also shall so certify, and in the case of an omnibus also 20 21 certify as to the seating capacity, and if the omnibus is to be operated 22 wholly within a municipality pursuant to a franchise other than a franchise express or implied in articles of incorporation upon certain 23 24 streets designated in such franchise, those facts shall also be certi-25 fied, and a certified copy of such franchise furnished to the commissioner; (e) provided, that, if such motor vehicle is an altered livery, 26 the applicant shall so furnish a certified copy of the length of the center panel of such vehicle, provided, however, that the commissioner 27 28 29 shall require such proof, as he OR SHE may determine is necessary, in 30 the application for registration and provided further, if the center panel of such vehicle exceeds one hundred inches, the commissioner shall 31 32 require proof that such vehicle is in compliance with all applicable 33 federal and state motor vehicle safety standards; and (f) such tional facts or evidence as the commissioner may require in connection 34 35 with the application for registration. Every owner of a trailer also make application for the registration thereof in the manner herein 36 37 provided for an application to register a motor vehicle, but shall contain a statement showing the manufacturer's number or other identifi-38 39 cation satisfactory to the commissioner and no number plate for a trail-40 issued under the provisions of subdivision three of section four hundred two of this [chapter] ARTICLE shall be transferred to or used 41 upon any other trailer than the one for which number plate is issued. 42 The commissioner shall require proof, in the application for registra-43 44 tion, or otherwise, as such commissioner may determine, that the motor 45 vehicle for which registration is applied for is equipped with lights conforming in all respects to the requirements of this chapter, and no 46 47 motor vehicle shall be registered unless it shall appear by such proofs 48 that such motor vehicle is equipped with proper lights as aforesaid. The 49 said application shall contain or be accompanied by such evidence of the 50 ownership of the motor vehicle described in the application as may be 51 required by the commissioner or his OR HER agent and which, with respect to new vehicles, shall include, unless otherwise specifically provided 52 the commissioner, the manufacturer's statement of origin. Applica-53 54 tions received by an agent of the commissioner shall be forwarded to the 55 commissioner as he OR SHE shall direct for filing. No application for 56 registration shall be accepted unless the applicant is at least sixteen

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years of age AND HAS SIGNED SUCH APPLICATION ATTESTING TO THE TRUTH AND VERACITY OF THE FACTS STATED THEREIN.

- S 11. Subdivision 1 of section 502 of the vehicle and traffic law, as amended by section 1 of part D of chapter 58 of the laws of 2012, is amended to read as follows:
- 6 Application for license. Application for a driver's license shall 7 be made to the commissioner. The fee prescribed by law may be submitted 8 with such application. The applicant shall furnish such proof of identi-9 ty, age, ADDRESS OF HIS OR HER RESIDENCE and fitness as may be required 10 the commissioner. WHEN PROVIDING HIS OR HER ADDRESS OF RESIDENCE, THE APPLICANT SHALL PROVIDE THE 11 STREET ADDRESS AT WHICH HE 12 EACH APPLICANT SHALL SIGN HIS OR HER APPLICATION ATTESTING TO THE TRUTH AND VERACITY OF THE FACTS STATED THEREIN. The commissioner may 13 14 also provide that the application procedure shall include the taking of 15 a photo image or images of the applicant in accordance with rules and 16 regulations prescribed by the commissioner. In addition, the commission-17 er also shall require that the applicant provide his or her social secu-18 rity number and provide space on the application so that the applicant 19 may register in the New York state organ and tissue donor registry under 20 section forty-three hundred ten of the public health law. In addition, 21 an applicant for a commercial driver's license who will operate a 22 motor vehicle in interstate commerce shall certify that such 23 applicant meets the requirements to operate a commercial motor vehicle, set forth in public law 99-570, title XII, and title 49 of the code 24 25 of federal regulations, and all regulations promulgated by the United 26 secretary of transportation under the hazardous materials trans-27 portation act. In addition, an applicant for a commercial driver's license shall submit a medical certificate at such intervals as required 28 29 the federal motor carrier safety improvement act of 1999 and Part 383.71(h) of title 49 of the code of federal regulations relating to 30 medical certification and in a manner prescribed by the commissioner. 31 32 For purposes of this section and sections five hundred three, five 33 hundred ten-a, and five hundred ten-aa of this title, the terms "medical certificate" and "medical certification" shall mean a form substantially 34 compliance with the form set forth in Part 391.43(h) of title 49 of 35 36 the code of federal regulations. Upon a determination that the holder of 37 a commercial driver's license has made any false statement, with respect 38 to the application for such license, the commissioner shall revoke such 39 license.
 - S 12. Subdivision 1 of section 502 of the vehicle and traffic law, as separately amended by chapters 465 and 487 of the laws of 2012, is REPEALED and a new subdivision 1 is added to read as follows:
 - APPLICATION FOR LICENSE. APPLICATION FOR A DRIVER'S LICENSE SHALL BE MADE TO THE COMMISSIONER. THE FEE PRESCRIBED BY LAW MAY BE WITH SUCH APPLICATION. THE APPLICANT SHALL FURNISH SUCH PROOF OF IDENTI-AGE, ADDRESS OF HIS OR HER RESIDENCE AND FITNESS AS MAY BE REQUIRED BY THE COMMISSIONER. WHEN PROVIDING HIS OR HER **ADDRESS** OF RESIDENCE, THE APPLICANT SHALL PROVIDE STREET **ADDRESS** AT WHICH HE OR SHE RESIDES. EACH APPLICANT SHALL SIGN HIS OR HER APPLICATION ATTESTING THE TRUTH AND VERACITY OF THE FACTS STATED THEREIN. THE COMMISSIONER MAY PROVIDE THAT THE APPLICATION PROCEDURE SHALL INCLUDE THE TAKING OF A PHOTO IMAGE OR IMAGES OF THE APPLICANT IN ACCORDANCE WITH RULES REGULATIONS PRESCRIBED BY THE COMMISSIONER. IN ADDITION, THE COMMISSION-ER ALSO SHALL REQUIRE THAT THE APPLICANT PROVIDE HIS OR HER SOCIAL SECU-AND SHALL PROVIDE SPACE ON THE APPLICATION SO THAT THE APPLICANT MAY REGISTER IN THE NEW YORK STATE ORGAN AND TISSUE DONOR

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REGISTRY UNDER SECTION FORTY-THREE HUNDRED TEN OF THE PUBLIC HEALTH LAW WITH THE FOLLOWING STATED ON THE APPLICATION IN CLEAR AND CONSPICUOUS TYPE:

"YOU MUST FILL OUT THE FOLLOWING SECTION: WOULD YOU LIKE TO BE ADDED TO THE DONATE LIFE REGISTRY? CHECK BOX FOR 'YES' OR 'SKIP THIS QUESTION'."

7 THE COMMISSIONER OF THE DEPARTMENT OF HEALTH SHALL NOT MAINTAIN 8 RECORDS OF ANY PERSON WHO CHECKS "SKIP THIS QUESTION". FAILURE TO CHECK BOX SHALL NOT IMPAIR THE VALIDITY OF AN APPLICATION, AND FAILURE TO 9 CHECK "YES" OR CHECKING "SKIP THIS QUESTION" SHALL NOT BE CONSTRUED 10 TO WISH NOT TO DONATE. IN THE CASE OF AN APPLICANT UNDER EIGHTEEN 11 12 YEARS OF AGE, CHECKING "YES" SHALL NOT CONSTITUTE CONSENT TO MAKE ANATOMICAL GIFT OR REGISTRATION IN THE DONATE LIFE REGISTRY. WHERE AN 13 14 APPLICANT HAS PREVIOUSLY CONSENTED TO MAKE AN ANATOMICAL GIFT OR 15 $_{
m THE}$ DONATE LIFE REGISTRY, CHECKING "SKIP THIS QUESTION" OR 16 FAILING TO CHECK A BOX SHALL NOT IMPAIR THAT CONSENT OR REGISTRATION. 17 COMMISSIONER SHALL PROVIDE SPACE ON THE APPLICATION SO THAT THE APPLICANT MAY REOUEST NOTATION UPON SUCH LICENSE THAT HE OR 18 19 VETERAN OF THE UNITED STATED ARMED FORCES. IN ADDITION, AN APPLICANT 20 FOR A COMMERCIAL DRIVER'S LICENSE WHO WILL OPERATE A COMMERCIAL MOTOR 21 VEHICLE INTERSTATE COMMERCE SHALL CERTIFY THAT SUCH APPLICANT MEETS THE REQUIREMENTS TO OPERATE A COMMERCIAL MOTOR VEHICLE, AS SET FORTH PUBLIC LAW 99-570, TITLE XII, AND TITLE 49 OF THE CODE OF FEDERAL REGU-23 LATIONS, AND ALL REGULATIONS PROMULGATED BY THE UNITED STATES 24 25 TRANSPORTATION UNDER THE HAZARDOUS MATERIALS TRANSPORTATION ACT. IN 26 ADDITION, AN APPLICANT FOR A COMMERCIAL DRIVER'S LICENSE SHALL SUBMIT 27 MEDICAL CERTIFICATE AT SUCH INTERVALS AS REQUIRED BY THE FEDERAL MOTOR 28 CARRIER SAFETY IMPROVEMENT ACT OF 1999 AND PART 383.71(H) OF TITLE 49 OF 29 THE CODE OF FEDERAL REGULATIONS RELATING TO MEDICAL CERTIFICATION AND IN A MANNER PRESCRIBED BY THE COMMISSIONER. FOR PURPOSES OF 30 THIS SECTION SECTIONS FIVE HUNDRED THREE, FIVE HUNDRED TEN-A, AND FIVE HUNDRED 31 32 TEN-AA OF THIS TITLE, THE TERMS "MEDICAL CERTIFICATE" AND "MEDICAL 33 CERTIFICATION" SHALL MEAN A FORM SUBSTANTIALLY IN COMPLIANCE WITH THE FORM SET FORTH IN PART 391.43(H) OF TITLE 49 OF THE CODE OF 34 **FEDERAL** 35 REGULATIONS. UPON A DETERMINATION THAT THE HOLDER OF A COMMERCIAL DRIV-ER'S LICENSE HAS MADE ANY FALSE STATEMENT, WITH RESPECT TO THE 36 37 TION FOR SUCH LICENSE, THE COMMISSIONER SHALL REVOKE SUCH LICENSE. 38

S 13. Subdivision 1 of section 502 of the vehicle and traffic law, as added by section 12 of this act, is amended to read as follows:

1. Application for license. Application for a driver's license shall be made to the commissioner. The fee prescribed by law may be submitted with such application. The applicant shall furnish such proof of identity, age, address of his or her residence and fitness as may be required by the commissioner. When providing his or her address of residence, the applicant shall provide the street address at which he or she resides. Each applicant shall sign his or her application attesting to the truth and veracity of the facts stated therein. The commissioner may also provide that the application procedure shall include the taking of a photo image or images of the applicant in accordance with rules and regulations prescribed by the commissioner. In addition, the commissioner also shall require that the applicant provide his or her social security number and [shall] provide space on the application so that the applicant may register in the New York state organ and tissue donor registry under section forty-three hundred ten of the public health law [with the following stated on the application in clear and conspicuous type:

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"You must fill out the following section: Would you like to be added to the Donate Life Registry? Check box for 'yes' or 'skip this question'."

The commissioner of the department of health shall not maintain 5 records of any person who checks "skip this question". Failure to check 6 box shall not impair the validity of an application, and failure to 7 check "yes" or checking "skip this question" shall not be construed to 8 imply a wish not to donate. In the case of an applicant under eighteen years of age, checking "yes" shall not constitute consent to make an 9 10 anatomical gift or registration in the donate life registry. Where an applicant has previously consented to make an anatomical gift or regis-11 tered in the donate life registry, checking "skip this question" or failing to check a box shall not impair that consent or registration. 12 13 14 commissioner shall provide]; AND space on the application so that the applicant may request notation upon such license that he or she is a 15 veteran of the United Stated armed forces. In addition, an applicant 16 17 for a commercial driver's license who will operate a commercial motor 18 vehicle in interstate commerce shall certify that such applicant meets 19 the requirements to operate a commercial motor vehicle, as set forth in public law 99-570, title XII, and title 49 of the code of federal 20 21 and all regulations promulgated by the United States secretary 22 of transportation under the hazardous materials transportation act. addition, an applicant for a commercial driver's license shall submit a 23 medical certificate at such intervals as required by the federal motor 24 25 carrier safety improvement act of 1999 and Part 383.71(h) of title 49 of 26 the code of federal regulations relating to medical certification and in 27 a manner prescribed by the commissioner. For purposes of this section 28 and sections five hundred three, five hundred ten-a, and five hundred 29 ten-aa of this title, the terms "medical certificate" and "medical certification" shall mean a form substantially in compliance with the 30 form set forth in Part 391.43(h) of title 49 of the code of federal 31 32 regulations. Upon a determination that the holder of a commercial driv-33 license has made any false statement, with respect to the application for such license, the commissioner shall revoke such license. S 14. This act shall take effect on the one hundred eightieth day 34 35

- after it shall have become a law, provided however, that:
- 37 (a) section thirteen of this act shall take effect October 3, 2016; 38 and
- 39 (b) sections four, five, six, seven and eight of this act shall take 40 effect on the first of November next succeeding the date on which it shall have become a law. 41