

STATE OF NEW YORK

9135

IN SENATE

February 5, 2026

Introduced by Sen. COONEY -- read twice and ordered printed, and when printed to be committed to the Committee on Codes

AN ACT to amend the penal law and the insurance law, in relation to establishing enhanced criminal penalties for fraudulent insurance claims on construction sites and in motor vehicle accidents

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. Short Title. This act shall be known and may be cited as
2 the "fraudulent claims reduction and unlawful deception act" or "FRAUD
3 Act".
4 § 2. Legislative findings and intent. The legislature finds that frau-
5 dulent insurance claims, including staged construction site accidents
6 and staged motor vehicle collisions, contribute significantly to
7 increased insurance premiums in New York state. Fraudulent claims
8 inflate costs for insurers and policyholders, burden taxpayers, and
9 undermine the affordability of housing, infrastructure development, and
10 transportation projects. The state's current liability and insurance
11 frameworks, including outdated doctrines that create perverse incentives
12 for litigation rather than safety and accountability, have led to a
13 proliferation of staged accident claims and opportunistic lawsuits,
14 which in turn raise construction and auto insurance costs for all New
15 Yorkers. This mirrors concerns expressed about liability standards
16 driving fraudulent suits and higher premiums. High insurance costs for
17 construction and automobile coverage contribute to the overall cost of
18 housing, public works, and commuter mobility, making New York less
19 affordable compared to other states. The purpose of this act is to deter
20 and punish the intentional staging or fabrication of insurance claims
21 related to construction site accidents and motor vehicle collisions, by
22 establishing clear criminal penalties, restitution requirements, and
23 enforcement mechanisms. In doing so, this act seeks to reduce fraudulent
24 activity that drives up insurance costs, thereby making insurance cover-
25 age more affordable, promoting the efficient use of public and private
26 funds, and restoring fairness in liability and insurance practices
27 across the state.

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

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1 § 3. Subdivision 3 of section 176.00 of the penal law, as added by
2 chapter 720 of the laws of 1981, is amended and four new subdivisions 6,
3 7, 8 and 9 are added to read as follows:

4 3. "Person" includes any individual, firm, association [~~or~~], corpo-
5 ration, a purported injured worker, attorney, physician, medical profes-
6 sional, or any other individual who knowingly participates in, facili-
7 tates, or furthers conduct prohibited by this article.

8 6. "Fraudulent insurance claim" means a claim submitted to an insurer
9 that is intentionally false, misleading, fabricated, or made with the
10 intent to obtain benefits not legally due.

11 7. "Construction site" has the same meaning as "workplace" and "work-
12 site" as defined in section two hundred of the labor law, the meaning
13 applies where such construction work is being done as defined in section
14 two hundred forty of the labor law and includes any location where
15 building, repair, demolition, or related construction activity is occur-
16 ring.

17 8. "Motor vehicle accident claim" means any claim submitted under an
18 automobile insurance policy arising out of a collision, crash, impact,
19 or related event involving one or more vehicles.

20 9. "Fraudulent insurance act" includes any act that would constitute
21 insurance fraud under section four hundred three of the insurance law.

22 § 4. The penal law is amended by adding a new section 176.90 to read
23 as follows:

24 § 176.90 Staging a construction site accident for insurance fraud.

25 A person is guilty of staging a construction site accident for insur-
26 ance fraud, regardless of whether such person purports to be an injured
27 worker, when, with the intent to commit or further a fraudulent insur-
28 ance act as defined in subdivision six of section 176.00 of this arti-
29 cle, such person enters a construction site and intentionally stages,
30 causes, fabricates, or simulates an accident for the purpose of filing,
31 or assisting in the filing of, an insurance claim, or directs, hires,
32 requests, encourages, orchestrates, or invites another individual to do
33 the same.

34 Staging a construction site accident for insurance fraud is a class E
35 felony.

36 § 5. The penal law is amended by adding a new section 176.95 to read
37 as follows:

38 § 176.95 Auto insurance fraud involving staged collisions and fabricated
39 claims.

40 A person is guilty of auto insurance fraud when, with the intent to
41 obtain economic benefit, such person:

42 1. intentionally causes, stages, fabricates, or simulates a motor
43 vehicle collision or accident; or

44 2. knowingly submits, assists with, or conspires to submit any false,
45 fictitious, or fraudulent claim for payment of a loss under an automo-
46 bile insurance policy, including but not limited to medical treatment,
47 repair costs, or wage loss benefits.

48 Auto insurance fraud involving staged collisions and fabricated claims
49 is a class E felony, and, where the value of losses obtained or
50 attempted exceeds \$1,500, increased penalties shall apply.

51 § 6. The insurance law is amended by adding a new section 412 to read
52 as follow:

53 § 412. Enhanced penalties and enforcement for construction site and
54 auto claims fraud. (a) Notwithstanding any provision of law, any person
55 convicted under section 176.90 or 176.95 of the penal law for fraudulent
56 insurance activity shall be subject to:

1 (1) restitution to the insurer for amounts paid as a result of the
2 fraudulent claim;

3 (2) civil penalties up to five thousand dollars plus the amount of the
4 fraudulent claim; and

5 (3) exclusion from receiving benefits under any state-regulated insur-
6 ance policy for a period of up to two years after conviction.

7 (b) The superintendent shall promulgate rules and regulations requir-
8 ing insurers to:

9 (1) provide timely notice to law enforcement of suspected fraudulent
10 claims;

11 (2) cooperate in fraud investigations and prosecutions; and

12 (3) report aggregate fraud data annually to the legislature.

13 § 7. Enforcement and implementation. 1. The superintendent of finan-
14 cial services, in consultation with the division of criminal justice
15 services, shall promulgate regulations to implement this act within 180
16 days of the effective date of this act.

17 2. The division of insurance fraud units in this state shall receive
18 additional resources to investigate and prosecute violations described
19 herein.

20 § 8. This act shall take effect on the one hundred eightieth day after
21 it shall have become a law.