

STATE OF NEW YORK

7305

2025-2026 Regular Sessions

IN ASSEMBLY

March 25, 2025

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

AN ACT to amend the insurance law, in relation to mandating investigations and enhancing accountability for state agencies and offices responsible for insurance fraud prevention; and to amend the penal law, in relation to increasing penalties for insurance fraud

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 "statewide transparency and mandated prosecution for insurance fraud
3 (STAMP) out fraud act".

4 § 2. Section 405 of the insurance law, as amended by section 7 of part
5 A of chapter 62 of the laws of 2011, is amended to read as follows:

6 § 405. Reports. (a) Any person licensed or registered pursuant to the
7 provisions of this chapter, and any person engaged in the business of
8 insurance or life settlement in this state who is exempted from compli-
9 ance with the licensing requirements of this chapter, including the
10 state insurance fund of this state, who has reason to believe that an
11 insurance transaction or life settlement act may be fraudulent, or has
12 knowledge that a fraudulent insurance transaction or fraudulent life
13 settlement act is about to take place, or has taken place shall, within
14 thirty days after determination by such person that the transaction
15 appears to be fraudulent, send to the superintendent on a form
16 prescribed by the superintendent, the information requested by the form
17 and such additional information relative to the factual circumstances of
18 the transaction and the parties involved as the superintendent may
19 require.

20 (b) The superintendent shall accept reports of suspected fraudulent
21 insurance transactions or fraudulent life settlement acts from any [~~self~~
22 ~~insurer~~] self-insurer, including but not limited to [~~self-insurers~~]
23 self-insurers providing health insurance coverage or those defined in

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

LBD11226-01-5

1 section fifty of the workers' compensation law, and shall treat such
2 reports as any other received pursuant to this section.

3 ~~[(b)]~~ (c) The superintendent shall review each report and undertake
4 such further investigation as ~~[the superintendent deems]~~ deemed neces-
5 sary and proper to determine the validity of the allegations. If a
6 report is found to be credible and valid upon investigation, the super-
7 intendent shall have an affirmative duty to prosecute the matter or
8 refer the case to the office of the attorney general or other appropri-
9 ate prosecutorial agency for further action within sixty days.

10 (d) The superintendent and relevant agencies and offices, including
11 but not limited to the department of financial services, the office of
12 the Medicaid inspector general, the office of temporary and disability
13 assistance, and the office of the attorney general, shall be required to
14 investigate insurance fraud claims involving active litigation to deter-
15 mine if fraudulent acts have occurred.

16 (e) All agencies and offices listed in subsection (d) of this section
17 shall, within sixty days of the effective date of the laws of two thou-
18 sand twenty-five that amended this section, submit a report to the
19 governor, the attorney general, the temporary president of the senate,
20 the speaker of the assembly, and the minority leaders of the senate and
21 assembly. Such report shall include, but not be limited to:

22 (1) the challenges faced in prosecuting fraud;

23 (2) resource needs to enforce anti-fraud initiatives; and

24 (3) compliance with statutory duties to address insurance fraud.

25 (f) The department of financial services shall, in collaboration with
26 other relevant state agencies, establish a public education and outreach
27 campaign to be named the "insurable NY public education campaign" to
28 raise awareness of the economic and societal costs of insurance fraud.
29 Such campaign shall:

30 (1) utilize television, radio, digital media, schools, and community
31 partnerships;

32 (2) include messaging such as: "insurance fraud costs every New York-
33 er" and "insurance fraud costs you - let's stamp it out together"; and

34 (3) leverage existing resources to minimize costs.

35 (g) The superintendent shall submit quarterly reports to the governor,
36 the attorney general, the temporary president of the senate, the speaker
37 of the assembly, and the minority leaders of the senate and assembly
38 detailing:

39 (1) the number of reports received and investigations opened;

40 (2) the status of investigations and their outcomes; and

41 (3) referrals made to other agencies for prosecution.

42 (h) (1) A multi-agency insurance fraud task force to be named the
43 "insurable NY fraud task force" is hereby established to enhance the
44 detection, prevention, and prosecution of insurance fraud. The insurable
45 NY fraud task force shall be composed of representatives from the
46 following: the department of financial services; the office of the
47 attorney general; the office of the Medicaid inspector general; the
48 office of temporary and disability assistance; and local district attor-
49 neys or their designees.

50 (2) The insurable NY fraud task force shall have the following duties:

51 (A) facilitate collaboration and communication between member agencies
52 and offices to ensure effective use of resources; and develop protocols
53 for sharing investigative information to prevent duplicative efforts and
54 overlap across agencies;

(B) identify and promote best practices for detecting, preventing, and prosecuting insurance fraud; and issue internal guidance and recommendations to enhance inter-agency cooperation; and

(C) submit an annual report no later than January thirty-first of each year to the governor, the temporary president of the senate, the speaker of the assembly, and the minority leaders of the senate and assembly. Such report shall include:

(i) trends and patterns in insurance fraud enforcement;

(ii) key challenges encountered by the insurable NY fraud task force and member agencies; and

(iii) recommendations for legislative or administrative actions to improve fraud enforcement and prosecution efforts.

(3) Member agencies and offices shall fully cooperate with the insurable NY fraud task force and provide requested information, subject to confidentiality laws and regulations. Member agencies and offices may assign dedicated personnel or liaisons to ensure seamless coordination and ongoing collaboration with the insurable NY fraud task force.

(i) (1) The department of financial services, in collaboration with the insurable NY fraud task force, shall develop and implement best practices for the use of technology, including but not limited to artificial intelligence and data analytics, to detect, prevent, and investigate insurance fraud.

(2) Such technologies shall:

(A) identify patterns, anomalies, and suspicious activities across insurance markets in real time;

(B) assist in cross-referencing data with other agencies to enhance fraud detection efforts; and

(C) ensure compliance with privacy and data protection laws while improving the efficiency of fraud investigations.

(3) The insurable NY fraud task force shall include recommendations on the adoption and impact of such technologies in its annual report to the governor and the legislature.

§ 3. Section 176.10 of the penal law, as amended by chapter 515 of the laws of 1986, is amended to read as follows:

§ 176.10 Insurance fraud in the fifth degree.

A person is guilty of insurance fraud in the fifth degree when ~~[he]~~ such person commits a fraudulent insurance act.

Insurance fraud in the fifth degree is a class ~~[A-misdemeanor]~~ E felony.

§ 4. Section 176.15 of the penal law, as amended by chapter 515 of the laws of 1986, is amended to read as follows:

§ 176.15 Insurance fraud in the fourth degree.

A person is guilty of insurance fraud in the fourth degree when ~~[he]~~ such person 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.

Insurance fraud in the fourth degree is a class ~~[E]~~ D felony.

§ 5. Section 176.20 of the penal law, as amended by chapter 515 of the laws of 1986, is amended to read as follows:

§ 176.20 Insurance fraud in the third degree.

A person is guilty of insurance fraud in the third degree when ~~[he]~~ such person 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 three thousand dollars.

Insurance fraud in the third degree is a class ~~[D]~~ C felony.

§ 6. Section 176.25 of the penal law, as added by chapter 515 of the laws of 1986, is amended to read as follows:

§ 176.25 Insurance fraud in the second degree.

A person is guilty of insurance fraud in the second degree when ~~he~~ such person 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 fifty thousand dollars.

Insurance fraud in the second degree is a class ~~C~~ B felony.

§ 7. Section 176.30 of the penal law, as added by chapter 515 of the laws of 1986, is amended to read as follows:

§ 176.30 Insurance fraud in the first degree.

A person is guilty of insurance fraud in the first degree when ~~he~~ such person 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 million dollars.

Insurance fraud in the first degree is a class ~~B~~ A felony.

§ 8. The penal law is amended by adding a new section 176.85 to read as follows:

§ 176.85 Enhanced penalties for insurance fraud involving ongoing litigation.

A person who commits insurance fraud in violation of this article involving a claim that is the subject of active litigation shall be subject to an additional penalty of up to five years imprisonment and a fine of no less than fifty thousand dollars, in addition to any other penalties authorized by law.

§ 9. Within sixty days of the effective date of this act, the department of financial services, in collaboration with the attorney general and relevant agencies, shall submit an implementation plan to the governor and legislature outlining steps for compliance, resource allocation, and timelines for achieving full operational readiness under this act.

§ 10. This act shall take effect immediately.