

**New York City Council Committee on Consumer Affairs Public Hearing on the Motor
Vehicle Insurance Fraud Reduction Act**

**Testimony of Brooklyn Borough President Marty Markowitz
April 25, 2006**

I WANT TO BEGIN BY THANKING BROOKLYN COUNCIL MEMBER DAVID YASSKY, WHO SHARES MY AND BROOKLYN'S INTEREST IN REFORMING AUTO INSURANCE FRAUD, AND FOR PARTNERING WITH MY OFFICE TO BRING THIS BILL TO THE COUNCIL'S ATTENTION. I ALSO WANT TO COMMEND SPEAKER CHRISTINE QUINN FOR RECOGNIZING THE IMPORTANCE OF THIS CRUCIAL ISSUE TO THE RESIDENTS OF BROOKLYN AND NEW YORK CITY.

I AM PROUD TO SAY THAT THIS YEAR, BROOKLYN WILL BE VISITED BY MORE TOURISTS THAN EVER BEFORE — AND I'M TALKING ABOUT REAL TOURISTS. BUT BROOKLYN ALSO HAS TENS OF THOUSANDS OF WHAT WE COULD CALL "LIVE-IN TOURISTS" — BROOKLYN RESIDENTS WHO ARE SO FED UP WITH BROOKLYN'S SKY-HIGH AUTO INSURANCE RATES THAT THEY LICENSE THEIR VEHICLES OUT-OF-STATE. JUST WALK DOWN OUR RESIDENTIAL STREETS AND YOU WILL SEE PLATES FROM IOWA, UTAH, VERMONT, MINNESOTA, OHIO, FLORIDA. I ASSURE YOU — THESE ARE THE KIND OF TOURISTS THAT SLEEP IN BROOKLYN EVERY NIGHT.

BUT WE WOULD BE JUMPING THE GUN TO CALL THESE PEOPLE SCOFFLAWS. IN FACT, THESE ARE HARD-WORKING BROOKLYNITES: THEY ARE SENIORS WHO RELY ON THEIR CARS FOR MOBILITY, THEY ARE FAMILIES WITH MULTIPLE CHILDREN, THEY ARE AS DIVERSE AS BROOKLYN ITSELF. THEY RANGE FROM MIDDLE-INCOME TO WHAT WE COULD CALL THE "WORKING POOR," AND MANY OF THESE BROOKLYNITES HAVE LIVELIHOODS THAT DEPEND ON THEIR CARS.

BUT DUE TO BROOKLYN HAVING AMONG THE HIGHEST CAR INSURANCE RATES IN AMERICA BECAUSE OF RAMPANT, OUT-OF-CONTROL FRAUD, THESE PEOPLE ARE FORCED TO MAKE A DECISION THEY SHOULD NEVER HAVE TO MAKE: EITHER GIVE UP THEIR VEHICLE BECAUSE THEIR INSURANCE IS SO EXPENSIVE, LICENSE THE CAR ILLEGALLY OUT-OF-STATE, OR SIGN UP FOR A POLICY AND THEN DROP THE PREMIUMS.

THE INSPIRATION FOR THE BILL WE ARE HERE TO DISCUSS TODAY IS A REPORT PRODUCED IN 2004 BY MY OFFICE IN COOPERATION WITH BROOKLYN ASSEMBLY MEMBER JIM BRENNAN AS PART OF OUR TASK FORCE ON EQUITY IN STATE AND LOCAL POLICY. THAT REPORT INCLUDES STATISTICS NOW FAMILIAR TO MANY OF YOU. FOR EXAMPLE, FOR A 35-YEAR-OLD BROOKLYN MALE WITH A GOOD DRIVING RECORD, THE PREMIUM FOR THE MINIMUM LEGAL COVERAGE IS FAR ABOVE THE STATE AND NATIONAL AVERAGES. IF YOU GO FOR FULL COVERAGE, THE PREMIUM JUMPS INTO THE STRATOSPHERE. RATES ARE SO HIGH THAT IN MANY CASES OUR RESIDENTS PAY MORE FOR CAR INSURANCE IN ONE YEAR THAN THEY PAID FOR THEIR CAR!

SINCE THE FALL OF 2004, THANKS TO PRESSURE FROM OFFICIALS LIKE YOU AND I AND THE STATE INSURANCE DEPARTMENT, RATES FOR SOME BROOKLYNITES HAVE FALLEN ANYWHERE FROM THREE TO TEN PERCENT. BUT LET'S FACE IT, FOR A PERSON PAYING \$4,500 A YEAR IN CAR INSURANCE, THIS DIFFERENCE IS ALMOST MEANINGLESS.— IN BROOKLYN WE CALL IT “CHUMP CHANGE.”

ARE BROOKLYN'S RATES SO HIGH BECAUSE WE ARE BAD DRIVERS? DID THE INSURANCE COMPANIES ALL SEE THE CAR CHASE IN “THE FRENCH CONNECTION” AND THINK THAT'S HOW WE DRIVE? NO. WHAT IT COMES DOWN TO IS THE STRAIGHT-UP FRAUD AT WHAT WE CALL “MEDICAL MILLS” — CLINICS THAT TAKE ADVANTAGE OF BROOKLYN'S NO-FAULT INSURANCE. THESE “MEDICAL MILLS” FILE FABRICATED OR INFLATED PERSONAL INJURY CLAIMS AND BAG ILLICIT PROFITS AT THE EXPENSE OF LAW-ABIDING BROOKLYNITES AND NEW YORKERS. IN SHORT, THESE MEDICAL SCAMS ARE CAR-JACKING HONEST BROOKLYNITES.

THIS BILL EXEMPLIFIES THE VERY BEST OF WHAT A GOVERNMENT CAN DO FOR ITS CITIZENS — THAT IS, IT PROTECTS THEM FROM LIARS AND THIEVES WHO HAVE NO REGARD FOR THE COMMON GOOD AND COMMON DECENCY THAT THE VAST MAJORITY OF US CHERISH AND PRACTICE.

IN BROOKLYN ALONE, COSTS STEMMING FROM FRAUDULENT NO-FAULT PERSONAL INJURY CLAIMS AMOUNT TO HUNDREDS OF MILLIONS OF DOLLARS A YEAR — MORE THAN ONE-THIRD OF THE TOTAL FOR THE ENTIRE STATE. BUT QUEENS, THE BRONX, PARTS OF LONG ISLAND, AND EVEN BUFFALO FACE THE SAME PROBLEM — A FULL-BLOWN INDUSTRY DEVOTED TO AUTO INSURANCE FRAUD,

WE CAN NOT TOLERATE THIS INJUSTICE ANY LONGER!

ON BEHALF OF 2.6 MILLION BROOKLYNITES, I AM HERE TODAY TO SUPPORT THIS BILL, WHICH REQUIRES THAT EVERY SINGLE CLINIC BILLING OUT 50% OR MORE IN NO-FAULT VEHICLE INSURANCE MEDICAL CLAIMS MUST REPORT TO THE DEPARTMENT OF CONSUMER AFFAIRS. ONCE WE KNOW WHO IS OPERATING THE MEDICAL MILLS AND HOW MANY OF THEM WE'RE DEALING WITH, WE CAN BUILD ON THE POSITIVE RESULTS OF INVESTIGATIONS AND SUCCESSFUL PROSECUTIONS.

ANOTHER THING THIS BILL DOES IS CUT THE LEGS OUT FROM UNDER THE MEDICAL MILL “RUNNERS.” BY REDUCING THIS KIND OF FRAUD, WE ARE IN A POSITION TO DEMAND THAT INSURANCE COMPANIES STEP UP AND BE RESPONSIBLE CORPORATE CITIZENS — THAT THEY PROVIDE THEIR ESSENTIAL SERVICES WITHOUT BURDENING THE HONEST, PREMIUM-PAYING BROOKLYN RESIDENTS WHO ARE THEIR BREAD AND BUTTER. THE “MEDICAL MILLS” ARE THE REAL RECKLESS DRIVERS — THEY ARE THE ONES DRIVING UP RATES.

OUR MESSAGE TO THEM IS: THE JOY-RIDE IS OVER. ACCIDENTS HAPPEN, BUT NOT ACTING ON THIS ISSUE IS NEGLIGENCE — PURE AND SIMPLE. LET'S DRIVE THIS BILL SAFELY TO PASSAGE.