

New York Auto-Related Fraud and Crime

Insurance fraud is not a victimless crime. A 2022 study placed total U.S. insurance fraud at \$308.6 billion. The New York Alliance Against Insurance Fraud calculates insurance fraud annually costs every New Yorker \$920—for a family of four, that’s \$3,680 every year. Fraudsters will exploit every avenue, forum, and opportunity to bilk consumers and their insurers to line their own pockets, which ultimately increases costs for everyone. Worse, the consequences of insurance fraud are not just financial—very often these crimes risk life and limb, all in pursuit of illicit profits. Insurance crimes—and the criminal networks that orchestrate them—are increasingly organized, sophisticated, and violent.

- ✓ In 2024, New York state ranked third nationally, per capita, for suspicious vehicle accident Questionable Claims (QCs)[◇] which includes staged accidents, paper accidents, and suspicious hit while parked.
- ✓ In 2024, the Insurance Frauds Bureau within the New York Department of Financial Services (DFS) received 52,105 reports of suspected insurance fraud; of which 74.6 percent of the reports received were related to no-fault insurance and 10.5 percent were related to other auto fraud.
- ✓ According to a New York Department of Financial Services data call, the total amount of reported premium lost in 2024 as a result of New York insureds who misrepresented the principal place where their vehicles were garaged and/or driven was \$57,036,295.
- ✓ New York ranked seventh nationally, per capita, for QCs[◇] submitted to NICB.
- ✓ In 2024, New York State ranked fifth nationally, per capita, for NICB Questionable Claims (QCs)[◇] on personal automobile policies.
- ✓ Approximately 30,000 vehicles are stolen each year in New York.

[◇] *Questionable Claims (QCs) are suspected fraud referrals submitted direct to the National Insurance Crime Bureau (NICB). While almost every state requires insurers to report suspected insurance fraud, New York is the sole state which does not allow insurers to satisfy the fraud reporting requirement by submitting a QC to NICB. Accordingly, it suggests that NY QC numbers are under-represented.*

The National Insurance Crime Bureau (NICB) is a national, century-old, not-for-profit organization supported by approximately 1,200 property and casualty insurance companies, including 443 who write business in New York. Working hand-in-hand with our member companies and New York state and local law enforcement, we help to detect, prevent, and deter insurance crimes, including towing and body shop fraud.

Common Auto-Related Fraud and Crime Schemes

Approximately 30,000 **vehicle thefts**—including automobiles, motorcycles, airplanes, off-road vehicles, snowmobiles, boats, construction and farm vehicles—occur in New York, often by organized crime rings using increasingly sophisticated schemes. The vehicle identification numbers are often counterfeited or cloned and the vehicle resold to unsuspecting buyers, stripped for parts, shipped out of the country, or used in the commission of other crimes.

Street crooks, organized rings, and dishonest repair shops seek to profit from **partial vehicle theft** by stealing and reselling vehicle parts—such as air bags, catalytic converters, radar sensors, taillights, engines, drivetrains, and transmissions. Beyond the parts, the damage caused to the vehicle in haste of stealing the parts exacerbates costs.

Dishonest body hops engage in multiple **body shop fraud** techniques to deceive consumers and insurers for financial gain. Common tactics include charging for parts not replaced, installing used or counterfeit parts and charging for OEM parts, faking scan reports, adding pre-existing damage to the estimate, billing for labor hours not performed, using AI or other digital manipulation, and more.

By cashing in on a large volume of relatively low cost, quickly-paid claims, fraudsters use the relatively low dollar amounts paid for auto glass replacements to fly under the radar while putting drivers at risk. Common **auto glass fraud** practices include charging for recalibration of advanced driver assistance systems when not warranted or when the shop is unable to do so, replacing and recalibrating full windshields when a chip can be filled to manufacturer standards, charging for OEM glass while replacing with a used windshield, and the like.

Unscrupulous towers race to crash sites to take advantage of the stress and confusion by pressuring motorists to agree to a tow. Upon towing the vehicle, **predatory towers** will charge inflated, exorbitant fees and hold the vehicle hostage until the fee is paid. According to a recent Gothamist article¹: “To chasers, each wrecked car is an opportunity to tap into a lucrative market of insurance payouts and junk fees, consumer advocates said... Fatal crashes involving both licensed and unlicensed tow trucks have left at least 15 people dead since 2010... And competition among tow companies has erupted into violence over territory, with at least five shootings related to towing companies since 2021.”

Crash and buy schemes occur when individuals and businesses quickly buy an automobile policy after a vehicle accident and claim the incident occurred prior to the policy’s inception.

Rate evasion occurs when consumers or businesses falsify risk information in order to obtain lower premiums. Examples include fabricating the location of where the vehicle is garaged, concealing high risk drivers, lying about miles driven, or not disclosing a vehicle being used for commercial purposes. According to a DFS data call, the amount of reported premium lost in 2024 as a result of New York insureds who misrepresented the principal place where their vehicles were garaged and/or driven was \$57,036,295.

¹ Quigley, Liam. Feb. 11, 2026. Ghost fleet: How New York City lost control of the tow truck industry. *Gothamist*.

In **owner give-up** schemes the policyholder intentionally disposes of or destroys their vehicle and reports it as stolen to collect the insurance payout.

Staged vehicle accidents often involve recruiters drafting participants to pack into a vehicle and purposely crash into another vehicle – the other vehicle is either an innocent victim or involved in the scheme (and also packed with recruits). The paid “victims,” often among society’s most vulnerable, are then steered to complicit attorneys and medical providers in exchange for quick cash; in more extreme circumstances, they even undergo unnecessary, invasive medical procedures, such as surgery, in exchange for bigger payouts.

Staged pedestrian accidents involve premeditated fraud on the part of the pedestrian or bicyclist that stage getting hit by a vehicle. These accidents are also often orchestrated by criminal rings and include runners, witnesses, attorneys, and medical providers.

Types of **other suspicious vehicle accident** schemes include “hit while parked” in which policyholders lie that vehicle damage occurred while parked on the street, and paper or phantom accidents in which fraudsters fabricate car accidents and supporting documents.

Medical billing fraud under an auto policy involves inflating or fabricating medical expenses to secure high payouts. Schemes include phantom billing, upcoding, unbundling, excessive or unnecessary treatment, duplicate billing, utilizing unlicensed providers, misuse of translation services, durable medical equipment fraud, prescription fraud, and more.

Insurance claims for **automobile burglary** not only cover the contents of stolen items but the damage to the vehicle. Secondary insurable risks includes stolen personally identifiable information used to commit identity theft or other cybercrimes, and garage door openers or house keys used to burglarize the vehicle owner’s home.

High-risk, coordinated **street takeovers and drag racing** events pose growing challenges for insurers. These incidents, usually organized through private or encrypted social media channels, often lead to large scale property damage, injuries, and in some cases fatalities. These takeovers create exposure to fraudulent or opportunistic claims tied to staged accidents, arson, vandalism, and commercial theft.

Like property public adjusters, **automobile public adjuster fraud** occurs when an unscrupulous independent adjuster uses deceptive tactics to inflate a vehicle claim or misappropriate funds.

Odometer blocker and rollback schemes not only inflate vehicle values for unsuspecting buyers but they also defraud insurers. Total loss values may not be based on the correct actual cash value, vehicles that would have been otherwise declared a total loss may be repaired, and potential flags for personal auto policy violations may be missed such as use as a livery vehicle or as a rental.

Classic car insurance fraud typically involves exploiting agreed-value policies by staging thefts or falsifying a vehicle's condition and provenance to secure payouts above its actual market worth. Perpetrators often use doctored documentation or falsified VINs to misrepresent a replica or a "basket case" as a pristine, high-value collectible.

Recent Auto-Related Fraud and Crime Case Examples

An individual was sentenced to 19 years in prison for their leadership role in a racketeering conspiracy that used fraud and violent intimidation—including murder—to run a Bronx-based tow truck and auto repair shop.

Twenty-seven individuals were arrested in connection with an alleged multimillion-dollar scheme relating to New York and New Jersey no fault automobile insurance. The alleged ringleader and his co-conspirators purportedly bribed 911 operators, medical personnel, and police officers for the confidential information of tens of thousands of motor vehicle accident victims to contact them, lie to them, and steer them to handpicked clinics and lawyers in exchange for kickbacks.

Thirteen defendants were indicted for allegedly perpetuating one of the largest no-fault insurance frauds in history. In carrying out their massive scheme, among other methods, they allegedly bribed 911 operators, hospital employees, and others for confidential motor vehicle accident victim information. With this information, they reportedly endangered victims by subjecting them to unnecessary and often painful medical procedures to fraudulently overbill insurance companies. The conspirators may have fraudulently owned and controlled more than a dozen medical professional corporations – including medical, acupuncture, and chiropractic practices

A Manhattan federal jury found a man guilty of conspiracy to commit mail, wire, and health care fraud for orchestrating and carrying out a multi-year scheme to intentionally cause more than 30 car crashes, obtain unnecessary medical treatment, and file fraudulent claims for insurance benefits. He orchestrated the scheme by finding cars, recruiting crews of drivers and passengers, and then sending the crews out to crash into cars driven by innocent victims.

Two New York men were charged in a 190-count indictment for allegedly stealing tires and rims from more than 100 vehicles, causing an estimated \$500,000 in property damage. The men were purported to be selling the tires and rims—stolen from car dealerships, rental car agencies, and residents—online for discounted prices.

Qatari law enforcement flagged a New York-registered stolen 2020 Land Rover in a shipping container that landed on their soil in which an insurer paid out a \$97,000 claim. NICB orchestrated the repatriation of the vehicle back to the U.S.

A Bronx-based organized vehicle theft ring stole vehicles to chop them for parts, and also shipped whole vehicles to Saudi Arabia. A law enforcement search of the chop shop resulted in numerous vehicles and vehicle parts recovered, and the identification of shipping records which led to mid-transit hold of two shipping containers headed for Saudi Arabia.

A man pled guilty for stealing more than a dozen high-end vehicles from dealerships across Erie County, New York.

A dozen individuals were charged in connection with allegedly defrauding insurance companies by enhancing motor vehicle damage and falsifying insurance claims. The alleged scheme involved members of the enterprise strategically striking insured vehicles with heavy objects, such as sledgehammers, or rubbing light assemblies alongside vehicles thereby enhancing or creating new damage to increase billed repair costs. The damage was created to simulate collisions with stationary vehicles. At times, members of the enterprise purportedly created no new damage to their vehicles, but instead submitted claims to multiple insurance companies under different policies to receive money.

Using the identity of another person, an individual was sentenced for, among other things, taking control of a Queens pharmacy to defraud no-fault automobile insurance providers of approximately \$2 million. The pharmacy also sold illegitimately sourced pharmaceuticals to other pharmacies.

A Suffolk County body shop owner, following a sting operation, pled guilty to enhancing body damage to a vehicle he believed was being covered by an insurance policy.

Two defendants were arrested for allegedly staging a pedestrian accident. The incident was caught on video and showed the two defendants hiding behind a parked van and waiting for a vehicle to pass them. When the vehicle passed them, both defendants purportedly walked into the vehicle deliberately and fell to the ground. The recovered video shows the defendants lying on the ground until the arrival of an ambulance. The defendants claimed injuries and received allegedly excessive and unnecessary medical treatments in excess of \$50,000 each.

An insurance broker and his associates allegedly conspired to steal money from predominantly immigrant Hispanic victims by purporting to provide them with automobile insurance coverage through a fraudulent company. Defendants reportedly registered motor vehicles, legitimately belonging to Suffolk County residents, in Virginia and obtained Virginia license plates and registrations. In addition to an up-front payment averaging \$1,000, the victims were reportedly charged approximately \$80 a month for the purported insurance coverage. In instances where the victims were involved in motor vehicle accidents, the subjects may have falsely explained that the incidents were not eligible for insurance coverage by claiming that the victim driver was at fault, or, that the insurance coverage was available only to Virginia residents.