

News Release

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Boosted by Fraud and Buildup, Claimed Auto Injury Losses in New York City Metro Area Far Outpace Inflation

MALVERN, Pa.—New findings from an Insurance Research Council (IRC) study of personal injury protection (PIP) claims closed in 2010 show that claimed losses for medical expenses, lost wages, and other expenses related to injuries from auto accidents in the New York City area have risen 70 percent over the past decade, surpassing the 49 percent increase in medical care inflation over the same period.

The average claimed loss per PIP claimant in the New York City metro area was more than double the average loss among claimants from the rest of the state, \$15,086 compared with \$6,870. Underlying this disparity are dramatic differences in claiming behavior between upstate and downstate claimants. Claimants from the New York City metro area were much more likely to visit chiropractors, physical therapists, and acupuncturists, to receive expensive diagnostic procedures, to report durable medical equipment expenses, to be treated in pain clinics, and to hire attorneys.

Statewide, nearly one in four (23 percent) claims in the study involved the appearance of claim abuse—either fraud, material misrepresentation of the facts of the claim; or buildup, inflated medical or other expenses in an otherwise legitimate claim. Claims from the New York City metro area were more than four times as likely to involve apparent abuse, 35 percent compared with 8 percent in the rest of the state. The study identified Brooklyn and Queens as particular hotspots for abuse. More than half (52 percent) of apparent abuse claims stemmed from accidents occurring in either Brooklyn or Queens; these two boroughs accounted for only 28 percent of all claims in the study.

The study also highlights the role of medical providers in the current wave of no-fault fraud affecting the state. In addition to detailing the treatment patterns for claimants in the state, the study also looks at the percentage of medical providers who produce bills with charges in excess of the state's fee schedule, hire attorneys, and file lawsuits.

“This report further details the problem of claim abuse in New York, especially unscrupulous medical providers who overtreat and overcharge claimants and their insurers,” said Elizabeth Sprinkel, Senior Vice President of the IRC. “Even when the excessive charges can be mitigated, the costs of combating these fraudulent activities are further driving up the price of insurance for all consumers in the state.”

The IRC study examines detailed claim information from more than 4,500 claims closed in 2010. Ten insurers, representing approximately 70 percent of the private passenger auto insurance market in New York, participated in the study. Preliminary results from the study were released in January 2011. For more detailed information on the study's methodology and findings, contact David Corum, at (484) 831-9046, or by e-mail at irc@TheInstitutes.org. Copies of the study are available for \$125 for an electronic version, or \$140 for a printed copy. Visit IRC's Web site at www.ircweb.org for more information.

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