

Kentucky targets auto crash rings with new law

By: Patricia L. Harman

Another state is taking aim at automobile crash rings. Kentucky HB 153 goes into effect in late June and makes it illegal to solicit victims involved in an automobile crash for medical treatment for 30 days following the incident.

Mark Treesh, executive director for the Insurance Institute of Kentucky, describes the scheme this way: “Unscrupulous providers learn of an accident and contact people involved, who may or may not be truly injured, with a promise of a cash payment. This is then followed by a series of treatments until personal injury protection (PIP) benefits, usually \$10,000, are used up, at which time the patient is cut loose.”

Frequently the care is inadequate or may be totally unrelated to the injuries sustained, and patients who truly are injured may be unable to get treatment later because their PIP benefits would have already been exhausted. “Whether the person was injured or not, in many instances the insurance-buying public has paid for unnecessary treatment,” adds Treesh.

“Crash rings are driving up auto premiums for honest Kentucky residents. Soliciting crash victims is a lucrative source of fraud profits,” says Howard Goldblatt, director of government affairs for the Coalition Against Insurance Fraud in a statement. “Prosecutors now can wield stiff penalties that take fraudsters off the streets and help drain the ring’s illicit income.”

Suspicious claims increasing

According to Tim Lynch of the National Insurance Crime Bureau (NICB), Kentucky has seen a steady uptick in suspicious claims, and Louisville ranks 10th in the country for these types of fraudulent claims. Migration fraud also is an issue for Kentucky, ranking number two in the country behind Minnesota for crime rings that have moved to the state from other jurisdictions because fraud laws are less stringent.

Lynch says the law “restricts malicious or overzealous solicitation in the wake of an accident.” Many of these cases involve low-speed fender-benders with police reports that have been flagged by “runners” for the clinics. He anticipates that the law will enable authorities to catch more fraudsters before the fraud is perpetrated.

“We hope that the law will cut down on the abuse of PIP, which will save consumers money in the long run,” said Treesh. “We also hope that consumers will get taken advantage of less and

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that their PIP coverage dollars will be used more to their advantage.”

Scammers monitor police scanners

Technology has made it easier for scammers to track down victims of crashes. They monitor police scanners and then contact the traumatized victims at the crash site, sending them to less than honest clinics for treatment. The dishonest medical providers then file phony claims against the victim’s insurance without his or her knowledge for soft tissue injuries like whiplash that don’t show up on X-rays or other tests. If the fraudsters don’t get to the victims at the accident site, they obtain the police reports afterwards and badger them to seek medical treatment.

According to the new law, “During the first 30 days following a motor vehicle accident a healthcare provider or an intermediary, at the request or direction of a healthcare provider, shall not solicit or knowingly permit another individual to solicit a person involved in a motor vehicle accident for the provision of reparation benefits as defined by KRS 304.39-020(2).” This rewrites the anti-solicitation law passed in 2011 that was found to be overly broad because it restrained free