

107TH CONGRESS
2D SESSION

S. 2850

To create a penalty for automobile insurance fraud, and for other purposes.

IN THE SENATE OF THE UNITED STATES

AUGUST 1, 2002

Mr. SCHUMER introduced the following bill; which was read twice and referred
to the Committee on the Judiciary

A BILL

To create a penalty for automobile insurance fraud, and
for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Cheaper Car Insurance
5 Act of 2002”.

6 **SEC. 2. AUTOMOBILE INSURANCE FRAUD.**

7 (a) IN GENERAL.—Chapter 47 of title 18, United
8 States Code, is amended by inserting at the end the fol-
9 lowing:

1 **“§ 1037. Automobile insurance fraud**

2 “(a) Whoever knowingly commits automobile insur-
3 ance fraud shall be punished as provided in subsection (b).

4 “(b) Except as provided in subsection (c), the punish-
5 ment for an offense under subsection (a) is a fine of not
6 more than \$100,000 and imprisonment of not more
7 than—

8 “(1) 5 years for a first violation of subsection
9 (a);

10 “(2) 10 years for a second violation of sub-
11 section (a); or

12 “(3) 15 years for a third or subsequent viola-
13 tion of subsection (a).

14 “(c) If a violation of subsection (a) results in costs
15 that exceed \$100,000, the fine imposed under subsection
16 (b) may be in an amount greater than \$100,000 in order
17 to cover the resulting cost.

18 “(d) In this section—

19 “(1) the term ‘automobile insurance fraud’
20 means fraud committed by any person who know-
21 ingly and intentionally presents a written statement,
22 causes a written statement to be presented, or pre-
23 pares a written statement with knowledge or belief
24 that it will be presented to or by an insurer, self-in-
25 surer, or any agent thereof, that such person
26 knows—

1 “(A) contains materially false information
 2 concerning any fact material to an application,
 3 certificate, evidence, or claim referred to in
 4 paragraph (2); or

5 “(B) conceals, for the purpose of mis-
 6 leading, information concerning any fact mate-
 7 rial to an application, certificate, evidence, or
 8 claim referred to in paragraph (2); and

9 “(2) the term ‘written statement’ means a writ-
 10 ten statement that is part of, or in support of—

11 “(A) an application for the issuance of or
 12 the rating of a commercial insurance policy;

13 “(B) a certificate or evidence of self-insur-
 14 ance for commercial insurance or commercial
 15 self-insurance; or

16 “(C) a claim for payment or other benefit
 17 pursuant to an insurance policy or self-insur-
 18 ance program for commercial or personal insur-
 19 ance.”.

20 (b) CONFORMING AMENDMENT.—The chapter anal-
 21 ysis for chapter 47 of title 18, United States Code, is
 22 amended by adding at the end the following:

“1037. Automobile insurance fraud.”.

23 **SEC. 3. BEST PRACTICES.**

24 (a) IN GENERAL.—The Department of Justice shall
 25 publish best practices for the States to use—

1 (1) in licensing auto body shops that perform
2 work paid for by insurers; and

3 (2) in licensing medical treatment provided to
4 people who are injured in automobile accidents.

5 (b) GOAL.—The goal of publishing best practices as
6 required under subsection (a) is to encourage the States
7 to adopt such practices to limit the feasibility of commit-
8 ting insurance fraud.

9 **SEC. 4. INVESTIGATION OF FRAUDULENT PRACTICES.**

10 (a) IN GENERAL.—The Attorney General shall co-
11 operate with the offices of the United States Attorneys
12 to—

13 (1) aggressively investigate fraudulent chop
14 shops and salvage yards;

15 (2) aggressively prosecute automobile insurance
16 fraud (as defined in section 1037 of title 18, United
17 States Code); and

18 (3) report statistics on investigations, prosecu-
19 tions, and convictions of automobile insurance fraud.

20 (b) REPORTING.—Statistics referred to in subsection
21 (a)(3) shall be reported to the Subcommittee on Adminis-
22 trative Oversight and the Courts of the Committee on the
23 Judiciary of the Senate and the appropriate Committee
24 of the House of Representatives.

1 **SEC. 5. INVESTIGATIVE AND PROSECUTORIAL SPECIAL**
2 **UNITS.**

3 (a) ESTABLISHMENT OF UNITS.—The Attorney Gen-
4 eral shall establish investigative and prosecutorial special
5 units in the offices of the United States Attorneys in the
6 10 cities in the United States that are most severely af-
7 fected, as determined by the Attorney General, by auto-
8 mobile insurance fraud (as defined in section 1037 of title
9 18, United States Code).

10 (b) PURPOSE.—The special units established under
11 subsection (a) shall investigate and prosecute automobile
12 insurance fraud.

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