



NEWS RELEASE

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State cracks down on insurance fraud

On September 25, 2006 Fadey Kuzmin pled guilty in Anchorage Trial Courts to Theft in the 2nd Degree, a class B felony stemming from a fraudulent insurance claim. The case was based on an investigation done by the Alaska Division of Insurance investigators and filed by the Office of Special Prosecution and Appeals regarding violations of insurance laws.

The investigation determined that earlier this summer Mr. Kuzmin committed insurance fraud by reinstating his lapsed auto insurance before reporting an accident. Mr. Kuzmin received a five year Suspended Imposition of Sentence, 120 hours community service and a restitution of \$12,000 to State Farm Insurance Company.

Linda Hall, Division of Insurance Director said that insurance fraud hurts law abiding Alaskans because it makes all insurance premiums go up. In 2001, Conning & Co, an asset management company with a special focus on insurance company investments, estimated fraud costs the average US household about \$5,000 a year in the form of higher premiums and higher prices for goods and services.

Earlier this year, Hall's division hired an insurance fraud attorney within the Department of Law to help crack down on insurance crimes. "This conviction is the third felony conviction we've received since hiring an attorney dedicated to stopping fraud," said Hall. "Insurance fraud is a serious offense and potential criminals should know we have the manpower and will to prosecute cases."

Hall said insurance fraud over \$500 is considered a felony offense. The penalties differ based on the amount with a maximum sentence of 10 years in jail and can include 120 to 1,000 hours of community work service, full restitution to the victim and probation. She said her division investigates life, health, workers' compensation, automobile and property insurance fraud cases.

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