

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF ALBANY

-----X
NEW YORK INSURANCE ASSOCIATION, INC.,
AMERICAN TRANSIT INSURANCE COMPANY,
EVEREADY INSURANCE COMPANY, GREATER NEW
YORK MUTUAL INSURANCE COMPANY, KINGSTONE
INSURANCE COMPANY, MERCHANTS INSURANCE
GROUP and UTICA MUTUAL INSURANCE COMPANY,

**AFFIDAVIT OF
MICHAEL J. LEFEBVRE**

Index No. 264-10

Plaintiffs,

-against-

STATE OF NEW YORK, ANDREW M. CUOMO, Governor of
the State of New York, BENJAMIN M. LAWSKY,
Superintendent of the New York State
Department of Financial Services, and ROBERT
L. MEGNA, as Director of Budget,

Defendants.

THE NEW YORK HEALTH PLAN ASSOCIATION, INC.;
AETNA HEALTH INC.; AETNA HEALTH INSURANCE COMPANY
OF NEW YORK; CDPHP UNIVERSAL BENEFITS, INC.;
CAPITAL DISTRICT PHYSICIANS' HEALTH PLAN, INC.;
HEALTH NET OF NEW YORK, INC.; HEALTH NET
INSURANCE OF NEW YORK, INC.; HEALTHNOW NEW YORK
INC.; INDEPENDENT HEALTH ASSOCIATION, INC.;
INDEPENDENT HEALTH BENEFITS CORPORATION; MVP
HEALTH PLAN, INC.; MVP HEALTH INSURANCE COMPANY;
MVP HEALTH SERVICES CORP.; PREFERRED ASSURANCE
COMPANY; OXFORD HEALTH INSURANCE, INC.; OXFORD
HEALTH PLANS (NY), INC.; UNITEDHEALTHCARE
INSURANCE COMPANY OF NEW YORK; and UNITEDHEALTHCARE
OF NEW YORK, INC.,

Intervenor-Plaintiffs,

-against-

STATE OF NEW YORK, ANDREW M. CUOMO, in his
official capacity as Governor of the State of
New York, BENJAMIN M. LAWSKY, in his official
capacity as Superintendent of the New York
State Department of Financial Services, and
ROBERT L. MEGNA, in his official capacity as
Budget Director of the State of New York,

Defendants.

-----X

STATE OF NEW YORK)

COUNTY OF ALBANY)

MICHAEL J. LEFEBVRE, being duly sworn, deposes and says:

1. Since January 2011, I have been employed by the New York State Office of the Attorney General ("OAG") (also referred to as the Department of Law) as the Chief Financial Officer. As Chief Financial Officer, my responsibilities include oversight of all financial operations of the OAG.

2. The following is based upon a review of records maintained by the OAG.

3. For fiscal years 2008-09 through 2011-12, the OAG received two sub-allocations from the budget of the Insurance Department (now the Department of Financial Services) for services and expenses associated with: (1) the implementation of Executive Order 109 appointing the Attorney General as Special Prosecutor for no-fault automobile insurance fraud; and (2) investigating broker/insurer practices in the insurance industry.

The implementation of Executive Order 109 appointing the Attorney General as Special Prosecutor for no-fault automobile insurance fraud

4. On May 9, 2001, Governor Pataki issued Executive Order 109 (9 NYCRR §5.109) designating the OAG as Special Prosecutor to investigate and prosecute criminal acts relating to fraudulent motor vehicle insurance claims. In issuing Executive Order 109, Governor Pataki noted that there had recently been a dramatic increase in the costs of motor vehicle insurance which was attributable to fraudulent and abusive motor vehicle insurance claims practices.

5. The sub-allocation for the implementation of Executive Order 109 funds, in part, the OAG's activities as Special Prosecutor to investigate and prosecute criminal acts relating to fraudulent motor vehicle insurance claims ("Special Prosecutor").

6. In close cooperation with, and based upon referrals from, other government agencies, including the Insurance Department (now the Department of Financial Services), and insurance carriers, the OAG, as Special Prosecutor, investigates and prosecutes criminal conduct relating to the submission of fraudulent motor vehicle insurance claims and other types of motor vehicle insurance fraud.

7. During fiscal years 2008-09 through 2011-12, the crimes charged by the OAG, as Special Prosecutor, included Insurance Fraud, Scheme to Defraud, Grand Larceny, Identify Theft, Money Laundering, Computer Trespass, and Falsifying Business Records, and the defendants prosecuted included individuals who made false bodily injury claims, organizers of and participants in staged motor vehicle accidents, physicians, chiropractors, attorneys, hospital employees, owners of no-fault clinics, and insurance brokers.

8. In connection with these prosecutions, through plea bargains and/or court-ordered conditions of sentences, several of the defendants prosecuted by the OAG, as Special Prosecutor, were required to pay substantial sums of restitution to insurance companies. Moreover, several medical providers prosecuted by the OAG, as Special Prosecutor, were required to waive any and all outstanding claims for compensation from insurance companies.

9. The performance of the OAG's duties as Special Prosecutor, which is funded, in part, by a sub-allocation from the budget of the Insurance Department (now the Department of Financial Services) has the potential to substantially impact the amounts of automobile insurance premiums paid by insureds by

reducing the number of false and fraudulent claims. The performance of the OAG's duties as Special Prosecutor also saves the insurance industry significant amounts of monies through the payment of restitution to insurance companies and waivers of fraudulent insurance claims by medical providers.

Investigating broker/insurer practices in the insurance industry

10. The sub-allocation for investigating broker/insurer practices in the insurance industry funds, in part, the OAG's investigations into fraudulent, misleading, or deceptive practices by insurance brokers and insurers generally and health care insurers in particular.

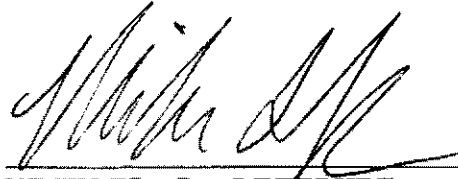
11. During fiscal years 2008-09 through 2011-12, the OAG conducted investigations of insurance brokers and insurers for possible violations of the law relating to fraudulent, misleading, or deceptive practices in the insurance market, such as the steering by brokers of customers to insurers which pay the brokers extra, undisclosed commissions; the provision of inflated quotes to customers through a bid-rigging process; and potential conflicts of interests impacting the selection by colleges and universities of health insurers for their student health insurance plans.

12. During fiscal years 2008-09 through 2011-12, the OAG also conducted investigations of health care insurers for possible violations of the law relating to fraudulent, misleading, or deceptive practices in the health care insurance market, such as improper cancelations of coverage, unjust denials of claims, confusing policy language pertaining to out-of-network services, the maintenance of inaccurate health plan directories, and the use of outdated data to reimburse health care services.

13. The OAG has entered into agreements with the targets of many of these investigations pursuant to which the targets have ceased their unlawful practices and paid restitution to harmed consumers.


14. The OAG's investigations of broker/insurer practices in the insurance industry, which are funded, in part, by a sub-allocation from the budget of the Insurance Department (now the Department of Financial Services), protect consumers from

fraudulent, misleading, and deceptive practices by insurance
brokers and insurers.



MICHAEL J. LEBEVRE

Sworn to before me this
18th day of September, 2013



NOTARY PUBLIC

LYNETTE R. FIELDS
Notary Public, State of New York
Qualified in Albany County
LIC# 01F16255351
Commission Expires: Feb. 6, 2016