

**LOUISIANA AUTOMOBILE THEFT AND
INSURANCE FRAUD PREVENTION AUTHORITY
(LATIFPA)**

**LOUISIANA DEPARTMENT OF INSURANCE
Commissioner of Insurance James J. Donelon**



Report to the Legislature

January 1, 2006 – December 31, 2006

Table of Contents

Letter to the Legislature..... 2

Executive Summary..... 3

Problem Assessment..... 7

Initiatives..... 14

Financial Report..... 19

Looking Ahead..... 20

Special Thanks..... 22

Appendix 1 Statute Creating LATIFPA..... 23

Appendix 2 Board of Directors..... 27

Appendix 3 Staff..... 30

Mission Statement

“To deter and reduce vehicle theft and insurance fraud through a statewide cooperative effort of generating funds to support law enforcement, public awareness, community involvement and education initiatives”

LETTER TO THE LEGISLATURE

I am pleased to present to you the **Louisiana Automobile Theft and Insurance Fraud Prevention Authority (LATIFPA)** Report to the Legislature for calendar year 2006, in accordance with LRS 22:3201.

Since the last reporting period ending December 31, 2005, **LATIFPA** has made significant strides in the implementation of its bait vehicle program in the state of Louisiana. This program, officially titled the Vehicle Investigation Prevention Enforcement Response (VIPER) Program, has, in conjunction with the National Insurance Crime Bureau (NICB), successfully placed two equipped bait vehicles with local law enforcement during calendar year 2006. Through the VIPER program, vehicles equipped with the latest digital video and audio recording devices are being deployed in areas that have a high incidence of auto theft. Local law enforcement monitors the vehicles and the law enforcement entity is poised to move in and make arrests as appropriate.

Full implementation of this program is expected by the end of calendar year 2007 at which time we are expecting to place a total of four to six equipped vehicles for use in apprehending car thieves with the end purpose of reducing auto thefts and related crimes.

Vehicle theft continues to be a major concern in Louisiana and requires a coordinated statewide effort to develop, implement and sustain a successful program that helps address this major concern. **LATIFPA** will continue to work with local law enforcement agencies around the state and the NICB to complete the implementation of our official bait car program. **LATIFPA** will continue to monitor this program and will meet all necessary reporting requirements as outlined in the General Cooperative Endeavor agreement between the NICB and the **LATIFPA** and its Fraud Prevention Strategy and Grant Award Guidelines.

During calendar year 2006, the **LATIFPA** completed the initial development of its public awareness program as set forth in the **LATIFPA** Plan of Operation for implementation in the middle and high schools in the state of Louisiana beginning in the spring of 2007. This program is designed to educate middle and high school students about the consequences of auto theft through one and two hour school curriculums that will be presented by the **LATIFPA** staff in conjunction with local law enforcement.

LATIFPA has been very successful in its efforts to secure funding necessary to develop and implement our programs. In 2005, the **LATIFPA** received the generous financial support of the top 10 licensed property and casualty insurance companies in the state of Louisiana. During calendar year 2006, the **LATIFPA** is pleased to report that it has received continued funding from agents, automobile dealerships and various credit unions around the state. During calendar year 2007, the **LATIFPA** will continue to solicit funding to meet our current budget.

LATIFPA remains committed to reducing vehicle theft and insurance fraud in the state of Louisiana. In addition to the support it receives from the Department of Insurance, **LATIFPA** receives support from the Louisiana State Police Insurance Fraud Unit, the Louisiana Department of Justice, the insurance industry, law enforcement agencies, business partners and community organizations around the state. Together we will accomplish our common goals.

Sincerely,

Warren E. Byrd, Designated Chairman

EXECUTIVE SUMMARY

Introduction

Act 711 of the 2004 Regular Session of the Louisiana Legislature created the **Louisiana Automobile Theft and Insurance Fraud Prevention Authority (LATIFPA)**. **LATIFPA** is a public agency whose purpose is to combat motor vehicle theft, including fraud by theft and other criminal acts.

Act 711 also establishes an Automobile Theft and Insurance Fraud Prevention Authority Fund within **LATIFPA**. This specially created funding mechanism is used to collect and disburse funds through a grant process for the purpose of reducing motor vehicle theft and insurance fraud. **LATIFPA** may solicit and accept gifts, grants, donations, loans and other assistance from any person or entity, private or public. **LATIFPA** may establish programs in conjunction with other state agencies, local governing authorities and law enforcement agencies for motor vehicle theft and insurance fraud prevention, detection and enforcement. **LATIFPA** may also make grants to other state agencies, local governing authorities and law enforcement agencies for motor vehicle theft and insurance fraud prevention, detection and enforcement. **LATIFPA** may further engage in cooperative endeavors with any public or private association, corporation or individual with similar obligations and purposes as long as all expenditures are for a public purpose and create a public benefit proportionate to the cost.

LATIFPA is governed by an 11-member Board of Directors, representing the Department of Insurance and related governmental entities. The Board includes the Commissioner of Insurance or his designee, the State Treasurer or his designee, a representative of the Louisiana State Police Insurance Fraud Unit, the chairman of the Senate Committee on Insurance or his designee, the chairman of the House Committee on Insurance or his designee, two members appointed by the Attorney General to represent law enforcement officials in this state, two members representing motor vehicle insurers doing business in this state, and two members representing purchasers of motor vehicle insurance. **LATIFPA** has a three-person staff responsible for executing its strategic plan.

Board of Directors

(See Appendix 2)

The Honorable James J. Donelon, Commissioner of Insurance
LATIFPA Chairman

Louisiana Department of Insurance

(Warren E. Byrd, Designated Chairman of the Commissioner of Insurance)

The Honorable John N. Kennedy, Louisiana State Treasurer

Louisiana Department of the Treasury

Lieutenant Allen Carpenter, Supervisor

Louisiana State Police Insurance Fraud and Auto Theft Unit

The Honorable James David Cain, Chairman

Louisiana Senate Committee on Insurance

The Honorable Karen R. Carter, Chairwoman

Louisiana House Committee on Insurance

Mike Boydston

Many, Louisiana

Joseph Dupuis, Jr., Attorney at Law

Milling, Benson & Woodward

Lafayette, Louisiana

Larry E. Hinton, General Counsel

GEICO Companies

Washington, D.C.

Richard Soileau, General Manager

Safeway Insurance of Louisiana

Lafayette, Louisiana

Clement Story, III, Special Counsel to the Attorney General

Louisiana Department of Justice

Baton Rouge, Louisiana

Rodley Henry, Deputy Director, Public Protection Division
and Chief of the Auto Fraud Section

Louisiana Department of Justice

Baton Rouge, Louisiana

Staff

(See Appendix 3)

Denise Cassano, Director
**Louisiana Automobile Theft and Insurance
Fraud Prevention Authority**

Kevin Smith, Assistant Director
**Louisiana Automobile Theft and Insurance
Fraud Prevention Authority**

Virginia Gerace Benoist
Assistant Attorney General
Legal Counsel Appointee
**Louisiana Automobile Theft and Insurance
Fraud Prevention Authority**

Summary

LATIFPA conducted four public meetings of its board of directors during the period of January 1, 2006, through December 31, 2006.

In 2005 **LATIFPA** received \$88,500 in donations from motor vehicle insurers licensed in the state of Louisiana to reduce motor vehicle theft and insurance fraud. In 2006 **LATIFPA** received \$21,000 from motor vehicle insurers licensed in the state of Louisiana. In 2006 **LATIFPA** received \$9,051 from various agents, automobile dealerships and credit unions in the state of Louisiana. In 2006 **LATIFPA** received an additional \$4,011 in interest on investments. Total expenditures for calendar year 2006 totaled \$26,371.22.

In July, 2005, the **LATIFPA** Board of Directors approved the formation of the **LATIFPA** Bait Vehicle Steering Committee whose purpose was to make recommendations, in cooperation with the National Insurance Crime Bureau (NICB), to the **LATIFPA** Board for the development of a formal bait vehicle program in Louisiana. Due to Hurricanes Katrina and Rita impacting Louisiana in 2005, the first meeting of the Bait Vehicle Steering Committee was not held until 2006. During 2006 the committee conducted seven public meetings at which time the committee developed, in accordance with its goals and objectives, a comprehensive process for determining, evaluating and implementing a successful bait vehicle program. The procedures, in part, entailed the establishment of a review process in conjunction with law enforcement agencies to determine their capability and effectiveness for operating a bait vehicle. The procedures further entailed the establishment of a grant process for soliciting and reviewing grant applications for bait vehicle awards. Through this process, the committee members were able to assist and make recommendations to the **LATIFPA** Board members in the selection of those law enforcement agencies eligible to receive an equipped bait vehicle for use in the investigation of automobile-related crime and/or fraud that directly impacts automobile insurance.

In 2006, **LATIFPA** facilitated the donation of two additional vehicles from GEICO Insurance Company for use as bait vehicles. The transfer of these vehicles was to the NICB. During the year 2006, **LATIFPA** awarded its second equipped vehicle to the Baton Rouge Police Department.

LATIFPA continues to partner with the NICB to formalize the bait car program. This program is expected to be fully implemented by the end of Fiscal Year 2007/2008.

During its November 2006 meeting, the **LATIFPA** Board of Directors approved the newly developed **LATIFPA** public awareness curriculums for presentation in middle and high schools in the state of Louisiana. Implementation of these curriculums began in the spring of calendar year 2007 with full implementation scheduled for the fall of 2007.

PROBLEM ASSESSMENT

Vehicle Theft



In Louisiana, as is the case throughout the country, there is an epidemic of vehicle theft and related criminal activity. Vehicle theft is more than just a nuisance crime and it is not just about a piece of property. Criminals often steal vehicles in order to facilitate other crimes or for profit. Professional thieves often operate “chop shops” where stolen vehicles are stripped and component parts are sold to unsuspecting buyers or unscrupulous auto repair shops. This fraud is exacerbated when these unscrupulous auto repair shops submit repair bills to insurance companies showing they used original equipment manufacturer parts when, in fact, the parts used were obtained from a “chop shop.” A criminal may also try to conceal a stolen vehicle’s identity by “VIN-switching” with wrecked or salvaged vehicles and then selling the stolen vehicles to unsuspecting buyers. This activity, and the criminal acts that are facilitated through vehicle theft, accounts for significant economic loss in our community and affects the quality of life for our citizens.

According to the NICB, using National Crime Information Center data, the 1991 Honda Accord was the most frequently stolen vehicle in 2005. Motor vehicle thieves typically target imports over domestic brands because some of their parts are interchangeable and thieves dismantle them for their components. Listed below are the top 10 vehicles stolen in 2005.

Rank	Year, Make, Model
1	1991 Honda Accord
2	1995 Honda Civic
3	1989 Toyota Camry
4	1994 Dodge Caravan
5	1994 Nissan Sentra
6	1997 Ford F150 Series
7	1990 Acura Integra
8	1986 Toyota Pickup
9	1993 Saturn SL
10	2004 Dodge Ram Pickup

According to the Federal Bureau of Investigation (FBI) Uniform Crime Report, there were more than 1.2 million motor vehicle thefts in the United States in 2005, at an estimated cost of \$7.6 billion. In Louisiana there were 14,389 vehicles reported stolen, ranking Louisiana 24th in the nation in actual number of vehicles stolen.

The report also indicates that the nationwide motor vehicle theft rate per 100,000 inhabitants was 387.88. In Louisiana, the 2005 theft rate per 100,000 inhabitants was actually reduced from 436.6 in 2004 to 318.1 in 2005.

Motor Vehicle Theft By State

Comparison 2004/2005

Ranked by Vehicle Theft Rate for
Calendar Year 2005

RANK	STATE	TOTAL # IN 2004	TOTAL # IN 2005	*RATE/100,000
1	District of Columbia	8,408	7,720	1,402.3
2	Nevada	22,635	26,931	1,115.2
3	Arizona	55,306	54,905	924.4
4	Washington	43,233	49,287	783.9
5	Hawaii	8,620	9,135	716.4
6	California	252,604	257,604	712.8
7	Maryland	35,858	34,070	608.4
8	Colorado	24,063	26,101	559.5
9	Oregon	18,535	19,262	529.0
10	Georgia	44,238	44,477	490.2
11	Michigan	50,555	48,223	476.5
12	Missouri	25,893	25,699	443.1
13	Florida	78,325	75,303	423.3
14	Tennessee	24,749	25,078	420.6
15	New Mexico	7,902	7,993	414.5
16	Rhode Island	4,078	4,398	408.7
17	Texas	94,077	93,423	408.7
18	Oklahoma	12,957	13,900	391.8
19	Alaska	2,240	2,595	391.0
20	South Carolina	15,637	16,358	384.4
21	Ohio	40,853	41,379	360.9
22	Indiana	21,091	21,744	346.7
23	Utah	7,651	8,493	343.9
24	Kansas	8,435	9,322	339.6
25	North Carolina	26,998	28,466	327.8
26	Louisiana	19,714	14,389	318.1
27	New Jersey	30,306	27,683	317.5
28	Nebraska	5,287	5,567	316.5
29	Illinois	40,355	39,385	308.6
30	Connecticut	11,025	10,418	296.8
31	Massachusetts	22,053	18,880	295.1
32	Alabama	14,024	13,140	288.3
33	Delaware	2,147	2,349	278.5
34	Minnesota	13,518	14,281	278.2
35	Arkansas	6,491	7,284	262.1
36	Mississippi	7,879	7,492	256.5
37	Puerto Rico	10,128	9,299	237.7
38	Pennsylvania	30,969	29,394	236.5
39	Wisconsin	11,374	12,546	226.6
40	Virginia	17,411	15,972	211.1
41	Kentucky	8,772	8,796	210.8
42	Montana	1,618	1,971	210.7
43	West Virginia	3,739	3,816	210.0
44	Idaho	2,724	2,884	201.8
45	New York	41,002	35,736	185.6
46	Iowa	5,404	5,475	184.6
47	North Dakota	906	1,057	166.0
48	Wyoming	799	739	145.1
49	South Dakota	846	841	108.4
50	Vermont	575	641	102.9
51	New Hampshire	1,942	1,337	102.1
52	Maine	1,303	1,348	102.0
	United States	1,247,242	1,244,525	387.9

*Motor Vehicle Theft Rate Per 100,000 Inhabitants

Information obtained from the U.S. Department of Justice Federal Bureau of Investigation "Crime in the United States" 2005 Uniform Crime Report

According to the FBI 2005 Uniform Crime Report, Baton Rouge was ranked highest in Louisiana for motor vehicle theft offenses known to law enforcement, reporting 1,489 motor vehicle thefts. The Shreveport-Bossier City area is next, reporting 1,279 motor vehicle thefts in 2005. Ranked third in motor vehicle theft offenses known to law enforcement was Lafayette, reporting 418 motor vehicle thefts.

In the past New Orleans has consistently ranked highest in Louisiana for motor vehicle theft offenses. In 2004, New Orleans reported 6,534 motor vehicle thefts. New Orleans and Metairie were unreported per metropolitan area in the 2005 Uniform Crime Report. The city of Kenner did report, individually, 349 motor vehicle thefts in 2005. Because of Hurricane Katrina, the population in New Orleans has been greatly reduced while other areas of the state have seen sharp increases in their population, thereby creating greater opportunity for auto theft and insurance fraud. However, according to this report, there has been a significant reduction in auto theft in most of the largest cities in Louisiana. **LATIFPA** is encouraged by this reduction and while the bait vehicle program has only been operational for a short time, the success of programs and partnerships around the state has brought about significant awareness on the part of consumers which can certainly be a contributing factor to the present reduction in auto thefts in the various cities around the state. **LATIFPA** hopes that the bait vehicle program, as it moves forward, will affect an even greater positive change in these numbers.

**Motor Vehicle Theft Offenses Known to Louisiana Law Enforcement by City 10,000
and over in Population, 2005**

City by state	Population	Motor vehicle theft
Louisiana		
Alexandria	46,051	210
Baker	13,409	61
Baton Rouge	224,487	1,489
Bogalusa	12,930	49
Bossier City	59,715	263
Crowley (Unreported)		
Gretna	17,208	132
Denham Springs	10,124	60
Houma	32,078	56
Jennings	10,758	31
Kenner	70,374	349
Lafayette	112,161	418
Lake Charles	70,942	240
Mandeville	11,531	20
Metairie (Unreported)		
Minden	13,304	14
Monroe	52,282	122
Morgan City	12,174	23
Natchitoches (Unreported)		
New Orleans (Unreported)		
Pineville	13,808	48
Ruston	20,701	56
Shreveport	199,021	1,016
Slidell	26,892	149
Thibodaux	14,526	9
West Monroe	13,031	60
Westwego	10,555	29
Zachary	12,091	24

Motor Vehicle Theft Offenses Known to Law Enforcement by City 10,000 and over in Population
Information obtained from the U.S. Department of Justice Federal Bureau of Investigation "Crime in the United States" 2005
 Uniform Crime Report

Motor Vehicle Theft in Louisiana
by Metropolitan Statistical Area, 2005

Metropolitan Statistical Area	Population	Motor vehicle theft
Alexandria, LA M.S.A.	147,408	
(Includes Grant and Rapides Parishes.)		
City of Alexandria	46,051	210
Total area actually reporting	94.2%	472
Estimated total	100.0%	503
Rate per 100,000 inhabitants		341.2
Baton Rouge, LA M.S.A.	729,999	
(Includes Ascension, East Baton Rouge, East Feliciana, Iberville, Livingston, Pointe Coupee, St. Helena, West Baton Rouge, and West Feliciana Parishes.)		
City of Baton Rouge	224,487	1,489
Total area actually reporting	96.2%	2,711
Estimated total	100.0%	2,794
Rate per 100,000 inhabitants		382.7
Houma-Bayou Cane-Thibodaux, LA M.S.A.	199,025	
(Includes Lafourche and Terrebonne Parishes.)		
City of:		
Houma	32,078	56
Thibodaux	14,526	9
Total area actually reporting	98.9%	360
Estimated total	100.0%	368
Rate per 100,000 inhabitants		184.9
Lafayette, LA M.S.A.	246,589	
(Includes Lafayette and St. Martin Parishes.)		
City of Lafayette	112,161	418
Total area actually reporting	77.3%	609
Estimated total	100.0%	774
Rate per 100,000 inhabitants		313.9
Lake Charles, LA M.S.A.	194,981	
(Includes Calcasieu and Cameron Parishes.)		
City of Lake Charles	71,942	240
Total area actually reporting	86.5%	504
Estimated total	100.0%	599
Rate per 100,000 inhabitants		307.2
Monroe, LA M.S.A.	171,547	
(Includes Ouachita and Union Parishes.)		
City of Monroe	52,232	122
Total area actually reporting	98.0%	281
Estimated total	100.0%	293
Rate per 100,000 inhabitants		170.8
New Orleans-Metairie-Kenner, LA M.S.A.		
(Includes Jefferson, Orleans, Plaquemines, St. Bernard, St. Charles, St. John the Baptist, and St. Tammany Parishes.)	Unreported	
City of:		
New Orleans		
Kenner		
Total area actually reporting		
Estimated total		
Rate per 100,000 inhabitants		
Shreveport-Bossier City, LA M.S.A.	382,482	
(Includes Bossier, Caddo, and De Soto Parishes.)		
City of:		
Shreveport	199,021	1,016
Bossier City ¹	59,715	263
Total area actually reporting	100.0%	1,520
Rate per 100,000 inhabitants		397.4

Motor Vehicle Theft in Louisiana by Metropolitan Statistical Area
Information obtained from the U.S. Department of Justice Federal Bureau of Investigation "Crime in the United States" 2005 Uniform Crime Report

Auto theft is covered under the comprehensive section of an auto insurance policy. This applies to the loss of a vehicle as well as the loss of vehicle parts. Comprehensive coverage, which is not mandatory, also pays for vandalism, fire and weather-related damage, which includes damage from flooding and earthquakes.

Premium rates for comprehensive insurance are significantly affected by the likelihood that an insured vehicle will be stolen or damaged.



Insurance Fraud

Auto insurance fraud is an enormous problem in the United States. According to estimates by the Insurance Information Institute, fraud accounts for 10 percent of the property and casualty insurance industry’s incurred losses and loss adjustment expenses. This brings the fraud tab for Americans to about \$30 billion a year for both 2004 and 2005. All Louisiana citizens are the victims of this illegal activity, paying in the form of higher insurance premiums. Many industry experts estimate that these illegal activities cost the average household \$200 to \$300 in insurance premiums each year.

There are various forms of fraud, all of which are costly to the citizens of Louisiana. Common types of insurance fraud include “padding” or inflating legitimate claims, misrepresentation on an insurance application, submitting claims for injuries or damages that never occurred, and staging accidents. Crimes such as staged accidents are primarily planned and executed by members of gangs or organized crime groups. One example of a staged accident occurs when one of two planted motor vehicles pulls in front of an unsuspecting motorist and slows down, causing the targeted motorist to brake suddenly. The second planted vehicle then crashes into the target, and the driver of the first planted vehicle makes an insurance claim for damages and possibly bodily injury on the charge that the victim failed to maintain control of the vehicle.

Natural disasters can create a climate for insurance fraud. Passing off flooded cars for sound vehicles, claiming losses under homeowners policies for items or damage when there was no insured loss, and inflating invoices for repairs to homes are just a few of the possibilities. The Louisiana Department of Insurance continues to receive reported cases of suspected fraudulent claims regarding Hurricanes Katrina and Rita.

One of the most significant and costly types of insurance fraud is unfounded bodily injury liability claims, such as a whiplash. Such misrepresentation of facts on claims costs the insurance industry billions of dollars each year.

Insurance fraud is a problem that not only affects Louisiana and its citizens but also the entire country. Louisiana has taken the initiative in identifying, combating and prosecuting insurance fraud through cooperative efforts of insurance fraud units by the Louisiana State Police, the Louisiana Department of Insurance and the Louisiana Attorney General's Office, together with the full support of the governor's office and the Legislature and in conjunction with the NICB.

Achieving success depends on the public's awareness of the problem and an overall climate that promotes a willingness to assist the efforts of the **LATIFPA**. Under Louisiana's insurance statute, LRS 22:1245.A, any company, or other legal entity, especially licensees of the Louisiana Department of Insurance, such as insurers, producers and adjusters, are required to report any suspected fraudulent acts to the Department's Fraud Section. As such, any Louisianian who knows of insurance fraud or has reason to suspect insurance fraud should contact the Louisiana Department of Insurance Fraud Section.

INITIATIVES

During the year 2006, **LATIFPA** established the following programs eligible for funding under our Plan of Operation:

- The Vehicle Investigation Prevention Enforcement Response (VIPER) Program - This program is designed to award grants providing equipped bait vehicles to qualifying law enforcement agencies. These funds are distributed through the NICB for the purchase of a bait vehicle system for installation in a bait vehicle for use by qualifying law enforcement agencies. All grants are submitted and approved following the grant award application and qualifying guidelines. The technology installed in these vehicles utilizes computers, satellites and tracking devices, which alert police when the bait vehicle has been entered. The vehicles, which have been donated by insurance companies, are deployed in areas of high auto theft. Once the vehicle is deployed, police wait for a signal to be transmitted, alerting them that the vehicle has been entered or moved so that they may proceed to apprehend the criminals in the act of stealing the vehicle. This program is effective in deterring future offenders, which in turn reduces the number of vehicles lost by the public and reduces the cost of insurance claims to insurance companies. The equipment used in this program is also effective in assisting in the investigation and prosecution of auto theft offenders.
- In November, 2005, the **LATIFPA Board** adopted a proposal to award a grant in the amount of \$11,512 to the NICB for the purchase of a bait vehicle system for installation in a bait vehicle for use by the Northwest Louisiana Auto Theft Task Force, Shreveport Police Department. In 2006, the **LATIFPA Board** awarded a second grant in the amount of \$14,859 to the NICB for the purchase of a second bait vehicle system for installation in a bait vehicle. This second bait vehicle was placed with the Baton Rouge Police Department. These awards represent the first in a series to be granted by **LATIFPA** for the implementation of the bait vehicle program.
- The Auto Theft Awareness and Prevention Program – This program is designed to inform and educate middle and high school students about the consequences of auto theft. **LATIFPA** has allocated funding to implement this program through the presentation of curriculums to middle and high school students in Louisiana beginning in the spring of 2007, with full implementation scheduled for the fall of 2007. This type of program explores the relationship among the parties involved when an auto theft occurs and the impact that theft has on the juvenile's family, the individual victim or family of the victim, and the long-term effect this activity has on the community where the juvenile offender lives. This program encourages good driving habits and educates young drivers on how to prevent auto thefts. This program is designed to be administered by the **LATIFPA** staff in partnership with

judges of juvenile courts, insurance company claim managers and law enforcement officials specializing in auto theft. This program will be made available in school years 2007 and 2008 to all public schools in areas with a high rate of juvenile auto thefts and auto-related criminal activities.



Law Enforcement/Detection/Apprehension

Grants may be awarded to law enforcement agencies throughout the state to promote efficient and effective law enforcement activities in vehicle theft investigation, enforcement and prevention as well as for the establishment of other detection/apprehension programs. Law enforcement agencies in Louisiana are notified of the availability and purpose of grant funds and are eligible to submit applications for grants, provided they comply with the terms and conditions of the grants. These grants are based on the evaluation of the grant proposal by the **LATIFPA** staff and bait vehicle program committee of the **LATIFPA** Board, with final approval given by its board of directors.

Examples of law enforcement, detection and apprehension programs that may be funded are as follows:

- Proactive investigations focusing on career criminals or first-time offenders and organizations involved in motor vehicle theft activities through the use of surveillance, bait cars and other innovative investigative techniques.
- Proactive investigations that focus on the identification and elimination of operations that dismantle cars (chop shops) for the purpose of marketing stolen essential parts.
- Programs that combat automobile theft at the street level.
- Programs that reduce insurance fraud including accidents, vehicle identity, heavy equipment, windshield replacement, arson claims, auto collision repairs, homeowners, workers' compensation claims and life insurance claims.



Prosecution/Conviction

The prosecution of vehicle theft and insurance fraud remains under the jurisdiction, and subject to the priority of, local and state level prosecutors. To aid local and state level prosecutors, **LATIFPA** has plans for future action which will include:

- Providing resources to increase the number of prosecutors and investigators who concentrate on vehicle theft cases to increase prosecutions and convictions and attack career thieves, chop shop operators, salvage yard operators and organized theft rings through aggressive prosecution.
- Conducting workshops designed to train assistant prosecuting attorneys who specialize in automobile theft prosecution.
- Conducting workshops designed to train assistant prosecuting attorneys who are responsible for prosecuting people charged with insurance fraud.
- Conducting workshops designed to educate the Louisiana judiciary about the seriousness of automobile theft and insurance fraud and its impact on consumers, cities, parishes and the insurance industry.
- Designing and implementing programs to introduce and support legislative changes in statutes pertinent to the prosecution of automobile thieves and insurance fraud criminals.
- Providing information to local and state prosecutors on the monetary impact of automobile theft and insurance fraud.
- Assisting prosecutors with more definitive evidence to reduce the time and expense of vehicle theft and insurance fraud cases.

We have received favorable support from our parish attorneys and law enforcement personnel in the state to expand our program to include additional funding to prosecutorial agencies in Louisiana for the purpose of enhancing the prosecution of vehicle theft and insurance fraud. Prosecutorial agencies in Louisiana will be notified of the availability and purpose of grant funds and are eligible to submit an application for grants, in compliance with the terms and conditions of the grants. The awarding of grants is based on the evaluation of the grant proposal by the **LATIFPA** staff with final approval given by its board of directors.



Public Awareness/Fraud Education and Prevention

Although it may be difficult to measure the effectiveness of prevention activities, **LATIFPA** has established this category to include programs that promote public awareness regarding auto theft and insurance fraud, provide public training in theft prevention measures and support prevention programs.

Statistics indicate that in four out of five cases of auto theft, owners have left doors unlocked, and in one of five cases, the keys have been left in the ignition. Public education campaigns and prevention training programs can increase individual awareness of the costs of auto theft, provide tips for owners to assist in prevention efforts and demonstrate the savings that preventive measures can yield.

Public awareness, publications and educational campaigns can assist consumers in furnishing information that they may have about unscrupulous activities on the part of policyholders, agents, unlicensed insurance operations and deceptive trade practices. These techniques can also prevent consumers from becoming victims of insurance fraud.

Examples of public awareness/fraud education and prevention programs that may be funded by **LATIFPA** include programs that:

- Stimulate public awareness regarding auto theft and insurance fraud.
- Stimulate public awareness about the economic, social and public safety consequences of vehicle theft.
- Inform and encourage public participation in theft prevention and enforcement efforts.
- Encourage the use of fraud hotlines to report suspected auto theft and insurance fraud.
- Inform and educate the community about auto theft through neighborhood watch programs.
- Inform and educate middle and high school students about the consequences of auto theft and insurance fraud.
- Identify and promote the use of effective vehicle anti-theft devices.

- Partner with local governmental agencies, local law enforcement agencies and community organizations in efforts to prevent vehicle theft and insurance fraud.

Grants may be awarded to various community organizations, local school systems, neighborhoods, community or business groups, local governmental agencies and local law enforcement agencies in the state to enhance public awareness regarding auto theft and insurance fraud. These organizations and agencies will be notified of the availability and purpose of grant funds and are eligible to submit applications for grants in compliance with the terms and conditions of the grants. All organizations receiving funds from **LATIFPA** will be required to report on the effectiveness of their efforts according to the accountability standards set forth by **LATIFPA**. Grants are based on the evaluation of the grant proposal by **LATIFPA** staff, with final approval given by its board of directors.

FINANCIAL REPORT



For the Calendar Year 2006

Automobile Theft and Insurance Fraud Prevention Authority Fund

Pursuant to LRS 22:3204, the “Automobile Theft and Insurance Fraud Prevention Authority Fund” was established as a depository for all revenues received by **LATIFPA**. All monies in this fund shall be used only to enhance fraud prevention efforts as determined by the board.

Collections

All revenue of **LATIFPA** is derived from solicitation, grants and donations from any person or entity, private or public, or federal, state or local governments. Any monies received are immediately deposited upon receipt into the fund.

The monies in the fund shall be invested by the state treasurer in the same manner as monies in the state general fund. All interest earned on money from the fund and invested by the state treasurer shall be credited to the fund.

Revenue collections, through insurance industry solicitation, for calendar year 2006 were \$30,051. Additional revenue collections since that time total \$2,425. The interest on investments for calendar year 2006 total \$4,011.

Obligations

The expenditures for calendar year 2006 total \$26,371.22. Committed obligations for the 2007/2008 Fiscal Year total \$150,000 as set forth in the General Cooperative Endeavor Agreement between **LATIFPA** and the NICB. Expenditures for calendar year 2007 are projected to be \$53,000.

All administrative expenses of **LATIFPA** are funded with self-generated funds of the department of insurance.

Collections Forecast

Anticipated revenue collections for calendar year 2007 are estimated at \$70,000. All revenue is expected to be derived from solicitation of private entities.

LOOKING AHEAD



At present, an additional \$34,500 is available to be awarded to qualifying law enforcement agencies to implement and/or expand the **LATIFPA** bait vehicle program. Vehicles provided by the NICB will be equipped with bait systems funded by **LATIFPA**.

The technology installed in these vehicles utilizes computers and tracking devices which alert police when the bait vehicle has been entered.

The vehicles, which have been donated by insurance companies, are deployed in areas of high auto theft. Once the vehicle is deployed, police wait for a signal to be transmitted, alerting them the vehicle has been entered or moved so that they may proceed to apprehend the criminals in the act of stealing the vehicle.

LATIFPA is making efforts at this time to solicit funding to be awarded to prosecutorial agencies in the state of Louisiana to enhance the investigation and prosecution of vehicle theft and insurance fraud. The prosecution and conviction of automobile thieves in particular is one of the most important means of breaking vehicle theft rings and reducing the economic incentives for automobile theft. Having a special prosecutor handling vehicle theft cases through both district and circuit courts has proven very effective in achieving convictions. Having a dedicated investigator will expedite the review of cases presented for prosecution, thereby increasing the number of convictions, increasing the number of restitutions awarded for damages and sending a clear message that auto theft will be pursued aggressively.

In other states where auto theft prevention authorities have been created, funding for prosecution activities has been very successful. States such as Michigan, Maryland, Arizona and New York have experienced a decrease in auto theft cases as a result of an increase in the conviction rates. These states cite vertical prosecution as an effective tool in combating vehicle theft and insurance fraud. Vehicle theft claims are the number one property and casualty crime in the nation and can be cited as a major reason for high insurance premiums in Louisiana.

After several months of planning, **LATIFPA** launched its auto theft awareness programs for middle and high school students in 2007. These programs are designed to inform and educate students about the consequences of auto theft. Auto theft is a gateway crime that potentially leads children and/or adolescents to more destructive or criminal behavior. This type of program explores the relationship among the parties involved when an auto theft occurs and the impact the theft has on the juvenile's family, the individual victim or family of the victim, and the long-term effect this activity has on the community where the juvenile offender lives. The program encourages good driving habits and educates young drivers on how to prevent auto thefts. This program will be made available to public and private schools in areas with a high rate of juvenile auto thefts and auto-related criminal activities. The **LATIFPA** will partner with insurance company claim

managers, judges of juvenile courts, law enforcement agencies and appropriate school resource officers to distribute and present these programs.

LATIFPA will continue to evaluate and seek support for deploying both fixed and mobile license plate reading cameras to aid in interdicting stolen vehicles. A license plate reader can, within milliseconds, locate, capture and identify a vehicle's license plate data. These readers operate accurately in most weather conditions and can capture license plates on vehicles traveling at highway speeds. This technology has proven effective by local law enforcement authorities not only in apprehending car thieves and recovering stolen vehicles but also in traffic violation enforcement, parking lot access control and port traffic management.

LATIFPA is encouraged by the programs that it has implemented. The prosecution and public awareness efforts will continue to be vital components in **LATIFPA**'s Plan of Operation to combat vehicle theft and insurance fraud in Louisiana. As **LATIFPA** expands grant assistance to varying law enforcement agencies, we also plan to seek additional opportunities to promote public awareness and increase community education through partnerships with corporations and businesses.

In moving forward, **LATIFPA** will evaluate the effectiveness of these programs. **LATIFPA** will be, again, reporting to you at the end of the 2006/2007 fiscal year as we will be changing our reporting period to coincide with the state's fiscal year July 1 through June 30.

With additional committed staff by the end of the 2006/2007 fiscal year, **LATIFPA** hopes to make real progress in organizing its first insurance fraud conference. This conference will offer a complete range of information needed to develop, implement and manage insurance fraud prevention programs. Insurance professionals, prosecutors, law enforcement officials, special investigations unit managers and supervisors, insurance defense attorneys and other experts will have an opportunity to exchange views and share ideas and experiences with their peers and those in attendance.

At this time **LATIFPA** is looking at the potential of hosting the next annual conference of the South Central Regional Chapter of the International Association of Auto Theft Investigators (IAATI). This Chapter of the IAATI was formed in 1975 in the state of Texas and became affiliated with IAATI in 1999. It has since opened its membership doors to law enforcement, the insurance industry and the four states of Oklahoma, Louisiana, New Mexico and Arkansas. This conference provides training and instruction to enable its members to keep abreast of the ever-changing dynamics associated with vehicle theft. It also brings together a world-wide network of information and assistance to its members.

SPECIAL THANKS

The Louisiana Automobile Theft and Insurance Fraud Prevention Authority Board of Directors and staff acknowledge the following companies and organizations for their support and assistance:

*US Agencies Casualty Insurance Company
National Automotive Insurance
Safeway Insurance Company of Louisiana
Imperial Fire and Casualty Insurance Company
Direct General Insurance Company of Louisiana
Louisiana Farm Bureau Casualty Insurance Company
Metropolitan Property & Casualty Insurance Company
State Farm Insurance Companies
Allstate Insurance Company
GEICO Insurance Company*

*Louisiana State Police Insurance Fraud Unit
National Insurance Crime Bureau*

and

the various insurance agencies, car dealerships, credit unions and other businesses around the state who have, so willingly, supported LATIFPA through their donations

Appendix 1

CHAPTER 9. LOUISIANA AUTOMOBILE THEFT AND INSURANCE FRAUD PREVENTION AUTHORITY

§3201. Definitions

As used in this Chapter:

- (1) “Authority” means the Louisiana Automobile Theft and Insurance Fraud Prevention Authority.
- (2) “Board” means the board of directors of the Louisiana Automobile Theft and Insurance Fraud Prevention Authority.
- (3) “Fund” means the automobile insurance theft and fraud prevention fund administered by the board of directors as a dedicated fund in the state treasury.
- (4) “Motor vehicle” means every automobile or other motor vehicle which is self-propelled, other than trains and those propelled by electric power from overhead wires.

Added by Acts 2004, No. 711, §1, eff. August 15, 2004.

§3202. Authority; creation, powers

A. There is hereby created a public agency to be known as the Louisiana Automobile Theft and Insurance Fraud Prevention Authority, the purpose of which is to combat motor vehicle insurance fraud, including fraud by theft and other criminal acts.

B. The purposes, powers and duties of the authority shall be vested in and exercised by a board of directors.

C. The board of directors shall consist of the commissioner of insurance or his designee, the state treasurer or his designee, a representative of the Louisiana State Police Insurance Fraud Unit, the chairman of the Senate Committee on Insurance or his designee, the chairman of the House Committee on Insurance or his designee, and six members to be appointed as follows: four members shall be appointed by the commissioner, including two members representing purchasers of motor vehicle insurance in this state and two members representing motor vehicle insurers doing business in this state. Two members shall be appointed by the attorney general, both of whom shall represent law enforcement officials in this state. The commissioner shall serve as chairperson of the authority.

D. The members of the board of directors, except the commissioner of insurance or his designee, the state treasurer or his designee, the representative of the Louisiana State Police Insurance Fraud Unit, and the legislative members serving on the board, shall not be considered public employees by virtue of their service on the board of directors.

Appendix 1 (Continued)

E. Members of the board shall serve without compensation for their service on the board, except that members of the board may receive reasonable reimbursement for necessary travel and expenses.

F. A majority of the members of the board shall constitute a quorum for the transaction of business at a meeting, or the exercise of a power or function of the authority. Notwithstanding any other law to the contrary, any action may be taken by the authority at a meeting upon a vote of the majority of the members present. The authority shall meet at the call of the chairperson or as may be provided in the bylaws of the authority. Meetings of the authority may be held anywhere within the state, and shall be open public meetings.

G. (1) The authority shall be domiciled within the Department of Insurance.

(2) A director and assistant director shall be selected by the board and serve at the pleasure of the commissioner of insurance, shall be considered public employees, and shall operate the daily affairs of the authority as specified herein and by the board.

(3) The attorney general or his designee shall serve as the authority's legal counsel.

H. The authority shall be subject to the provisions of law regarding public records (R.S. 44:1 et seq), open meetings (R.S. 42:4.2 et seq), and public bid (R.S. 38:2211 et seq).

Added by Acts 2004, No. 711, §1, eff. August 15, 2004.

§3203. Authority; further powers and duties

The authority shall have the powers necessary and convenient to implement and effectuate the purposes and provisions of this Chapter and the purposes of the authority and the powers delegated by other laws, including but not limited to the power to:

(1) Sue and be sued; have perpetual succession; make, execute and deliver contracts, conveyances, and other instruments necessary and convenient to the exercise of its powers; and to make and amend its bylaws by a majority vote of the board.

(2) Solicit and accept gifts, grants, donations, loans, and other assistance from any person or entity, private or public, or the federal, state, or local governments or any agency thereof, said gifts, grants, donations, loans, and other assistance to be immediately deposited upon receipt into the fund described in R.S. 22:3204(A).

(3) Establish programs in conjunction with other state agencies, local governing authorities, and law enforcement agencies for motor vehicle theft and insurance fraud prevention, detection and enforcement, which shall include the Attorney General's Criminal Division and Investigation Division.

Appendix 1 (Continued)

(4) Make grants to other state agencies, local governing authorities, and law enforcement agencies for motor vehicle theft and insurance fraud prevention, detection and enforcement.

(5) Procure insurance against any loss in connection with its property, assets or activities.

(6) Deposit all monies received for the purposes of this Chapter into the Automobile Theft and Insurance Fraud Prevention Authority Fund, provided for in R.S. 22:3204.

(7) Contract for goods and services and engage personnel as is necessary, including the services of private consultants, auditors, and others for rendering professional services, as provided by law, payable out of any money of the fund legally available for such purpose. Additionally, the board may authorize the attorney general to contract for the services of ad hoc prosecutors or other legal assistance, payable out of any money of the fund legally available for such purpose.

(8) Indemnify and procure insurance indemnifying the members of the board from personal loss from liability resulting from an action or inaction of the board.

(9) Do all other things necessary and convenient to achieve the objectives and purposes of the authority of this Chapter.

Added by Acts 2004, No. 711, §1, eff. August 15, 2004.

§3204. Automobile Theft and Insurance Fraud Prevention Authority Fund

A. There is hereby established a fund in the state treasury to be known as the "Automobile Theft and Insurance Fraud Prevention Authority Fund," hereafter referred to as the "fund," into which the state treasurer shall each fiscal year deposit the revenues received from those sources provided for by this Chapter and other sources as provided for by law after those revenues have been deposited in the Bond Security and Redemption Fund. Out of the funds remaining in the Bond Security and Redemption Fund after a sufficient amount is allocated from that fund to pay all obligations secured by the full faith and credit of the state that become due and payable within each fiscal year, the treasurer, prior to placing such funds in the state general fund, shall pay into the fund an amount equal to the revenue generated from collection from those sources provided for by this Chapter and other sources as provided for by law. No expenditures shall be made from the fund unless first appropriated by the legislature. The monies in the trust fund shall be invested by the state treasurer in the same manner as monies in the state general fund. All interest earned on money from the fund and invested by the state treasurer shall be credited to the Automobile Theft and Insurance Fraud Prevention Authority Fund.

B. Any monies in the Automobile Theft and Insurance Fraud Prevention Authority Fund shall be administered only by the director of the authority, upon a majority vote of the board, in the following order of priority:

Appendix 1 (Continued)

- (1) To pay the costs of administration of the authority.
- (2) To pay the costs of legal counsel.
- (3) To achieve the purposes and objectives of this Chapter, which may include but not be limited to the following:
 - (a) Providing financial support to state or local law enforcement agencies, including but not limited to the office of attorney general, for motor vehicle theft and insurance fraud prevention, detection and enforcement.
 - (b) Providing financial support to state or local law enforcement agencies, including but not limited to the office of attorney general, for programs designed to reduce the incidence of motor vehicle theft and insurance fraud.
 - (c) Providing financial support to state and local prosecutors, including but not limited to the office of attorney general, for programs designed to reduce the incidence of motor vehicle theft and insurance fraud.
 - (d) Conducting educational programs designed to inform motor vehicle owners of methods of preventing motor vehicle theft and insurance fraud.

C. All monies in the Automobile Theft and Insurance Fraud Prevention Authority Fund shall be used only to enhance fraud prevention efforts as determined by the board.

Added by Acts 2004, No. 711, §1, eff. August 15, 2004.

§3205. Plan of operation

A. The authority shall develop and implement a plan of operation upon the recommendations of the director no later than the first of January 2005.

B. The plan of operation shall include an assessment of the scope of the problem of motor vehicle theft and insurance fraud, including a determination of particular areas of the state where the problem is most severe, an analysis of various methods of combating the problem of motor vehicle theft and insurance fraud, a plan for providing financial support for efforts to combat motor vehicle theft and insurance fraud, and an estimate of funds required to implement the plan.

C. The authority shall report annually on or before March first to the House Committee on Insurance and the Senate Committee on Insurance on its activities in the preceding year.

Appendix 2

The Board of Directors of the Louisiana Automobile Theft and Insurance Fraud Prevention Authority as of December 31, 2006 are as follows:

The Honorable James J. Donelon, Chairman
Commissioner of Insurance
Louisiana Department of Insurance
P. O. Box 94214
Baton Rouge, Louisiana 70804-9214
Phone (225) 342-5423
Fax (225) 342-1632
jdonelon@ldi.state.la.us

Mr. Warren E. Byrd, Designated Chairman
Louisiana Department of Insurance
P. O. Box 94214
Baton Rouge, Louisiana 70804-9214
Phone (225) 342-7276
Fax (225) 342-1632
wbyrd@ldi.state.la.us

The Honorable John Kennedy
State Treasurer
Louisiana Department of the Treasury
State of Louisiana
P. O. Box 44154
Baton Rouge, Louisiana 70804-4154
Phone (225) 342-0010
Fax (225) 342-0046
awashington@treasury.state.la.us

Lieutenant Allen Carpenter, Supervisor
Louisiana State Police Insurance Fraud and Auto Theft Unit
7919 Independence Boulevard
Baton Rouge, Louisiana 70806
Phone (225) 925-3818
Fax (225) 925-3819
acarpent@dps.state.la.us

Appendix 2 (Continued)

The Honorable Karen R. Carter
Chairwoman, House Committee on Insurance
Louisiana House of Representatives
P. O. Box 44486
Baton Rouge, LA 70804
Phone (225) 342-2406

District Office:
1100 Poydras Street, Suite 1230
New Orleans, Louisiana 70163
Phone (504) 568-8346
Fax (504) 568-8405
Larep093@legis.state.la.us

The Honorable James David Cain
Chairman, Senate Committee on Insurance
Louisiana State Senate
P. O. Box 44486
Baton Rouge, Louisiana 70804
Phone (225) 342-0336

District Office:
P. O. Box 640
Dry Creek, Louisiana 70637
Phone (337) 328-7266
Fax (337) 491-2027
cainj@legis.state.la.us

Mr. Mike Boydston
347 Marthaville Road
Many, Louisiana 71449
Phone (318) 352-7446
Fax (318) 352-9750
boydstum@bellsouth.net

Mr. Joseph Dupuis, Jr., Attorney at Law
Milling, Benson & Woodward
P. O. Box 51327
Lafayette, Louisiana 70505-1327
Phone (337) 232-3929
Fax (337) 233-4957
jdupuis@millinglafayette.com

Appendix 2 (Continued)

Mr. Richard Soileau, General Manager
Safeway Insurance
P. O. Box 92010
Lafayette, Louisiana 70509
Phone 1-800-252-3251, Ext 520
Phone (337) 261-1520
Fax (337) 234- 7205
rsoileau@safewayins.com

Mr. Larry E. Hinton
General Counsel
GEICO Companies
One GEICO Plaza
Washington, DC 20076
Phone (301) 986-2081
Fax (301) 718-5207
lhinton@geico.com

Mr. Clement Story, III
Special Counsel to the Attorney General
Louisiana Department of Justice
P. O. Box 94005
Baton Rouge, Louisiana 70804-9005
Phone (225) 326-6704
Fax (225) 326- 6797
storyc@ag.state.la.us

Mr. Rodley Henry
Deputy Director, Public Protection Division and
Chief of the Auto Fraud Section
Louisiana Department of Justice
P. O. Box 94005
Baton Rouge, Louisiana 70804-9005
Phone (225) 326-6450
Fax (225) 326- 6497
henryr@ag.state.la.us

Appendix 3

The Louisiana Automobile Theft and Insurance Fraud Prevention Authority Staff:

Denise E. Cassano, Director
Louisiana Automobile Theft and Insurance Fraud Prevention Authority
P. O. Box 94214
Baton Rouge, Louisiana 70804-9214
Phone (225) 342-0819
dcassano@ldi.state.la.us

Kevin J. Smith, Assistant Director
Louisiana Automobile Theft and Insurance Fraud Prevention Authority
P. O. Box 94214
Baton Rouge, Louisiana 70804-9214
Phone (225) 210-0452
ksmith@ldi.state.la.us

Virginia Gerace Benoist
Assistant Attorney General
Legal Counsel Appointee
Louisiana Automobile Theft and Insurance Fraud Prevention Authority
P. O. Box 94214
Baton Rouge, Louisiana 70804-9214
Phone (225) 342-5750
vbenoist@ldi.state.la.us