Louisiana Automobile Theft & Insurance Fraud Prevention Authority

Report to the Legislature
July 1, 2012-June 30, 2013

Louisiana Department of Insurance
Commissioner of Insurance James J. Donelon

Report to the Legislature required by La. R.S. 22:2135

LOUISIANA AUTOMOBILE THEFT &
INSURANCE FRAUD PREVENTION AUTHORITY

February 27, 2014

Honorable Members of the Louisiana Legislature:

The Louisiana Automobile Theft and Insurance Fraud Prevention Authority (LATIFPA) welcomes this opportunity to report its activities for the period of July 1, 2012 through June 30, 2013 pursuant to La. R.S. 22:2135.

LATIFPA, in coordination with local, state and federal agencies, works to deter automobile theft and insurance fraud. Louisiana reported 7,881 stolen vehicles in 2012. This represents a 13.6 percent reduction from 2011, despite the national average of a 0.6% increase. Nationally, Louisiana ranks 30th in vehicle thefts per capita and 26th in total vehicle thefts.

The continued decline of vehicle thefts in Louisiana is attributable, in part, to several LATIFPA initiatives, including the use of bait cars and license plate recognition systems, proactive law enforcement strategies, increased public awareness and multi-agency cooperation.

The Vehicle Investigation Prevention Enforcement Response (VIPER) Program, a bait car program, has resulted in 194 arrests since the program's inception. During FY 2012-2013, bait vehicles were deployed a total of 12,946 hours, resulting in 40 adult arrests. LATIFPA's expenditures for the VIPER Program this fiscal year totaled $1,000.

The License Plate Recognition (LPR) Program resulted in 71 arrests, recovery of 53 stolen license plates and 131 stolen vehicles worth an estimated value of $539,850. LATIFPA's expenditures for the LPR Program during this fiscal year totaled $49,933.

The Education and Outreach Programs were presented to 1,762 students and 738 individuals in various civic, business and professional organizations throughout the state.

LATIFPA's strategic marketing campaign utilizes print, radio and billboard advertising to increase consumer awareness on methods of preventing automobile theft and combating insurance fraud.

LATIFPA will continue to implement automobile theft and insurance fraud reduction programs and strategies in its steadfast service to the citizens of Louisiana.

Warren Byrd, Chairman

LOUISIANA AUTOMOBILE THEFT &
INSURANCE FRAUD PREVENTION AUTHORITY

TABLE OF CONTENTS

LOUISIANA AUTOMOBILE THEFT & INSURANCE FRAUD PREVENTION AUTHORITY

LEGISLATIVE BACKGROUND

La. R.S. 22:2131 et seq. establishes the Louisiana Automobile Theft and Insurance Fraud Prevention Authority (LATIFPA). La. R.S. 22:2134 establishes an Automobile Theft and Insurance Fraud Prevention Authority Fund within LATIFPA. This specially-created fund is the mechanism used to collect and disburse funds through a grant process for the purpose of reducing motor vehicle theft and insurance fraud.

LATIFPA is governed by an 11-member board of directors, consisting of the following:

> » The Commissioner of Insurance or his designee.
> » The State Treasurer or his designee.
> » A representative of the Louisiana State Police Insurance Fraud/Auto Theft 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.
> » Two members representing purchasers of motor vehicle insurance.

PURPOSE

LATIFPA is a public agency whose purpose is to combat motor vehicle theft, including fraud by theft and other criminal acts.

In carrying out its purpose, LATIFPA may:

> » Solicit and accept gifts, grants, donations, loans and other assistance from any person or entity, private or public.
> » 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.
> » Make grants to state agencies, local governing authorities and law enforcement agencies for motor vehicle theft and insurance fraud prevention, detection and enforcement.
> » Enter into cooperative endeavors with any public or private association, corporation or individual with similar obligations and purpose as long as all expenditures are for a public purpose and create a public benefit proportionate to the cost.

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.

PROBLEM ASSESSMENT

VEHICLE THEFT

The nature of automobile theft has changed drastically in recent years. Criminals are increasingly stealing vehicles in order to facilitate other crimes. Criminals are constantly changing their tactics in attempts to evade law enforcement.

An emerging trend by auto thieves is the cloning of vehicles. Comparable to identity theft for automobiles, the criminal copies a legitimate vehicle identification numbers (VIN) from an unsuspecting vehicle owner and creates counterfeit VIN tags. The criminal then steals a vehicle similar to the one the VIN was copied from and then sells the vehicle to a third party that is unaware of the fraud being perpetrated.

Auto burglary is quickly becoming more problematic than auto theft. A criminal might be interested in stealing a vehicle, but perhaps discover a vehicle door unlocked and valuable property inside and choose to take the property. While the criminal doesn't get away with as much value, this is much quicker and easier to turn into cash.

The top three most frequently stolen vehicles in Louisiana in 2012 were Ford, Chevrolet and Dodge Pickups. A list of most frequently stolen vehicles in Louisiana can be found here: https://www.nicb.org/theft_and_fraud_awareness/top-vehicles-stolen-by-state#States

Louisiana ranks 30th in the nation for auto thefts per capita with an average of 171.3 auto thefts per 100,000 people. This is an improvement from 2011 when we averaged 199.4 auto thefts per 100,000 people. A full breakdown of the state-by-state averages can be found here: http://www.fbi.gov/about-us/cjis/ucr/crime-in-the.u.s/2012/crime-in-the.u.s.-2012/tables/5tabledatadecpdf

INSURANCE FRAUD

Insurance fraud is responsible for as much as ten percent of the insurance industry's annual losses. Insurance fraud has been a contributing factor to Louisiana's position as one of the most expensive states for automobile premiums. In 2011, the average annual Louisiana automobile combined premium of $1,281.55 was second only to New Jersey, whose average was $1,301.52. Idaho maintained the lowest average premium at $641.96.

Source: *2010/2011 Auto Insurance Database Report*, National Association of Insurance Commissioners, 2013. (Not available by hyperlink)

The number of questionable claims submitted to insurers is becoming more prevalent. The source of questionable claims has also become more diverse.

2013 Questionable Claims Report

- Questionable Vehicle Theft (Auto, Boat, Heavy Equipment, etc.)
- Faked Damage
- Suspicious Hit While Parked
- Unperformed Repairs
- Auto Repair/Body Shop
- Paper Accident/Phantom Accident
- All Other

9,210
5,765
4,527
2,477
2,051
2,031
6,637

https://www.nicb.org/newsroom/news-releases/third-quarter-2013-questionable-claims
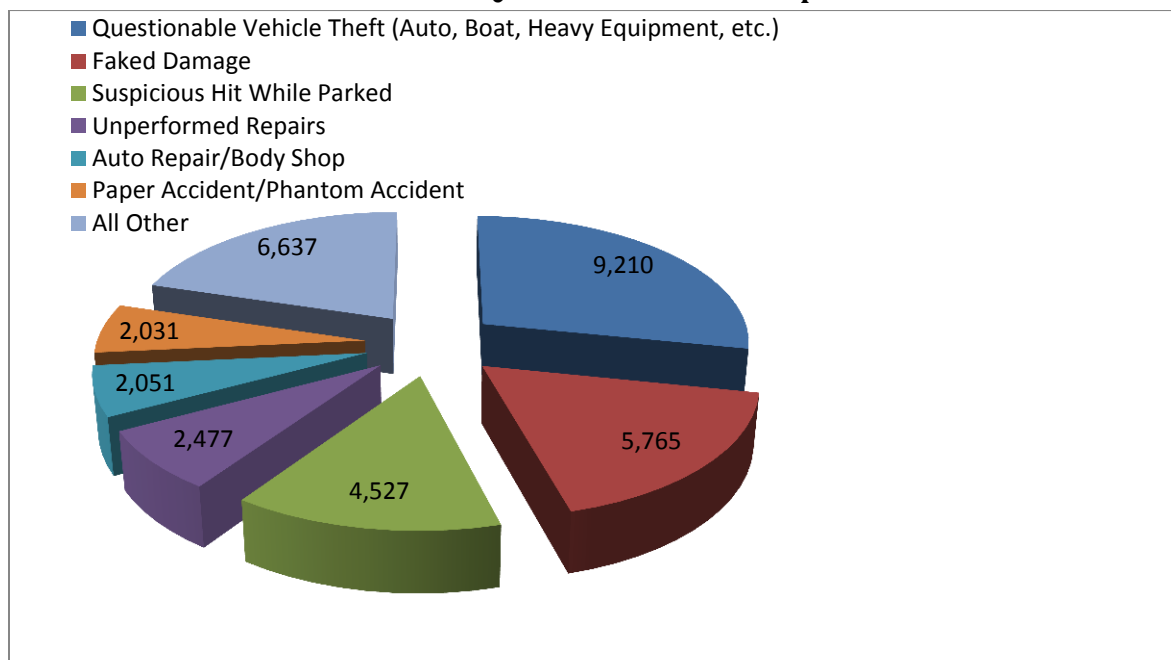
INITIATIVES

LATIFPA issues grants to law enforcement agencies across the state under its bait vehicle and license plate reader programs. These grants are awarded to law enforcement agencies to promote more efficient and effective law enforcement activities in vehicle theft investigations and enforcement.

LATIFPA's education initiative in FY 2012-2013 included additional school districts as well as continued outreach into the community. This school-based program emphasizes the consequences and prevention of vehicle theft. Presentations to civic, business and professional organizations cover insurance fraud and vehicle theft prevention. During FY 2012-2013, LATIFPA expanded its education initiative with the development of a web-based program on vehicle theft prevention.

Also, during FY 2012-2013, LATIFPA conducted a statewide public awareness campaign.

During this reporting period, LATIFPA continued its collaborative efforts with the National Insurance Crime Bureau (NICB) and law enforcement authorities to raise public awareness by expanding existing programs as outlined below.

VEHICLE INVESTIGATION PREVENTION ENFORCEMENT RESPONSE (VIPER) PROGRAM

LATIFPA began supporting local law enforcement agencies in 2006 when it introduced VIPER, a statewide bait vehicle program implemented through a Cooperative Endeavor Agreement with the NICB. Under the program, vehicles donated by insurance companies and equipped with systems funded by LATIFPA are granted to law enforcement agencies through an application process approved by the LATIFPA Board of Directors. During this reporting period, the bait vehicle program was operational in East Baton Rouge, Calcasieu, Orleans and Ouachita Parishes. Since the program's inception, approximately 194 arrests have been made. During FY 2012-2013, bait vehicles were deployed a total of 12,946 hours, resulting in 34 activations and 40 adult arrests. LATIFPA spent $1,000 for the VIPER Program during this fiscal year.

LICENSE PLATE RECOGNITION (LPR) PROGRAM

The License Plate Recognition Program is implemented through a Cooperative Endeavor Agreement with the NICB. Under the LPR program, grant awards of license plate recognition systems are made to Louisiana law enforcement agencies selected by application and ranked according to certain criteria, including city populations of 50,000 or more.

During FY 2012-2013, license plate readers were operational in East Baton Rouge, Orleans, Calcasieu and Livingston Parishes. The use of license plate readers in these locations resulted in 1,746,535 reads, 71 arrests, the recovery of 131 stolen vehicles and 53 stolen license plates valued at $539,850. Expenditures for the LPR Program were $49,933.

EDUCATION AND OUTREACH

LATIFPA presents an educational program to middle and high school students and members of civic, business and professional organizations. The program educates them about the consequences of auto theft and insurance fraud and offers them tips to avoid being victims of vehicle theft and insurance fraud. The program is offered at no cost to school districts, schools or the requesting organizations.

This fiscal year, the educational curriculum was presented to 1,175 middle school students in East Baton Rouge and 587 high school students in East Baton Rouge, Livingston and Iberville Parishes. The vehicle theft and insurance fraud prevention presentations were made to 738 individuals in various civic, business and professional organizations in Orleans, East Baton Rouge, Jefferson, Livingston and St. Helena Parishes.

LATIFPA encourages groups to request this program through its presence as an exhibitor at expos, fairs and conferences. Through these events during FY 2012-2013, LATIFPA reached nearly 11,000 people.

Since the inception of this program, outreach on vehicle theft and prevention and insurance fraud prevention has been delivered to nearly 45,000 individuals.

LATIFPA RELATED ACTIVITIES

THREE-YEAR HISTORY

	Fiscal Year 2012-2013	*Fiscal Year 2011-2012*	*Fiscal Year 2010-2011*
VIPER (Bait Vehicle) Program			
Hours Deployed	12,946	14,087	18,080
Adult Arrests	40	17	37
Activations	34	29	34
Expenditures	$1,000	$8,000	$0
License Plate Recognition Program			
Reads	1,746,535	2,299,116	1,209,500
Stolen Vehicles Recovered	131	44	49
Stolen License Plates Recovered	53	43	29
Arrests	71	53	40
Value of Recoveries	$539,850	$497,117	$363,750
Expenditures	$49,933	$17,000	$0
Education Program			
Middle School Students	1,175	1,448	1,305
High School Students	587	583	556
Civic Organization Attendees*	738	6,765*	2,995*
Expo, Fair and Conference Attendees*	10,925	*	*
TOTAL ATTENDEES	**13,425**	**8,786**	**4,856**
Reported in aggregate in prior years.			

PUBLIC AWARENESS AND EDUCATIONAL CAMPAIGN

La. R.S. 40:1428 allocates $187,000 to be deposited in the LATIFPA Fund established by La. R.S. 22: 2134. These funds were used for educational and public awareness campaigns designed to inform the citizens of the state about methods of preventing motor vehicle theft and combating insurance fraud through the use of billboard and radio advertisements as well as through the distribution of informational brochures. The billboard campaign was active in seven media markets, including Alexandria, Baton Rouge, Lafayette, Lake Charles, Monroe, New Orleans and Shreveport. The purposes of this campaign were to stimulate public awareness about the economic, social and public safety consequences of vehicle theft, encourage public participation in theft prevention and enforcement efforts, and encourage the use of fraud hotlines to report suspected vehicle theft and suspicious insurance fraud activity.

MEETINGS

LATIFPA's Board of Directors conducted four public meetings during this fiscal year: September 12, 2012, December 12, 2012, April 17, 2013 and June 12, 2013. Three meetings of the LATIFPA Steering Committee on Equipment Purchases were held: February 26, 2013, April 10, 2013 and April 25, 2013. All meetings were open to the public. In October 2012, LATIFPA sponsored a conference on insurance fraud and vehicle theft at the Crowne Plaza Hotel in Baton Rouge with approximately 400 individuals in attendance.

COLLECTIONS

Pursuant to La. R.S. 22:2134, the LATIFPA Fund was established as a depository for all revenues received. All monies in this fund are used only to enhance fraud and vehicle theft prevention efforts as determined by the Board of Directors.

All revenue derived from solicitations, grants or donations from any person or entity, private or public, or federal, state or local governments is deposited upon receipt into the LATIFPA Fund. All interest earned on money from the fund through investments by the state treasurer is credited to the fund.

At the beginning of FY 2012-2013, there was a statutory dedicated fund balance of $21. Revenue collections from solicitations, grants or donations totaled $30,000. La. R.S. 40:1428 provides $187,000 in revenue to be deposited in the LATIFPA Fund established by La. R.S. 22:2134. The interest on investments totaled $268. Total funds for this period were $196,630.

OBLIGATIONS

Expenditures from July 1, 2012, through June 30, 2013, from the statutory dedicated fund totaled $195,744. The ending fund balance for this period was $886. At the beginning of the reporting period, there was a balance of $49,933 under the General Cooperative Endeavor Agreement between LATIFPA and the NICB.

All administrative expenses of LATIFPA are funded with self-generated funds of the LDI.

BOARD OF DIRECTORS

Mr. Warren Byrd, Esq.
Deputy Commissioner, Office of Property and Casualty
Department of Insurance
(Designated as Chairman by the Commissioner of Insurance)

Mr. Willard Hamilton
Department of the Treasury
(Designee of the Treasurer)

Lieutenant Trevor Smith
Louisiana State Police
(Representative of the Louisiana State Police Insurance Fraud Unit)

Mr. Don Resweber
St. Martinville, Louisiana
(Appointed by the Chairman of the Senate Committee on Insurance)

Hon. Mike Huval
Louisiana State Representative
(Appointed by the Chairman of the House Committee on Insurance)

Mr. Cleve Franklin
Senior Special Investigator, GEICO Louisiana SIU
(Appointed by the Commissioner of Insurance)

Mr. David Clements
Clements Insurance Services
(Appointed by the Commissioner of Insurance)

Mr. Thomas Jeter
Tyner Jeter Insurance Agency, L.L.C.
(Appointed by the Commissioner of Insurance)

Mr. Richard J. Hagey
SIU Manager SCLA, Louisiana Farm Bureau Insurance
(Appointed by the Commissioner of Insurance)

Mr. Terrance Apple
Insurance Fraud Investigator, Department of Justice
(Appointed by the Attorney General)

Mr. Thomas McCormick, Esq.
Assistant Attorney General, Department of Justice
(Appointed by the Attorney General)

STAFF

Mr. Jeffrey Zewe, Director
Louisiana Auto Theft and Insurance Fraud Prevention Authority
Department of Insurance

Mr. Kevin Smith, Assistant Director
Louisiana Auto Theft and Insurance Fraud Prevention Authority
Department of Insurance

CONTACT INFORMATION

Louisiana Automobile Theft & Insurance Fraud Prevention Authority
Louisiana Department of Insurance
Post Office Box 94214
Baton Rouge, Louisiana 70804-9214
Telephone: (225) 342-5351

ACKNOWLEDGEMENTS

The Louisiana Automobile Theft and Insurance Fraud Prevention Authority (LATIFPA) acknowledges the following companies and organizations for their support:

Allstate Insurance Company

The Allstate Foundation

Coalition Against Insurance Fraud

Direct General Company of Louisiana

GEICO Insurance Company

Imperial Fire and Casualty Insurance Company

International Association of Auto Theft Investigators

Louisiana Farm Bureau Casualty Insurance Company

Louisiana State Police Insurance Fraud / Auto Theft Unit

Louisiana Workers' Compensation Corporation

Metropolitan Property & Casualty Insurance Company

National Automotive Insurance

National Insurance Crime Bureau

Safeway Insurance Company of Louisiana

State Farm Insurance Company

US Agencies Casualty Insurance Company

APPENDIX 1 - MOST STOLEN VEHICLES IN LOUISIANA (2012)

RANK	MAKE/MODEL	YEAR
1	Ford Pickup (Full Size)	2006
2	Chevrolet Pickup (Full Size)	2003
3	Dodge Pickup (Full Size)	2005
4	Honda Accord	2008
5	Toyota Camry	2007
6	Chevrolet Impala	2007
7	Nissan Altima	2008
8	Toyota Corolla	2010
9	Pontiac Grand Prix	2004
10	Ford Explorer	2002

https://www.nicb.org/theft_and_fraud_awareness/top-vehicles-stolen-by-state#States

APPENDIX 2 – AUTO THEFT RANK BY STATE

RANK	STATE/TERRITORY	THEFT RATE	TOTAL STOLEN	RANK	STATE/TERRITORY	THEFT RATE	TOTAL STOLEN
2011 AUTO THEFT RANK BY STATE				**2012 AUTO THEFT RANK BY STATE**			
1	D.C.	721.0	4,456	1	D.C.	579.0	3,661
2	California	389.6	146,848	2	California	443.2	168,608
3	Washington	363.6	24,835	3	Washington	382.8	26,402
4	Nevada	348.3	9,485	4	Nevada	363.1	10,018
5	Arizona	305.9	19,829	5	Oklahoma	303.1	11,564
6	Hawaii	304.3	4,184	6	Arizona	292.3	19,158
7	Georgia	300.3	29,475	7	Georgia	287.7	28,536
8	South Carolina	292.0	13,664	8	South Carolina	279.5	13,201
9	Oklahoma	290.9	11,031	9	Missouri	270.8	16,308
10	Maryland	275.7	16,068	10	New Mexico	261.9	5,463
11	New Mexico	259.7	5,408	11	Oregon	261.7	10,203
12	Michigan	258.2	25,496	12	Hawaii	258.9	3,605
13	Missouri	254.8	15,317	13	Maryland	255.3	15,025
14	Texas	246.7	63,338	14	Michigan	254.1	25,115
15	Oregon	233.7	9,047	15	Rhode Island	250.2	2,628
16	Kansas	232.5	6,677	16	Texas	249.4	64,996
17	Indiana	227.3	14,816	17	Kansas	234.9	6,778
18	Illinois	223.5	28,769	18	Colorado	233.1	12,092
19	Nebraska	222.7	4,103	19	Nebraska	223.5	4,147
20	Alabama	222.0	10,662	20	Utah	210.1	5,999
21	Utah	219.5	6,183	21	Indiana	209.0	13,661
22	Tennessee	219.2	14,036	22	Alaska	208.1	1,522
23	Rhode island	217.5	2,287	23	Alabama	204.8	9,874
24	Colorado	215.9	11,047	24	Tennessee	201.0	12,980
25	Florida	207.9	39,621	25	Illinois	199.5	25,690
26	**Louisiana**	**199.4**	**9,123**	26	Arkansas	194.1	5,724
27	Arkansas	197.8	5,812	27	Florida	193.2	37,330
28	New Jersey	197.4	17,415	28	New Jersey	185.9	16,481
29	Connecticut	187.4	6,712	29	Connecticut	179.6	6,449
30	Alaska	185.8	1,343	**30**	**Louisiana**	**171.3**	**7,881**
31	Ohio	182.5	21,068	31	Ohio	169.0	19,512
32	North Carolina	176.4	17,032	32	Montana	168.0	1,689
33	Delaware	168.7	1,530	33	North Carolina	165.3	16,120
34	Mississippi	165.4	4,925	34	North Dakota	164.5	1,151
35	Massachusetts	163.7	10,786	35	Puerto Rico	159.4	5,847
36	Puerto Rico	157.9	5,853	36	Minnesota	157.2	8,458
37	Minnesota	153.1	8,182	37	Delaware	156.6	1,436
38	Kentucky	152.7	6,673	38	Kentucky	152.2	6,668
39	Montana	146.1	1,458	39	Mississippi	144.8	4,322
40	Wisconsin	144.1	8,232	40	Wisconsin	143.5	8,216
41	North Dakota	143.3	980	41	Massachusetts	138.9	9,232
42	Pennsylvania	132.2	16,844	42	Iowa	130.9	4,023
43	Iowa	128.5	3,936	43	South Dakota	127.8	1,065
44	West Virginia	121.5	2,254	44	West Virginia	119.1	2,209
45	Virginia	120.1	9,724	45	Pennsylvania	117.7	15,028
46	South Dakota	114.8	946	46	Virginia	110.9	9,076
47	New York	99.2	19,311	47	Wyoming	101.3	584
48	Wyoming	91.7	521	48	New York	88.6	17,348
49	Idaho	84.1	1,333	49	Idaho	85.5	1,364
50	Maine	81.2	1,078	50	New Hampshire	77.5	1,023
51	Vermont	79.7	499	51	Maine	74.9	995
52	New Hampshire	73.9	974	52	Vermont	69.5	435

http://www.fbi.gov/about-us/cjis/ucr/crime-in-the-u.s/2012/crime-in-the-u.s.-2012/tables/5tabledatadecpdf

APPENDIX 3 – AUTO THEFTS BY CITY (OVER 10,000)

CITY	POPULATION	MOTOR VEHICLE THEFTS
Abbeville	12,389	18
Alexandria	48,449	184
Baker	14,017	5
Bastrop	11,280	50
Baton Rouge	231,500	482
Bogalusa	12,296	34
Bossier City	63,116	69
Crowley		unreported
Denham Springs	10,451	18
DeRidder	10,774	0
Eunice	10,481	14
Gonzales	10,095	5
Gretna	17,844	53
Hammond	20,355	1
Houma	33,945	64
Jennings	10,477	0
Kenner	67,110	149
Lafayette	122,852	241
Lake Charles		unreported
Mandeville	11,777	8
Monroe	49,474	78
Morgan City	12,376	10
Natchitoches	18,378	11
New Orleans	362,874	2,215
Opelousas	16,767	36
Pineville	14,721	18
Ruston	22,046	15
Shreveport	202,164	464
Slidell	27,581	41
Sulphur	20,671	19
Thibodaux	14,701	9
West Monroe	13,250	17
Zachary	15,092	9

APPENDIX 4 - ANNUAL COMBINED AVERAGE AUTO INSURANCE PREMIUM

RANK	MOST EXPENSIVE	COMBINED AVERAGE PREMIUM
1	New Jersey	1,301.52
2	**Louisiana**	**1,281.55**
3	D.C.	1,273.89
4	New York	1,234.31
5	Florida	1,160.13
6	Rhode Island	1,148.99
7	Delaware	1,137.87
8	Michigan	1,110.61
9	Connecticut	1,068.73
10	Alaska	1,053.48

RANK	LEAST EXPENSIVE	COMBINED AVERAGE PREMIUM
1	Idaho	641.96
2	Iowa	649.06
3	Maine	661.88
4	South Dakota	669.73
5	Wisconsin	670.31
6	North Dakota	688.75
7	Ohio	697.73
8	North Carolina	708.24
9	Indiana	710.46
10	Vermont	716.20

Source: *2010/2011 Auto Insurance Database Report*, National Association of Insurance Commissioners, 2013. (Not available by hyperlink)