



DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
Insurance Division

News Release

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FOR IMMEDIATE RELEASE: January 2, 2009

**AUTO INSURANCE FRAUD INVESTIGATION UNIT CONVICTIONS
INCREASE BY 61 PERCENT IN 2008**

HONOLULU – The Insurance Fraud Investigation Unit of the State Department of Commerce and Consumer Affairs (Fraud Unit) experienced a 61 percent increase in criminal convictions for motor vehicle insurance fraud in 2008 over the previous year.

Fraud Unit convictions increased from 18 in 2006 to 34 in 2007 and 55 in 2008. Convictions for felony charges may result in a prison sentence of up to 10 years and/or a fine of \$25,000.

Examples of insurance fraud cases in 2008 include charges involving a Big Island resident, a body shop owner, and a career criminal.

Beverly Medeiros, an Educational Assistant in Pahoehoe, Hawaii was investigated for five separate cases. Medeiros alleged that she was unable to work due to injuries from an auto accident. Medeiros created fictitious employers and utilized a post office box address to intercept all correspondence. Medeiros defrauded three different insurance companies. In January 2008, Medeiros was sentenced to 30 days in jail. Medeiros was also ordered to pay restitution totaling more than \$103,000 along with court fees in the amount of \$1380.00.

In a separate case, body shop owner Bryan Hong pleaded no contest and was granted a deferral for defrauding an insurance company. In October 2008, Mr. Hong was ordered to pay nearly \$4,000 in restitution for work that the company paid for but was not performed. The work consisted of safety and structural repairs to a customer of O'Sung Auto Body. Mr. Hong was further ordered to pay a \$1,500 fine and complete a five-year probationary period.

In a typical case of insurance fraud, Noelani Delizo obtained insurance coverage after she was involved in a three-car accident. Delizo then reported a false date of accident in an attempt to have her insurance company pay for the damages. In November 2008, the court ordered Delizo to serve a five-year prison term for attempting to obtain fraudulent insurance benefits. She was also ordered to pay \$500 in restitution to the accident victims.

Insurance Fraud affects everyone by inflating the cost of insurance. Insurance fraud is estimated to cost each household in Hawai'i an additional \$200 to \$300 in increased premiums every year. Informing insurance companies of suspicious insurance fraud activity may help in lowering premiums for all Hawai'i's citizens.

To report insurance fraud or for more information, call the State of Hawai'i's Insurance Fraud Hotline at (808) 587-7416.

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