



# GANGS, LAWYERS, AND MEDICAL PROVIDERS EXPLOITING NEW YORK'S SCAFFOLD LAW BY FACILITATING STAGED ACCIDENTS

*Industry Coalition Mobilizes Against Fraud:  
Underwriters, Insurers, and Contractors Unite to  
Combat Exploitation of New York's Scaffold Law*







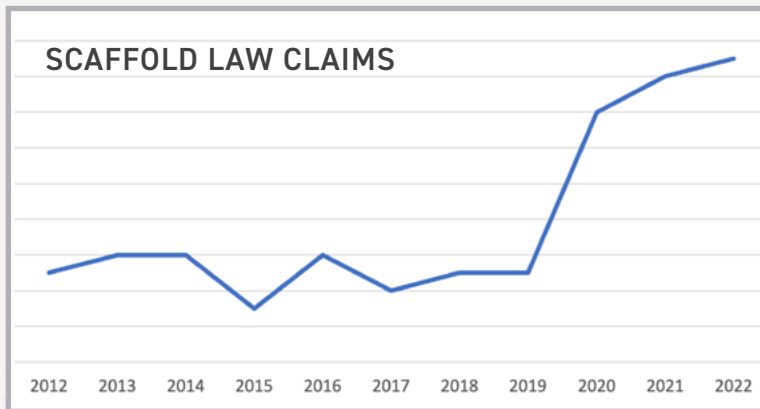
# GANGS, LAWYERS, AND MEDICAL PROVIDERS EXPLOITING NEW YORK'S SCAFFOLD LAW BY FACILITATING STAGED ACCIDENTS



In recent years, a surge in construction accident claims related to New York State Labor Law §240/241 (the Scaffold Law) has caught the attention of the construction industry, building owners, insurance providers, and the media.

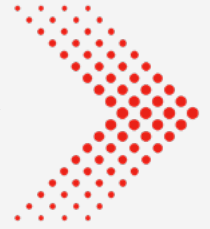
What initially seemed like “routine” accidents has unfolded into a web of staged incidents orchestrated by bad actors involving gangs, plaintiffs' attorneys, and medical providers.

Multi-year data collected by insurance investigators, underwriters, and legal teams, unveils a troubling nexus of staged accidents in New York City's construction industry, threatening the financial stability of the sector and burdening taxpayers.



THE ABSOLUTE  
LIABILITY OF  
NEW YORK'S  
SCAFFOLD  
LAW COSTS  
TAXPAYERS OVER  
ONE BILLION  
DOLLARS A YEAR

## STAGED ACCIDENTS JEOPARDIZE THE ENTIRE BUILDING RESTORATION INDUSTRY, WHILE NEW YORK TAXPAYERS FACE A HEAVY FINANCIAL BURDEN



Industry stakeholders highlight a catastrophic rise in Scaffold Law claims, particularly those involving undocumented laborers, often family-related, residing in the same areas, represented by the same law firms.

These fraudulent activities are adversely affecting valuable assets of New York City and State, including bridges, tunnels and other infrastructure, as well as ongoing construction projects at schools, hospitals and other public sites.

Fraudulent claims demand swift action from the New York City and State governmental and law enforcement authorities to thoroughly investigate and prosecute those involved in these criminal enterprises.

**“... In the last few years** the cost of the nature of “absolute” liability to contractors and building owners has increased exponentially. This is because many law firms are now specializing in trying Labor Law claims and some incentivize construction workers to go through unnecessary surgeries or lifetime pain medication to inflate the cost of these claims. What people do not realize is that:

- These firms exploit construction workers and reap most of the payouts when claims are litigated or settled in court.
- The cost of liability insurance in New York is 5-10 times higher than anywhere else in the US making the cost of



**The Scaffold Law** since its inception in 1885 has not been amended but expanded by judicial interpretation. The most significant change was a case where the original fall from a height was interrupted to be a gravity related incident in 2009. Now we have a sudden spike in the number of cases in the last few years from the increase in fraudulent/staged accidents that appear to be organized by criminal gangs in collusion with lawyers and medical providers. This onslaught of fraudulent accidents which is criminal behavior is costing the New York State population several billion dollars a year in increased real estate operating costs. The best solution to this out-of-control scenario is criminal enforcement and for the Legislature to enact the State Assembly Bill A08981 and State Senate Bill S8413 which in essence changes the original Scaffold Law from Absolute Liability (Owner & General Contractor) to Comparative Liability where all parties can be proportionately responsible. This statutory repeal would put NYS in line with the rest of the country.



James A. Fenniman, ARM  
Area Executive Vice President  
Senior Director – Construction Practice  
Arthur J. Gallagher & Co

construction very expensive to a point where contractors cannot find or afford the cost of insurance.  
• The monies paid for these claims can be used to build additional schools or public transportation projects benefitting the general population rather than enrich few law firms and their financial partners.



Aldo Fucentese  
SVP & Head of Large Construction  
Major Accounts, Casualty  
Liberty Mutual Insurance



## PROPOSALS TO REFORM NEW YORK'S CONSTRUCTION INDUSTRY LAWS: ADDRESSING FRAUD AND LIABILITY

In response to mounting concerns over fraudulent practices and the escalating costs of liability insurance within New York's construction industry, several proposed legislative measures aim to enact significant reforms. These proposals are:

[STATE ASSEMBLY BILL A08981\\*](#) AND [STATE SENATE BILL S8413\\*\\*](#) WOULD AMEND THE **PENAL LAW** TO MAKE **STAGING** A CONSTRUCTION SITE ACCIDENT FOR THE PURPOSES OF INSURANCE FRAUD **A CLASS E FELONY**.

[STATE ASSEMBLY BILL A0332\\*\\*\\*](#) AND [STATE SENATE BILL S5995\\*\\*\\*\\*](#) WOULD ENACT THE "**CONSTRUCTION INSURANCE TRANSPARENCY ACT**" TO REQUIRE INSURERS PROVIDING COVERAGE FOR LIABILITY UNDER THE SCAFFOLD LAW TO REPORT, ON AN ANNUAL BASIS, TO THE SUPERINTENDENT OF FINANCIAL SERVICES RELATING TO ITS FINANCES AND CLAIMS PAID THEREUNDER.

[STATE ASSEMBLY BILL A07562\\*\\*\\*\\*\\*](#) WOULD ESTABLISH A **COMPARATIVE NEGLIGENCE** STANDARD FOR CLAIMS UNDER LABOR LAW SECTIONS 240 AND 241 WITH RESPECT TO A RECALCITRANT WORKER.

These legislative endeavors signal a concerted effort to address fraudulent activities, streamline liability standards, and enhance transparency within New York's construction sector.

\* INTRODUCED BY M. OF A. WEPRIN

\*\* INTRODUCED BY SEN. BRESLIN

\*\*\* INTRODUCED BY M. OF A. BRONSON, STECK, STIRPE, MAGNARELLI, WEPRIN, DINOWITZ, COLTON, JACOBSON, BRABENEC, BYRNES, MCMAHON, WALLACE, SEAWRIGHT, CRUZ, OTIS, L. ROSENTHAL, SIMON, TAPIA, J. A. GIGLIO

\*\*\*\* INTRODUCED BY SEN. LANZA

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