

One Year After Sandy, Christie Administration Urges Consumers To Remain Vigilant About Insurance Fraud

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Trenton, NJ – One year after Superstorm Sandy struck the state, New Jersey Department of Banking and Insurance (DOBI) Commissioner Ken Kobylowski is cautioning consumers to remain vigilant about insurance fraud.

“Each year, insurance fraud costs companies tens of billions of dollars,” said DOBI Commissioner Kobylowski. “Ultimately, this costs consumers in the form of higher premiums. Understanding, identifying and reporting insurance fraud can help reduce insurance premiums for everyone.”

Insurance fraud occurs when an insurance consumer, agent, adjuster or other business commits a deliberate deception in order to obtain an illegitimate gain. It can occur during the process of buying, using, selling or underwriting insurance.

New Jersey regulations define insurance fraud as the knowing misrepresentation of, or failure to disclose, any material fact that impacts the handling of an insurance claim or the underwriting of an insurance risk. Changing facts of a claim or risk to increase a claims payment or lower an insurance premium constitutes insurance fraud and should be reported when observed.

For example, consumers rebuilding and recovering from Superstorm Sandy should be aware that unscrupulous fraudsters continue to prey on victims. New Jerseyans should remain cautious of contractors or adjusters making claims that sound too good to be true. Any homeowner approached by individuals who encourage an opening or reopening of an insurance claim with promises of covering a deductible should be wary.

Insurance Fraud Types

Individuals within the insurance industry sometimes deceive consumers for personal gain. For example, an unscrupulous insurance agent might collect premiums from a customer without passing them along to the company. The consumer believes that their premiums are being properly handled while the insurance company thinks the policyholder is not paying their premiums. A resulting cancellation or nonrenewal follows. Consumers should receive an insurance ID card or a copy of their policy in a timely manner. If not, this could be an indication that premiums have not been paid to the carrier.

Other examples would be public adjusters soliciting consumers who have already settled their claims to reopen their cases and seek higher settlements or attempt to recover their deductible, or home repair contractors soliciting consumers whose properties were not damaged by Sandy to make home repairs and claim the repairs were necessary because of damage caused by the storm.

Fake insurance companies defraud consumers by collecting premiums for bogus policies with no intention of paying claims. Such a “company” may offer policies at costs significantly lower than competitors’ prices. They may also be difficult to contact. Before signing anything or providing payment, consumers should make sure they are dealing with a legitimate, licensed insurer or agent.

To verify that a carrier is licensed in New Jersey go to: <http://www.state.nj.us/dobi/data/inscomp.htm>

To confirm that an agent is licensed by New Jersey go to: https://www16.state.nj.us/DOBI_LicSearch/insSearch.jsp

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Consumers can also be guilty of insurance fraud. Deliberate attempts to attribute non-covered losses to those that a policy covers, staging an accident, injury, theft, arson or other type of loss that would be covered under an insurance policy; inflating a valid claim; misrepresentation to avoid paying a deductible and/or knowingly omitting or giving false information on any claim or on an application for a policy are all examples of consumer insurance fraud.

Report Fraud

Consumers who suspect that they have been a victim of insurance fraud, or are aware of an insurance fraud occurrence, should:

Contact the Bureau of Fraud Deterrence at 609-292-7272 x 51088, or

Visit www.dobi.nj.gov; and complete a complaint form online at: <http://www.state.nj.us/dobi/consumer.htm#insurance>

(Under reason for complaint, write "Fraud" in "Other Description" box.)

For More Information

Consumers with questions or concerns about insurance fraud should contact the Department of Banking and Insurance's Bureau of Fraud Deterrence at 609-292-7272 x 51088 or online at www.dobi.nj.gov.

Press Contact:
Michael Drewniak
Colin Reed
609-777-2600



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Office of the Governor
PO Box 001
Trenton, NJ 08625
609-292-6000