



OFFICE OF THE GOVERNOR

NEWS RELEASE

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GOVERNOR EXPANDS INSURANCE FRAUD INVESTIGATION UNIT BY 50 PERCENT, GREATEST NUMBER OF INVESTIGATORS EVER

Gov. Christie Whitman today enacted legislation that bolsters the state's automobile insurance anti-fraud effort by adding 50 new investigators to the Division of Insurance Fraud. This is the latest in a series of initiatives undertaken by the Whitman administration to reduce automobile insurance rates and combat the fraudulent practices that drive up rates.

"This week I signed legislation that ended automatic rate increases and the arbitrary dropping of good drivers' policies. I also directed the Commissioner of Insurance to freeze auto insurance rates," said Gov. Whitman. "The legislation that I am signing today will enable us to hire 50 new fraud investigators to help get at one of the root causes of high rates."

"As much as \$160 of every car insurance policy is lost to those who commit fraud. With these additional investigators, we will be better able to root out violators -- whether they are the insurance companies, lawyers, doctors and others who drive up the cost of insurance for everyone else," she said.

The legislation allows for a \$2.25 million expenditure for the hiring of 50 additional insurance fraud investigators for the Division of Insurance Fraud Prevention. This addition represents a 50 percent increase in the number of investigators, bringing the total to 151 -- the highest number since the Division was formed in 1983.

Gov. Whitman today also encouraged citizens to use a toll-free hotline to report cases of suspected fraud. All tips will be investigated by the Division of Insurance Fraud, and the identity of all callers will be kept confidential. The hotline, which is currently up and running, can be accessed by calling 1-800-FRD-U-LNT.

Gov. Whitman has made combating fraud one of the key components of her auto insurance reform initiative. The legislation that she signed earlier in the week provided for:

- The assessment of a \$25,000 fine for insurance companies that fail to report fraud.
- The revocation of professional licenses -- lawyers, doctors or physical therapists -- for individuals who commit fraud.
- Higher penalties for those caught driving without insurance. The maximum fine has been more than tripled from \$300 to \$1000.

In addition to the anti-fraud measures, the legislation signed by the Governor earlier this week :

- Ends automatic annual rate increases -- saving drivers \$150 million this year;
- Prohibits insurance companies from dropping good drivers; and
- Eliminates surcharges for minor violations.

Yesterday the Governor asked Insurance Commissioner Elizabeth Randall to impose a freeze on automobile insurance rates. The freeze will remain in effect while the legislature considers the balance of Gov. Whitman's reform proposal, through the end of the current legislative session.

"By the close of the legislative session, I expect that New Jersey families will have the automobile insurance system they deserve with more choices, common sense fraud prevention and most important, lower rates," said Gov. Whitman. "I am confident that the legislature will join me in this continuing effort to bring fundamental reform to auto insurance in New Jersey."

The legislation signed by the Governor today, A-3090, was sponsored by Assembly Members Paul Kramer (R-Mercer/Middlesex) and Francis Blee (R-Atlantic) and Senator Robert Littell (R- Sussex/Hunterdon/Morris).

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