



## OFFICE OF THE GOVERNOR

### NEWS RELEASE

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## **Gov. Christie Whitman Vows to Continue Fight for Comprehensive Insurance Reform at Meeting With Youths In Trooper Youth Training Program**

Gov. Christie Whitman vowed today to continue to fight for comprehensive reform of insurance laws which she said is needed to reduce car insurance rates and stop insurance fraud. The reforms will follow recent tough action she has taken including a freeze on rates until further reforms are enacted. The Governor spoke to youths attending a demonstration on fraud detection during the Trooper Youth Training Program at the State Police Training Academy in Sea Girt.

"I am here today to highlight one crime not generally reported that is taking a very real toll on the State of New Jersey -- automobile insurance fraud," Whitman told the youths attending the Trooper Youth Training Program. "Experts tell us that paying out fraudulent claims costs every driver \$160 on each policy. That is wrong. It's unacceptable and I assure you we will provide law enforcement with whatever tools and resources are needed to crack down on auto insurance fraud."

The Governor also met with employees of the Waterford Wedgwood company in Wall Township where she also emphasized her continuing commitment to reform New Jersey's insurance laws. She pointed out that the series of initiatives she has undertaken during the past month will reduce automobile rates and combat the fraudulent practices that drive up rates.

Whitman told the workers at the Waterford Wedgwood company that, "No one should have to tolerate the rates New Jerseyans pay now."

"And no one should have to lose out on a job -- or move out of the state -- because they can't afford New Jersey car insurance," she said. "The special interests and their lobbyists won't like it -- but we will not stop until New Jersey gets the automobile insurance system our families deserve, with more choices, better fraud prevention and lower rates."

Representatives of the Fraud Division of the Department of Banking and Insurance demonstrated in a staged accident at the State Police Training Academy how fraud can be perpetrated by individuals and detected by investigators.

The Governor has signed legislation in the past month which will:

- End automatic annual rate increases -- saving drivers \$150 million this year;
- Prohibit insurance companies from dropping good drivers;
- Eliminate unfair surcharges for minor violations;
- Crack down on fraud;
- Bolster the anti-fraud efforts by adding 50 new investigators to the Division of Insurance Fraud in the Department of Banking and Insurance;

- Assess a \$25,000 fine against insurance companies that fail to report fraud;
- Revoke professional licenses -- lawyers, doctors or physical therapists -- of those individuals who commit fraud;
- Increase penalties for those caught driving without insurance. The maximum fine has been more than tripled from \$300 to \$1,000.

Whitman also directed Insurance Commissioner Elizabeth Randall to impose a freeze on automobile insurance rates on July 1. The freeze will remain in effect while the legislature considers the balance of the Governor's reform proposal, which includes giving consumers a choice in the policies they buy, through the end of the legislative session.

These recent actions follow a number of actions taken by Gov. Whitman in earlier years to reduce the cost of auto insurance:

- Enacted legislation in 1994 which wiped out the billion dollar debt run up by the Joint Underwriting Association/Market Transition Facility;
- Eliminated surcharges for minor speeding violations in 1995;
- Allowed drivers a five percent premium discount for the completion of a defensive driving course;
- Enacted legislation to crack down on medical fraud, often a partner in auto insurance fraud scams;
- Extended the Fraud Act to apply to people who lie about where they live or how far they drive to work when applying for coverage.

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