



OFFICE OF THE GOVERNOR

NEWS RELEASE

CN-001
CONTACT: Peter McDonough
PO BOX-004
(609) 777-2600

TRENTON, NJ 08625
RELEASE: July 1, 1997



Whitman Freezes Automobile Insurance Rates Vows to Keep Up the Fight

One day after bringing an end to nearly 10 years of automatic rate increases for automobile insurers, Gov. Christie Whitman today asked her insurance commissioner to impose a freeze on any additional rate increases for companies writing automobile insurance in New Jersey.

"Today begins the first July since 1988 that auto insurers have been prohibited from receiving automatic rate increases. Today I am going even further by asking the Commissioner of Banking and Insurance to not approve any future applications for rate increases by auto insurance companies," the Governor said.

"The freeze will take effect immediately and will remain in effect through the end of the current legislative session. The freeze will remain in effect while the legislature considers the balance of the proposal I presented in January to give consumers choice in the policies they buy," she said.

"By the end of the session, I expect New Jersey families to have the automobile insurance system they deserve with more choices, common-sense fraud prevention and most important, lower rates. And if they don't, we will look to extend the rate freeze even further," Gov. Whitman said.

"The insurance industry is stable and profitable in New Jersey and across the nation. There is no need for rate increases at this time when New Jersey's motorists are hurting. Although we've already put an end to automatic rate increases, to good drivers being dropped, and to unfair surcharges, more needs to be done and must be done," Gov. Whitman said.

"Over the course of this term, we've taken several important first steps toward reforming the state's 25-year-old system of mandatory no-fault insurance. We paid the billion dollar debt run up when Governor Florio created the Market Transition Facility. Yesterday, we stopped the imposition of surcharges and stopped the insurance companies from dropping good drivers, which were both allowed under the so-called FAIR Act. And, yesterday we put an absolute end to the 10-year practice of providing insurers with automatic rate increases," she said.

"In my state of the state address, I called for meaningful reform of the state's automobile insurance laws, and we're part way there," the Governor said. "More needs to be done, and will be done, to provide New Jersey's motorists with the ability to choose the type of coverage that best fits their needs and their budgets. More needs to be done, and will be done, to reduce the premium dollars that get swallowed-up by special interests and fraudulent claims.

"I am confident," the Governor said, "that we will continue to meet the challenges of auto insurance reform. I am confident that the Legislature will join with me in this continuing effort to bring fundamental reform to insurance in New Jersey."

####
