



OFFICE OF THE GOVERNOR

NEWS RELEASE

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Gov. Christie Whitman Says Fight for Comprehensive Insurance Reform to Continue; Initiatives of This Summer Will Reduce Automobile Insurance Rates and Combat Fraud

Gov. Christie Whitman emphasized her continuing commitment to comprehensive reform of New Jersey's automobile insurance laws at a meeting today with workers at Bristol-Myers Squibb in Cranbury. She pointed out that the series of initiatives she has undertaken during the past month will reduce automobile insurance rates and combat the fraudulent practices that drive up rates.

"As a result of the laws and reforms I put into place earlier this month, New Jersey's motorists will begin to see lower insurance rates, fairer treatment of drivers and stricter penalties on those individuals who commit fraud, one of the root causes of high rates," Whitman said. "But more needs to be done -- and will be done -- to bring about meaningful reform of the state's automobile insurance laws."

"New Jersey drivers are hurting because car insurance rates are intolerably high. That's because the highly paid lobbyists of the special interests have succeeded in keeping rates higher than our families deserve."

"I am confident that the Legislature will join me in this continuing effort to enable motorists to choose the type of coverage that best suits their needs and their budgets and to reduce the premium dollars that get swallowed up by special interests and fraudulent claims," the Governor added.

The Governor met with employees at Bristol-Myers Squibb to discuss her recent reforms and listen to the employees suggestions and concerns about her plans for further reform.

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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