

Law In New Jersey Aims To Curb Auto Insurance Fraud

By: IFAwebnews Staff

New Jersey drivers who lie that they garage and drive their vehicles in other states to save on auto premiums now could face insurance-fraud charges.

Gov. Chris Christie signed a bill earlier this summer making it a crime of insurance fraud for drivers to falsely register vehicles in other states.

“New Jersey has added new enforcement teeth to curtail drivers who make the mistake of defrauding their auto insurers,” said Howard Goldblatt, director of government affairs for the national Coalition Against Insurance Fraud. “A criminal fraud conviction with potential exit ramp to jail also can be a strong deterrent that helps put the brakes on rate evasion.” Convicted drivers would face up to 10 years in state prison and up to \$150,000 in fines.

Evading auto premiums is a growing problem in New Jersey. Drivers in the state have the highest auto premiums in the U.S., an average \$1,219 annually. Heavy congestion and insurance scams such as vehicle torchings contribute heavily.

Some New Jersey drivers try to avoid premiums by telling their auto insurer that they garage and drive their vehicle in locales with lower premiums. Premium evaders often use neighboring Pennsylvania as a destination state.

According to Goldblatt, honest policyholders in New Jersey end up subsidizing premiums of the smaller pool of auto policyholders.

New York faces a similar problem. Premium evaders in the Empire State have been caught illicitly registering their vehicles in Iowa and Pennsylvania.

The Coalition launched a joint grassroots letter-writing campaign in concert with the International Association of SIUs. The effort urged New Jersey state senators to vote “yes” for the bill to clear the senate. An ensuing wave of letters urged Christie to sign the bill after senate passage.

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**Coalition Against
Insurance Fraud**