

Law In New Jersey Aims To Curb Auto Insurance Fraud

By: Shawn Nordstrom

New legislation in New Jersey aims to make auto insurance fraud a more serious crime. State lawmakers have approved legislation that would leverage harsh penalties against those that commit insurance fraud, particularly for those that avoid paying premiums for their coverage. The Coalition Against Insurance Fraud notes that premium dodging is a significant problem in New Jersey, particularly in areas where auto insurance tends to be more expensive.

NEW JERSEY IS HOME TO THE HIGHEST INSURANCE PREMIUMS IN THE US

According to the Coalition Against Insurance Fraud, New Jersey is home to the highest auto insurance premiums in the United States. Drivers in the state pay an average of \$1,219 a year for their coverage. The organization suggests that some drivers end up registering

their vehicles in nearby states in order to access more affordable auto insurance coverage. The Coalition Against Insurance Fraud brought up these issues at a legislative committee, which helped gather more support for the new legislation that places harsher penalties on those committing auto insurance fraud.

INSURANCE FRAUD CONTINUES TO BE A COSTLY PROBLEM FOR DRIVERS AND INSURERS

Insurance fraud is an expensive problem for the insurance industry and consumers alike. An estimated \$80 in fraudulent auto insurance claims are made every year in the United States. While claims investigations can weed out fraud, these investigations can be costly. In order to recover from the losses that are associated with fraud, insurers often raise rates for the coverage that they provide. This means that consumers have to pay more for auto insurance, which places them under greater financial stress.

THOSE COMMITTING FRAUD COULD BE FINED \$150,000 AND SPEND AS MUCH AS 10 YEARS IN JAIL

The new law in New Jersey will fine those convicted of auto insurance fraud as much as \$150,000, depending on the severity of their crime. The fine may be enough to deter some from committing fraud, but the legislation also states that those convicted of fraud could face as much as 10 years in a state prison for the crime as well.

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