

Bamboozled: Could N.J. be the next victim of this growing car insurance fraud scheme

By: Karin Prince Mueller

Imagine you get into a car accident. You pull over. Fortunately, no one appears to be injured.

The police arrive. The officer takes your license, registration and insurance card, and after all the information is recorded, you go on your way.

Days later, you learn your insurance policy was a fake.

For a routine traffic stop, officers won't typically check the validity of an insurance card. But when your insurance information becomes part of a police report, the policy's authenticity will be confirmed.

That's why it often takes a traffic accident for drivers to learn they've been had. That the insurance policies they spent hundreds of dollars to buy aren't valid. That they've been driving without insurance for months.

These drivers unknowingly purchased fraudulent insurance policies from scammers, and the coverage isn't worth the paper it's printed on.

It's a huge problem in Michigan, where earlier this year, a one-day spot check of drivers revealed 16 percent had invalid or fake insurance cards.

Crooks pretending to be insurance agents have flooded the state, mostly in urban areas, offering cheaper-than-average auto policies. Policies that turn out to be bogus.

One of the reasons Michigan is ripe for this kind of fraud is its high car insurance rates.

But it's not the most expensive state in the country. New Jersey is.

According to the , in 2012, the most recent data available, the average policy in New Jersey costs \$1,334.54. That compares to a national average of \$927.58.

With such high rates, drivers are often looking for a way to pay lower premiums.

So scammers, like the ones in Michigan, could be out to hit New Jerseyans.

New Jersey law is pretty strict on the offense.

Driving with a fake insurance policy, whether you're the victim of a scam or not, carries penalties that are on par with, and sometimes harsher than, a drunk driving offense.

It's a fast path to financial ruin.

There's no sympathy for those who intentionally drive with insurance, but imagine facing all this because you're the victim of a fake insurance policy scam?

"Any time you have a market that competitive, there's a great temptation to cut corners," James Quiggle, a spokesman for the Coalition Against Insurance Fraud.



**Coalition Against
Insurance Fraud**

BEHIND THE SCAM

Crooks shop around for new victims in many ways.

James Quiggle of the Coalition Against Insurance Fraud called fake auto coverage "an expensive speed trap."

"Simply jumping at the lowest price peddled by a stranger can cause large fines, loss of your license and impounding of your vehicle," Quiggle said. "You might spend weeks regaining your ability to live normally — drive to work, take the kids to school or see your doctor."

He said if an agent appears out of nowhere, cold calls or emails hawking super low-priced coverage, it's a warning signal. And you should absolutely back off if the agent demands cash or a money order upfront.

"An auto premium that's well below the going rate for no obvious reason should set off alarm bells for a driver," Quiggle said. "Why would coverage from a nationally-known insurer suddenly drop well below what other insurers are quoting, or what your neighbors say they're paying?"

Companies do have different underwriting practices, so it is always smart to shop around and