

Bamboozled: Could your auto insurance policy be a fake?

By: Karin Price Mueller, NJ Advance Media for NJ.com

Last month, we took a look at why you should worry if you regularly receives [someone else's mail](#).

So when we heard about a car insurance scam linked to mail delivery, we wanted to know more -- even though the scam is thousands of miles away in Scotland.

Because, dear readers, it's a small, small world.

The scam could find its way to New Jersey in no time, so we want you to be prepared.

In the U.K., it's known as "ghost brokering." "Unwary drivers will suspend their better judgment, hoping they've saved big money on auto premiums, said Jim Quiggle of the [Coalition Against Insurance Fraud](#). "Cutting corners is about to multiply their troubles."

Imagine you're pulled over and caught with fake coverage. You could be ticketed, see your license suspended, your car towed, and you could face hundreds of dollars in fines, Quiggle said. Add to that the headache of getting your car back, going to court and clearing up the big mess.

Or worse, imagine being uninsured when you get into an accident.

"Your savings could be wiped out if you have to pay large medical costs from your own pocket," Quiggle said. "And you could get sued straight to bankruptcy."

Quiggle said younger drivers with high premiums or a spotty driving record are targeted, as are lower-income immigrants trying to save money or establish a driving record.

"Some people are fooled by the low premiums," he said. "Others know full well they're buying junk insurance. They're willing to risk everything on a ghost gambit."

The lure of super cheap auto coverage is strong in New Jersey, which still has the highest average premiums in the nation.

In 2013 -- the most recent year available -- we paid an average of \$1,368.27. That compares to the national average \$954.30, according to the National Association of Insurance Commissioners [Auto Insurance Database Report](#).

HOW TO PROTECT YOURSELF

Call the state's Department of Banking and Insurance at (609) 292-7272. Confirm your agent has a [license](#), and that the [insurance company](#) is licensed, too.

According to the Coalition Against Insurance Fraud, Shoddy workers cost Florida homeowners thousands of dollars a year. Potential red flags to look for are workers demanding cash upfront, hesitating to provide proof of insurance, has no physical business location and doesn't sign a contract. Florida had the highest



**Coalition Against
Insurance Fraud**

Quiggle says this is an especially important step if the insurance company isn't a household name.

To make sure you don't get taken, contact the auto insurance company directly to confirm your coverage is real and that your premiums have been received.

Also confirm that the policy number matches the insurer's records, and watch for typos and misspellings in the policy or the insurance card.

"Beware if the so-called agent hands you a card yet the insurer doesn't send you a full policy soon afterward," Quiggle said. "It's easy for scammers to create realistic-looking policies and insurance cards on home computers."

Also, Quiggle said, you should avoid cold callers, door-to-door peddlers and email sales pitches.

"Back off if the so-called agent demands cash or money order upfront," he said. "Play it straight and get legitimate auto coverage from a real insurer, even if costs more."

If you think you're the victim of insurance fraud, call the Bureau of Fraud Deterrence at (609) 292-7272, extension 51088, or email NJInsuranceFraud@njdcj.org.