

Auto insurance fraud is about to become a crime in New Jersey

By: Patricia L. Harman

It's about to get a lot harder for New Jersey residents to lie about where they garage their cars.

The New Jersey legislature has approved a bill that will levy stiff new penalties for anyone who lies about where they garage and drive their cars in order to obtain lower insurance premiums.

“Turning premium dodging into an insurance crime would add enforcement teeth to New Jersey’s efforts to clamp down on rate evasion,” said Howard Goldblatt, director of government affairs for the Coalition Against Insurance Fraud (The Coalition). “The stronger likelihood of a criminal investigation also could help deter others from making the mistake of defrauding their auto insurer.”

Premium dodging is more likely in areas where vehicle owners will pay higher insurance premiums than drivers in adjoining locales. According to The Coalition, New Jersey drivers have the highest auto premiums in the U.S., paying \$1,219 annually on average. In order to obtain lower rates, some vehicle owners will register their vehicles in states like Pennsylvania or North Carolina. This means that honest policyholders end up subsidizing the fraudsters.

The Coalition played an instrumental role in helping to draft the New Jersey legislation, testified before a key legislative committee in support of the bill, and played an active role in a grassroots letter writing campaign.

Under the legislation, convicted drivers could receive fines up to \$150,000 and face as much as 10 years in state prison if convicted.

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