



New Jersey Assembly Democrat Wayne P. DeAngelo is sponsoring a bill to crack down on insurance fraud.

The bill (A-2204) targets residents who fraudulently obtain automobile insurance in another state, even though New Jersey is their principal residence or they principally keep the insured vehicle in New Jersey.

"Insurance fraud is not only wrong, but it costs honest drivers money through higher premiums," said DeAngelo (D-Mercer/Middlesex). "We've made a lot of progress in controlling auto insurance rates, but we still have a long way to go and cracking down on fraud needs to be a big part of that continuing effort."

DeAngelo said the Office of the Insurance Fraud Prosecutor is currently unable to prosecute so-called reverse rate evasion cases because state law does not include it as a form of insurance fraud.

"The Office of the Insurance Fraud Prosecutor has documented a growing trend of New Jersey residents insuring in North Carolina and Pennsylvania to avoid higher insurance rates," DeAngelo said.

"The prosecutor has been suggesting this change in the law for more than four years, and we're going to finally get this done for the benefit of all law-abiding New Jerseyans."

Under the bill, reverse rate evasion would be considered a form of insurance fraud that violates the New Jersey Insurance Fraud Prevention Act. This bill makes it a crime of the fourth degree.

The bill also specifies that reverse rate evasion constitutes a violation of the New Jersey Insurance Fraud Prevention Act, with the various civil penalties and remedies provided for in that act applying to violations.

"All vehicles that should be registered and insured in New Jersey should be properly registered and insured," DeAngelo said. "Vehicle owners who misrepresent their residence are looking to reduce their own insurance premiums, but this instead results in a loss of revenue to the state, higher premiums for those who properly register their vehicles and reduced revenue for New Jersey insurers. It's also important to note that many out-of-state policies provide lesser coverage than what's mandated under New Jersey law."

The bill was released by the Assembly Financial Institutions and Insurance Committee.