

SENATE, No. 2039

STATE OF NEW JERSEY

INTRODUCED MAY 8, 1997

By Senator ADLER

1 AN ACT concerning automobile insurance fraud and revising various
2 parts of the statutory law.

3

4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

6

7 1. Section 3 of P.L.1983, c.320 (C.17:33A-3) is amended to read
8 as follows:

9 3. As used in this act:

10 "Attorney General" means the Attorney General of New Jersey or
11 his designated representatives.

12 "Commissioner" means the Commissioner of Banking and
13 Insurance.

14 "Director" means the Director of the Division of Insurance Fraud
15 Prevention in the Department of Banking and Insurance.

16 "Division" means the Division of Insurance Fraud Prevention
17 established by this act.

18 "Hospital" means any general hospital, mental hospital,
19 convalescent home, nursing home or any other institution, whether
20 operated for profit or not, which maintains or operates facilities for
21 health care.

22 "Insurance company" means:

23 a. Any corporation, association, partnership, reciprocal exchange,
24 interinsurer, Lloyd's insurer, fraternal benefit society or other person
25 engaged in the business of insurance pursuant to Subtitle 3 of Title 17
26 of the Revised Statutes (C.17:17-1 et seq.), or Subtitle 3 of Title 17B
27 of the New Jersey Statutes (C.17B:17-1 et seq.);

28 b. Any medical service corporation operating pursuant to
29 P.L.1940, c.74 (C.17:48A-1 et seq.);

30 c. Any hospital service corporation operating pursuant to
31 P.L.1938, c. 366 (C.17:48-1 et seq.);

32 d. Any health service corporation operating pursuant to P.L.1985,
33 c. 236 (C.17:48E-1 et seq.);

34 e. Any dental service corporation operating pursuant to P.L.1968,

EXPLANATION - Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and intended to be omitted in the law.

Matter underlined thus is new matter.

1 c.305 (C.17:48C-1 et seq.);

2 f. Any dental plan organization operating pursuant to P.L.1979,
3 c.478 (C.17:48D-1 et seq.);

4 g. Any insurance plan operating pursuant to P.L.1970, c.215
5 (C.17:29D-1);

6 h. The New Jersey Insurance Underwriting Association operating
7 pursuant to P.L.1968, c.129 (C.17:37A-1 et seq.);

8 i. The New Jersey Automobile Full Insurance Underwriting
9 Association operating pursuant to P.L.1983, c.65 (C.17:30E-1 et seq.)
10 and the Market Transition Facility operating pursuant to section 88 of
11 P.L.1990, c.8 (C.17:33B-11); and

12 j. Any risk retention group or purchasing group operating pursuant
13 to the "Liability Risk Retention Act of 1986," 15 U.S.C. §3901 et seq.

14 "Pattern" means five or more related violations of P.L.1983, c.320
15 (C.17:33A-1 et seq.). Violations are related if they involve either the
16 same victim, or same or similar actions on the part of the person or
17 practitioner charged with violating P.L.1983, c.320 (C.17:33A-1 et
18 seq.).

19 "Person" means a person as defined in R.S.1:1-2, and shall include,
20 unless the context otherwise requires, a practitioner.

21 "Principal residence" means that residence at which a person spends
22 the majority of his time. Principal residence may be a place of abode
23 separate and distinct from a person's domicile. Mere seasonal or
24 weekend residence within this State does not constitute principal
25 residence within this State.

26 "Practitioner" means a licensee of this State authorized to practice
27 medicine and surgery, psychology, chiropractic, or law or any other
28 licensee of this State whose services are compensated, directly or
29 indirectly, by insurance proceeds, or a licensee similarly licensed in
30 other states and nations or the practitioner of any nonmedical
31 treatment rendered in accordance with a recognized religious method
32 of healing.

33 "Producer" means an insurance producer as defined in section 2 of
34 P.L.1987, c.293 (C.17:22A-2), licensed to transact the business of
35 insurance in this State pursuant to the provisions of the "New Jersey
36 Insurance Producer Licensing Act," P.L.1987, c.293 (C.17:22A-1 et
37 seq.).

38 "Statement" includes, but is not limited to, any application, writing,
39 notice, expression, statement, proof of loss, bill of lading, receipt,
40 invoice, account, estimate of property damage, bill for services,
41 diagnosis, prescription, hospital or physician record, X-ray, test result
42 or other evidence of loss, injury or expense.

43 (cf: P.L.1991, c.331, s.1)

44

45 2. Section 4 of P.L.1983, c.320 (C.17:33A-4) is amended to read
46 as follows:

- 1 4. a. A person or a practitioner violates this act if he:
- 2 (1) Presents or causes to be presented any written or oral
3 statement as part of, or in support of or opposition to, a claim for
4 payment or other benefit pursuant to an insurance policy or the
5 "Unsatisfied Claim and Judgment Fund Law," P.L.1952, c.174
6 (C.39:6-61 et seq.), knowing that the statement contains any false or
7 misleading information concerning any fact or thing material to the
8 claim; or
- 9 (2) Prepares or makes any written or oral statement that is
10 intended to be presented to any insurance company, the Unsatisfied
11 Claim and Judgment Fund or any claimant thereof in connection with,
12 or in support of or opposition to any claim for payment or other
13 benefit pursuant to an insurance policy or the "Unsatisfied Claim and
14 Judgment Fund Law," P.L.1952, c.174 (C.39:6-61 et seq.), knowing
15 that the statement contains any false or misleading information
16 concerning any fact or thing material to the claim; or
- 17 (3) Conceals or knowingly fails to disclose the occurrence of an
18 event which affects any person's initial or continued right or
19 entitlement to (a) any insurance benefit or payment or (b) the amount
20 of any benefit or payment to which the person is entitled;
- 21 (4) Prepares or makes any written or oral statement, intended to be
22 presented to any insurance company or producer for the purpose of
23 obtaining:
- 24 (a) a motor vehicle insurance policy, that the person to be insured
25 [resides or is domiciled] maintains a principal residence in this State
26 when, in fact, that [person resides or is domiciled] person's principal
27 residence is in a state other than this State; or
- 28 (b) an insurance policy, knowing that the statement contains any
29 false or misleading information concerning any fact or thing material
30 to an insurance application or contract; or
- 31 (5) Conceals or knowingly fails to disclose any evidence, written
32 or oral, which may be relevant to a finding that a violation of the
33 provisions of paragraph (4) of this subsection a. has or has not
34 occurred.
- 35 b. A person or practitioner violates this act if he knowingly assists,
36 conspires with, or urges any person or practitioner to violate any of
37 the provisions of this act.
- 38 c. A person or practitioner violates this act if, due to the
39 assistance, conspiracy or urging of any person or practitioner, he
40 knowingly benefits, directly or indirectly, from the proceeds derived
41 from a violation of this act.
- 42 d. A person or practitioner who is the owner, administrator or
43 employee of any hospital violates this act if he knowingly allows the
44 use of the facilities of the hospital by any person in furtherance of a
45 scheme or conspiracy to violate any of the provisions of this act.
- 46 e. A person or practitioner violates this act if, for pecuniary gain,

1 for himself or another, he directly or indirectly solicits any person or
2 practitioner to engage, employ or retain either himself or any other
3 person to manage, adjust or prosecute any claim or cause of action,
4 against any person, for damages for negligence, or, for pecuniary gain,
5 for himself or another, directly or indirectly solicits other persons to
6 bring causes of action to recover damages for personal injuries or
7 death, or for pecuniary gain, for himself or another, directly or
8 indirectly solicits other persons to make a claim for personal injury
9 protection benefits pursuant to P.L.1972, c.70 (C.39:6A-1 et seq.);
10 provided, however, that this subsection shall not apply to any conduct
11 otherwise permitted by law or by rule of the Supreme Court.
12 (cf: P.L.1995, c.132, s.1)

13

14 3. Section 5 of P.L.1983, c.320 (C.17:33A-5) is amended to read
15 as follows:

16 5. a. [If a person or practitioner is found by a court of competent
17 jurisdiction, pursuant to a claim initiated by the commissioner, to have
18 violated any provision of this act, the person or practitioner shall be
19 subject to a civil penalty not to exceed \$5,000.00 for the first
20 violation, \$10,000.00 for the second violation and \$15,000.00 for each
21 subsequent violation.] Whenever the commissioner determines that a
22 person has violated any provision of P.L.1983, c.320 (C.17:33A-1 et
23 seq.), the commissioner shall either:

24 (1) bring a civil action in accordance with subsection b. of this
25 section; or

26 (2) levy a civil administrative penalty and order restitution in
27 accordance with subsection c. of this section.

28 In addition to or as an alternative to the remedies provided in this
29 section, the commissioner may request the Attorney General to bring
30 a criminal action under applicable criminal statutes. Additionally,
31 nothing in this section shall be construed to preclude the commissioner
32 from referring the matter to appropriate state licensing authorities,
33 including the insurance producer licensing section in the Department
34 of Banking and Insurance, for consideration of licensing actions,
35 including license suspension or revocation.

36 b. Any person who violates any provision of P.L.1983, c.320
37 (C.17:33A-1 et seq.) shall be liable, in a civil action brought by the
38 commissioner in a court of competent jurisdiction, for a penalty of not
39 more than \$10,000 for the first violation, \$20,000 for the second
40 violation and \$30,000 for each subsequent violation. The penalty shall
41 be paid to the commissioner to be used in accordance with subsection
42 [b.] e. of this section. The court [may] shall also award court costs
43 and reasonable attorneys' fees to the commissioner.

44 c. The commissioner is authorized to assess a civil and
45 administrative penalty of not more than \$10,000 for the first violation,
46 \$20,000 for the second violation and \$30,000 for each subsequent

1 violation of any provision of P.L.1983, c.320 (C.17:33A-1 et seq.) and
2 to order restitution to any insurance company or other person who has
3 suffered a loss as a result of a violation of P.L.1983, c.320 (C.17:33A-
4 1 et seq.). No assessment shall be levied pursuant to this subsection
5 until the violator has been notified by certified mail or personal
6 service. The notice shall contain a concise statement of facts
7 providing the basis for the determination of a violation of P.L.1983,
8 c.320 (C.17:33A-1 et seq.), the provisions of that act violated, a
9 statement of the amount of civil penalties assessed and a statement of
10 the party's right to a hearing in accordance with the "Administrative
11 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.). The noticed
12 party shall have 20 calendar days from receipt of the notice within
13 which to deliver to the commissioner a written request for a hearing
14 containing an answer to the statement of facts contained in the notice.
15 After the hearing and upon a finding that a violation has occurred, the
16 commissioner may issue a final order assessing up to the amount of the
17 penalty in the notice, restitution, and costs of prosecution, including
18 attorneys' fees. If no hearing is requested, the notice shall become a
19 final order after the expiration of the 20-day period. Payment of the
20 assessment is due when a final order is issued or the notice becomes
21 a final order.

22 Any penalty imposed pursuant to this subsection may be collected
23 with costs in a summary proceeding pursuant to "the penalty
24 enforcement law," N.J.S.2A:58-1 et seq. The Superior Court shall
25 have jurisdiction to enforce the provisions of "the penalty enforcement
26 law" in connection with P.L.1983, c.320 (C.17:33A-1 et seq.). Any
27 penalty collected pursuant to this subsection shall be used in
28 accordance with subsection e. of this section.

29 d. Nothing in this [subsection] section shall be construed to
30 prohibit the commissioner and the person or practitioner alleged to be
31 guilty of a violation of this act from entering into a written agreement
32 in which the person or practitioner does not admit or deny the charges
33 but consents to payment of the civil penalty. A consent agreement
34 may contain a provision that it shall not be used in a subsequent civil
35 or criminal proceeding relating to any violation of this act, but
36 notification thereof shall be made to a licensing authority in the same
37 manner as required pursuant to subsection c. of section 10 of
38 P.L.1983, c.320 (C.17:33A-10). The existence of a consent
39 agreement under this subsection shall not preclude any licensing
40 authority from taking appropriate administrative action against a
41 licensee over which it has regulatory authority, nor shall such a
42 consent agreement preclude referral to law enforcement for
43 consideration of criminal prosecution.

44 [b.] e. The New Jersey Automobile Full Insurance Underwriting
45 Association and Market Transition Facility Auxiliary Fund (hereinafter
46 referred to as the "fund") is established as a nonlapsing, revolving fund

1 into which shall be deposited all revenues from the civil penalties
2 imposed pursuant to this section. Interest received on moneys in the
3 fund shall be credited to the fund. The fund shall be administered by
4 the Commissioner of Banking and Insurance and shall be used to help
5 defray the operating expenses of the New Jersey Automobile Full
6 Insurance Underwriting Association created pursuant to P.L.1983,
7 c.65 (C.17:30E-1 et seq.) or shall be used to help defray the operating
8 expenses of the Market Transition Facility created pursuant to section
9 88 of P.L.1990, c.8 (C.17:33B-11).

10 (cf: P.L.1994, c.57, s.19)

11

12 4. Section 7 of P.L.1983, c.320 (C.17:33A-7) is amended to read
13 as follows:

14 7. a. Any insurance company damaged as the result of a violation
15 of any provision of this act may sue therefor in any court of competent
16 jurisdiction to recover compensatory damages, which [may] shall
17 include reasonable investigation expenses, costs of suit and attorneys
18 fees.

19 b. A successful claimant under subsection a. shall recover treble
20 damages if the court determines that the defendant has engaged in a
21 pattern of violating this act.

22 c. A claimant under this section shall mail a copy of the initial
23 claim, amended claim, counterclaims, briefs and legal memoranda to
24 the commissioner at the time of filing of such documents with the
25 court wherein the matter is pending. A successful claimant shall report
26 to the commissioner, on a form prescribed by the commissioner, the
27 amount recovered and such other information as is required by the
28 commissioner.

29 d. Upon receipt of notification of the filing of a claim by an insurer,
30 the commissioner may join in the action for the purpose of seeking
31 judgment for the payment of a civil penalty authorized under section
32 5 of this act. If the commissioner prevails, the court may also award
33 court costs and reasonable attorney fees actually incurred by the
34 commissioner.

35 e. No action shall be brought by an insurance company under this
36 section more than six years after the cause of action has accrued.

37 (cf: P.L.1983, c.320, s.7)

38

39 5. Section 10 of P.L.1983, c.320 (C.17:33A-10) is amended to
40 read as follows:

41 10. a. If the division has reason to believe that a person has
42 engaged in, or is engaging in, an act or practice which violates this act,
43 or any other relevant statute or regulation, the commissioner or his
44 designee may administer oaths and affirmations, request or compel the
45 attendance of witnesses or the production of documents. The
46 commissioner may issue, or designate another to issue, subpoenas to

1 compel the attendance of witnesses and the production of books,
2 records, accounts, papers and documents. Witnesses who are not
3 licensees of the Department of Banking and Insurance shall be entitled
4 to receive the same fees and mileage as persons summoned to testify
5 in the courts of the State.

6 If a person subpoenaed pursuant to this section shall neglect or
7 refuse to obey the command of the subpoena, a judge of the Superior
8 Court may, on proof by affidavit of service of the subpoena, of payment
9 or tender of the fees required and of refusal or neglect by the person
10 to obey the command of the subpoena, issue a warrant for the arrest of
11 said person to bring him before the judge, who is authorized to
12 proceed against the person as for a contempt of court.

13 b. If matter that the division seeks to obtain by request is located
14 outside the State, the person so required may make it available to the
15 division or its representative to examine the matter at the place where
16 it is located. The division may designate representatives, including
17 officials of the state in which the matter is located, to inspect the
18 matter on its behalf, and it may respond to similar requests from
19 officials of other states.

20 c. If (1) a practitioner, (2) an owner, administrator or employee of
21 any hospital, (3) an insurance company, agent, broker, solicitor or
22 adjuster, or (4) any other person licensed by a licensing authority of
23 this State, or an agent, representative or employee of any of them is
24 found to have violated any provision of this act, the commissioner or
25 the Attorney General shall notify the appropriate licensing authority of
26 the violation so that the licensing authority may take appropriate
27 administrative action. The licensing authority shall report quarterly to
28 the commissioner through the Division of Insurance Fraud Prevention
29 about the status of all pending referrals.

30 (cf: P.L.1983, c.320, s.10)

31

32 6. Section 11 of P.L.1983, c.320 (C.17:33A-11) is amended to
33 read as follows:

34 11. Papers, documents, reports, or evidence relative to the subject
35 of an investigation under this act shall not be subject to public
36 inspection except as specifically provided in this act. The
37 commissioner shall not detain subpoenaed records after an investigation
38 is closed or, if a claim for a civil penalty is filed by the commissioner
39 pursuant to section 5 or subsection d. of section 7, upon final
40 disposition of the claim by a court of competent jurisdiction,
41 whichever shall be the later date. Subpoenaed records shall be returned
42 to the persons from whom they were obtained. The commissioner
43 may, in his discretion, make relevant papers, documents, reports, or
44 evidence available to the Attorney General, an appropriate licensing
45 authority, law enforcement agencies, an insurance company or
46 insurance claimant injured by a violation of this act, consistent with the

1 purposes of this act and under such conditions as he deems
2 appropriate. Such papers, documents, reports, or evidence shall not
3 be subject to subpoena, unless the commissioner consents, or until, after
4 notice to the commissioner and a hearing, a court of competent
5 jurisdiction determines that the commissioner would not be
6 unnecessarily hindered by such subpoena. Division investigators and
7 insurance company fraud investigators shall not be subject to subpoena
8 in civil actions by any court of this State to testify concerning any
9 matter of which they have knowledge pursuant to a pending insurance
10 fraud investigation by the division, or a pending claim for civil
11 penalties initiated by the commissioner.

12 (cf: P.L.1983, c.320, s.11)

13

14 7. Section 1 of P.L.1993, c.362 (C.17:33A-15) is amended to read
15 as follows:

16 1. a. Every insurer writing health insurance or private passenger
17 automobile insurance in this State shall [, within 120 days of the
18 adoption of regulations by the commissioner pursuant to this act,] file
19 with the commissioner a plan for the prevention and detection of
20 fraudulent [health] insurance applications and claims. The plan shall
21 be deemed approved by the commissioner if not affirmatively approved
22 or disapproved by the commissioner within 90 days of the date of
23 filing. The commissioner may call upon the expertise of the director
24 in his review of plans filed pursuant to this subsection. [During the
25 90-day approval period the] The commissioner may request such
26 amendments to the plan as he deems necessary. Any subsequent
27 amendments to a plan filed with and approved by the commissioner
28 shall be submitted for filing and deemed approved if not affirmatively
29 approved or disapproved within 90 days from the filing date.

30 b. The implementation of plans filed and approved pursuant to
31 subsection a. of this section shall be monitored by the division. The
32 division shall promptly notify the Attorney General of any evidence of
33 criminal activity encountered in the course of monitoring the
34 implementation and execution of the plans. Each insurer writing
35 health insurance or private passenger automobile insurance in this
36 State shall report to the director on an annual basis, [beginning
37 January 1, 1994] on January 1st of each year, on the experience in
38 implementing its fraud prevention plan.

39 c. In addition to any other penalties provided pursuant to
40 P.L.1983, c.320 (C.17:33A-1 et seq.), the commissioner [may] shall
41 impose a penalty of up to [\$5,000 per day] \$25,000 per violation on
42 any insurer for: failure to submit a plan; failure to submit any
43 amendments to an approved plan; failure to properly implement an
44 approved plan in a reasonable manner and within a reasonable time
45 period; failure to provide a report pursuant to subsection b. of this
46 section; or for any other violation of the provisions of this section.

1 [Any penalty imposed and collected pursuant to this subsection shall
2 be deposited in the unemployment compensation fund created pursuant
3 to R.S.43:21-9 and shall be dedicated exclusively to the purposes
4 stated therein.]

5 d. For the purposes of this section, "insurer" means an insurance
6 company as defined in subsections a., b., c., d., e., and f. of section 3
7 of P.L.1983, c.320 (C.17:33A-3).

8 (cf: P.L.1993, c.362, s.1)

9

10 8. Section 15 of P.L.1972, c.70 (C.39:6A-15) is amended to read
11 as follows:

12 15. In any claim or action arising under section 4 of this act
13 wherein any person, obtains or attempts to obtain from any other
14 person, insurance company or Unsatisfied Claim and Judgment Fund
15 any money or other thing of value by (1) falsely or fraudulently
16 representing that such person is entitled to benefits under section 4 or,
17 (2) falsely and fraudulently making statements or presenting
18 documentation in order to obtain or attempt to obtain benefits under
19 section 4 or, (3) cooperates, conspires or otherwise acts in concert
20 with any person seeking to falsely or fraudulently obtain, or attempt
21 to obtain, benefits under section 4 may upon conviction be fined not
22 more than \$5,000.00, or imprisoned for not more than 3 years or both,
23 or in the event the sum so obtained or attempted to be obtained is not
24 more than \$500.00, may upon conviction, be fined not more than
25 \$500.00, or imprisoned for not more than 6 months or both, as a
26 disorderly person.

27 In addition to any penalties imposed by law, any person who is
28 either found by a court of competent jurisdiction to have violated any
29 provision of P.L. 1983 c.320 (C. 17:33A-1 et seq.) pertaining to
30 automobile insurance or convicted of any violation of Title 2C of the
31 New Jersey Statutes arising out of automobile insurance fraud shall
32 not operate a motor vehicle over the highways of this State for a
33 period of one year from the date of judgment or conviction.

34 (cf: P.L.1973, c.298, s.1)

35

36 9. Section 8 of P.L.1978, c.73 (C.45:1-21) is amended to read as
37 follows:

38 8. A board may refuse to admit a person to an examination or may
39 refuse to issue or may suspend or revoke any certificate, registration
40 or license issued by the board upon proof that the applicant or holder
41 of such certificate, registration or license

42 a. Has obtained a certificate, registration, license or authorization
43 to sit for an examination, as the case may be, through fraud, deception,
44 or misrepresentation;

45 b. Has engaged in the use or employment of dishonesty, fraud,
46 deception, misrepresentation, false promise or false pretense;

- 1 c. Has engaged in gross negligence, gross malpractice or gross
2 incompetence;
- 3 d. Has engaged in repeated acts of negligence, malpractice or
4 incompetence;
- 5 e. Has engaged in professional or occupational misconduct as may
6 be determined by the board;
- 7 f. Has been convicted of any crime involving moral turpitude or
8 any crime relating adversely to the activity regulated by the board. For
9 the purpose of this subsection a plea of guilty, non vult, nolo
10 contendere or any other such disposition of alleged criminal activity
11 shall be deemed a conviction;
- 12 g. Has had his authority to engage in the activity regulated by the
13 board revoked or suspended by any other state, agency or authority
14 for reasons consistent with this section;
- 15 h. Has violated or failed to comply with the provisions of any act
16 or regulation administered by the board;
- 17 i. Is incapable, for medical or any other good cause, of discharging
18 the functions of a licensee in a manner consistent with the public's
19 health, safety and welfare;
- 20 j. Has repeatedly failed to submit completed applications, or parts
21 of, or documentation submitted in conjunction with, such applications,
22 required to be filed with the Department of Environmental Protection;
- 23 k. Has violated any provision of P.L.1983, c.320 (C.17:33A-1 et
24 seq.) or any insurance fraud prevention law or act of another
25 jurisdiction.

26 For purposes of this act:

27 "Completed application" means the submission of all of the
28 information designated on the checklist, adopted pursuant to section
29 1 of P.L.1991, c.421 (C.13:1D-101), for the class or category of
30 permit for which application is made.

31 "Permit" has the same meaning as defined in section 1 of P.L.1991,
32 c.421 (C.13:1D-101).
33 (cf: P.L.1991, c.420, s.1)

34
35 10. Section 3 of P.L.1983, c.248 (C.45:9-19.3) is amended to read
36 as follows:

37 3. Any information concerning the conduct of a physician or
38 surgeon provided to the State Board of Medical Examiners pursuant
39 to section 1 of P.L.1983, c.248 (C.45:9-19.1), section 5 of P.L.1978,
40 c.73 (C.45:1-18) or any other provision of law, is confidential pending
41 final disposition of the inquiry or investigation by the board, except for
42 that information required to be shared with the Insurance Fraud
43 Prevention Division of the Department of Banking and Insurance to
44 comply with the provisions of section 9 of P.L.1983, c.320 (C.17:33A-
45 9) or with any other law enforcement agency. If the result of the
46 inquiry or investigation is a finding of no basis for disciplinary action

1 by the board, the information shall remain confidential, except that the
2 board may release the information to a government agency, for good
3 cause shown, upon an order of the Superior Court after notice to the
4 physician or surgeon who is the subject of the information and an
5 opportunity to be heard. The application for the court order shall be
6 placed under seal.

7 (cf: P.L.1989, c.300, s.21)

8

9 11. Section 5 of P.L.1988, c.156 (C.17:29A-44) is repealed.

10

11 12. This act shall take effect immediately.

12

13

14

STATEMENT

15

16 This bill amends the New Jersey Insurance Fraud Prevention Act to
17 raise the maximum penalties under that act from \$5,000 to \$10,000 for
18 a first violation, from \$10,000 to \$20,000 for a second violation, and
19 from \$15,000 to \$30,000 for a subsequent violation, and to provide
20 that the Commissioner of Banking and Insurance shall enforce these
21 penalties administratively or through the courts. The bill provides for
22 a fine of \$25,000 per violation for any health or automobile insurer
23 that fails to submit a plan for the prevention and detection of
24 fraudulent insurance applications and claims or for violating any other
25 provision of the law requiring the submission of a fraud plan by those
26 insurers.

27 In addition, the bill: prohibits a person from operating a motor
28 vehicle for a year if he violates the New Jersey Insurance Fraud
29 Prevention Act or the criminal code in regard to automobile insurance
30 fraud; provides for revocation of professional licenses of persons
31 convicted of insurance fraud; and repeals the flex rating law.

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36 Concerns automobile insurance fraud and repeals flex rating.