



## State of New Jersey

OFFICE OF THE GOVERNOR

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### **GOVERNOR REPORTS TO NJ DRIVERS ON AUTO INSURANCE REFORM** *Promise Made, Promise Kept*

(TRENTON)-- Governor James E. McGreevey today shared with New Jersey consumers a six month status report that shows New Jersey auto insurance reforms are making significant progress in putting consumers in the driver's seat.

"Over the last 10 years, more than 40 auto carriers left New Jersey, fed up with a system of over-regulation, abandoning New Jersey drivers. Today, companies are interested in doing business in New Jersey and some are actively competing for New Jersey drivers. This competitive environment is good for consumers," McGreevey said.

"Last year in my State of the State address, I said we would have real auto insurance reform. Today, we are pleased to report that New Jersey is well on its way to having an auto insurance system that works for drivers -- one that fosters competition, attacks fraud, and benefits good drivers," said McGreevey.

The report, prepared by the Department of Banking and Insurance, highlighted the positive impact the Governor's reforms are having on the New Jersey auto insurance market. Since the Governor signed the reform act in June, a major new auto insurance carrier is doing business in the state; the critical availability problem has been eased; 37,000 uninsured drivers now have insurance, infusing \$54 million into the system; and coverage choices are making auto insurance more affordable for all New Jersey drivers.

"We are beginning to see a marketplace that gives consumers choices," Commissioner Holly C. Bakke said. "An important part of the Governor's reforms are the tools that he provided to protect consumers in the auto insurance marketplace and to help them take advantage of the choices presented by a competitive market."

As of Jan. 1, companies must notify their policyholders when requesting significant rate increases. DOBI is completing work on other power tools for consumers, including a Consumer Report Card, the Consumer Bill of Rights, the Three Scenarios Program, and a "user friendly" buyer's guide.

Under the leadership of Attorney General Peter Harvey and the Insurance Fraud Prosecutor, Greta Gooden Brown, the Administration is also making impressive strides in the fight against

insurance fraud and punishing the swindlers who steal from all honest policyholders when they commit fraud.

"We have dedicated significant resources to investigating and prosecuting insurance fraud to stabilize insurance rates in New Jersey," said Attorney General Peter C. Harvey. "In early 2002, we reorganized the Office of Insurance Fraud Prosecutor to make it more efficient and productive on three fronts: criminal prosecution, civil sanctions and forfeiture of the licenses of professionals who engage in insurance fraud. Our efforts have produced the No. 1 insurance fraud prosecution office in the United States, with 86 percent of all civil insurance fraud cases filed in the nation brought by our office."

Among the highlights from the report:

- The auto insurance availability crisis is easing. A year ago, some good drivers were unable to find insurance at any price. A recent survey shows that all companies eligible to write new business are binding *coverage within a week, and some within a shorter time period*.
- More than **500 new auto insurance agents** have been appointed by auto carriers since the reform legislation was adopted, making auto insurance more accessible.
- **\$86.6 million** was returned to drivers through voluntary rate reductions by State Farm and USAA, and special dividends from NJM.
- Mercury General Insurance Group, a large California-based insurance company, entered the New Jersey auto insurance market and is currently covering *more than 6,000 vehicles*.
- State Farm Indemnity abandoned its plan to drop 4,000 New Jersey drivers a month.
- The AIG Companies, which were scheduled to leave New Jersey last month, postponed that action for at least another two years.
- The Governor's "Last Chance" program initiated in 2002 has resulted in **37,000 previously uninsured drivers now contributing more than \$54 million** to New Jersey's insurance system.
- The Dollar-a-Day program has enrolled more than **260 drivers** since October.
- Recognizing the inimical harm fraud has on public safety, the reform legislation made it a crime to file false claims or provide false information on a insurance application.

"Over the last 30 years, New Jersey drivers suffered because of New Jersey's reputation as one of the most unfavorable markets in the nation," McGreevey said. "Now, because of the changes we implemented, New Jersey drivers are seeing the beginnings of a marketplace where they can benefit from companies competing for their business."

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