



**VETO MESSAGE:**

Yes

**GOVERNOR'S PRESS RELEASE ON SIGNING:**

No

**FOLLOWING WERE PRINTED:**

To check for circulating copies, contact New Jersey State Government Publications at the State Library (609) 278-2640 ext. 103 or <mailto:refdesk@njstatelib.org>

**REPORTS:**

No

**HEARINGS:**

No

**NEWSPAPER ARTICLES:**

No

LAW/IS 3/25/09

P.L. 2008, CHAPTER 121, *approved December 19, 2008*  
Senate Committee Substitute (*Second Reprint*) for  
Senate, No. 1918

1 AN ACT concerning fraud with respect to workers' compensation  
2 coverage and amending and supplementing P.L.1998, c.21.

3

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

6

7 1. Section 34 of P.L.1998, c.21 (C.17:33A-18) is amended to  
8 read as follows:

9 34. a. A section of the Office of Insurance Fraud Prosecutor  
10 shall be designated to be responsible for establishing a liaison and  
11 continuing communication between the office and the Department  
12 of Health and Senior Services, the Department of Human Services,  
13 the Department of Labor and Workforce Development, any  
14 professional board in the Division of Consumer Affairs in the  
15 Department of Law and Public Safety, the Department of Banking  
16 and Insurance, the Division of State Police, every county  
17 prosecutor's office, such local government units as may be  
18 necessary or practicable and insurers.

19 b. The section of the office responsible for such liaison shall  
20 establish procedures: (1) for receiving notice from all entities  
21 enumerated in subsection a. of this section of any case in which  
22 fraud is suspected or has been substantiated; (2) for receiving  
23 referrals for the investigation of alleged fraud; (3) for receiving  
24 referrals for the prosecution of fraud by the office; (4) for receiving  
25 and referring information regarding cases, administrative or  
26 otherwise, under investigation by any department or other entity to  
27 the appropriate authority; and (5) for providing information to and  
28 coordinating information among any referring entities on pending  
29 cases of insurance fraud which are under investigation or being  
30 litigated or prosecuted. The liaison section of the office shall  
31 maintain a record of every referral or investigation.

32 (cf: P.L.1998, c.21, s.34)

33

34 2. (New section) In addition to the investigatory and  
35 prosecutorial authority granted pursuant to section 35 of P.L.1998,  
36 c.21 (C.17:33A-19), the Insurance Fraud Prosecutor may  
37 investigate, and if warranted, prosecute, cases of failure to provide

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

**Matter underlined thus is new matter.**

**Matter enclosed in superscript numerals has been adopted as follows:**

<sup>1</sup> Senate SLA committee amendments adopted June 19, 2008.

<sup>2</sup> Senate amendments adopted in accordance with Governor's recommendations October 23, 2008.

1 workers' compensation insurance coverage <sup>2</sup>['after being given a  
2 reasonable opportunity to obtain that coverage']<sup>2</sup>, or self-insurance  
3 for such coverage, as required pursuant to chapter 15 of Title 34 of  
4 the Revised Statutes. <sup>2</sup>The Commissioner of Labor and Workforce  
5 Development shall not refer any case of failure to provide required  
6 workers' compensation insurance coverage, or self-insurance for  
7 such coverage, for criminal prosecution unless the employer has  
8 been afforded a reasonable opportunity to obtain that coverage. The  
9 provisions of this section are not jurisdictional, and the failure to  
10 afford such opportunity shall not in any manner be construed as a  
11 prerequisite to a criminal prosecution or conviction.<sup>2</sup> Nothing in  
12 this section shall be deemed to limit the existing authority of the  
13 Insurance Fraud Prosecutor<sup>2</sup> or any other prosecutorial entity<sup>2</sup>.

14

15 3. This act shall take effect immediately.

16

17

18

19

20 \_\_\_\_\_  
21 Requires Insurance Fraud Prosecutor to establish liaison with  
22 DOLWD and authorizes its investigation of cases of failure to  
provide workers' compensation coverage.

# SENATE, No. 1918

## STATE OF NEW JERSEY 213th LEGISLATURE

INTRODUCED MAY 22, 2008

**Sponsored by:**

**Senator PAUL A. SARLO**

**District 36 (Bergen, Essex and Passaic)**

**Senator FRED H. MADDEN, JR.**

**District 4 (Camden and Gloucester)**

**SYNOPSIS**

Makes failure to provide workers compensation coverage a violation of “New Jersey Insurance Fraud Prevention Act” and crime of insurance fraud.

**CURRENT VERSION OF TEXT**

As introduced.



1 AN ACT concerning fraud with respect to workers compensation  
2 insurance and supplementing P.L.1983, c.320 (C.17:33A-1 et  
3 seq.) and Title 2C of the New Jersey Statutes.

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

7  
8 1. It shall be a violation of the “New Jersey Insurance Fraud  
9 Prevention Act,” P.L.1983, c.320 (C.17:33A-1 et seq.), for any  
10 employer, who is required to provide workers’ compensation  
11 insurance coverage or to self-insure for such coverage pursuant to  
12 chapter 15 of Title 34 of the Revised Statutes, to fail to provide that  
13 coverage as required by law.

14  
15 2. A person is guilty of the crime of insurance fraud pursuant to  
16 section 73 of P.L.2003, c.89 (C.2C:21-4.6) if that person is an  
17 employer, who is required to provide workers’ compensation  
18 insurance coverage or to self-insure for such coverage pursuant to  
19 chapter 15 of Title 34 of the Revised Statutes, and who knowingly  
20 fails to provide that coverage as required by law.

21  
22 3. This act shall take effect immediately.

23  
24  
25 STATEMENT

26  
27 This bill makes it a violation of the “New Jersey Insurance Fraud  
28 Prevention Act,” P.L.1983, c.320 (C.17:33A-1 et seq.), and a crime  
29 of insurance fraud under the New Jersey Code of Criminal Justice,  
30 for any employer, who is required to provide workers’  
31 compensation insurance coverage or to self-insure for such  
32 coverage pursuant to chapter 15 of Title 34 of the Revised Statutes,  
33 to fail to provide that coverage as required by law.

# SENATE LABOR COMMITTEE

## STATEMENT TO

### SENATE COMMITTEE SUBSTITUTE FOR **SENATE, No. 1918**

with committee amendments

# **STATE OF NEW JERSEY**

DATED: JUNE 19, 2008

The Senate Labor Committee reports favorably and with committee amendments the Senate Committee Substitute for Senate Bill No. 1918.

The amended committee substitute authorizes the Insurance Fraud Prosecutor to investigate, and if warranted, prosecute, cases of failure to provide workers' compensation insurance coverage occurring after a reasonable opportunity has been given to obtain that coverage. The prosecution would be conducted under the existing provisions of the workers' compensation statutes, and in particular, R.S.34:15-79, which already establishes criminal penalties for failure to provide such coverage. The substitute bill also adds the Department of Labor and Workforce Development to the list of State departments and agencies with which the Office of the Insurance Fraud Prosecutor must establish a liaison relationship and continuing communication.

The committee amendments authorize the insurance prosecutor to investigate and prosecute only cases of failure to provide workers' compensation coverage which occur after the employer has been given a reasonable opportunity to obtain that coverage.

# SENATE BUDGET AND APPROPRIATIONS COMMITTEE

## STATEMENT TO

### SENATE COMMITTEE SUBSTITUTE FOR **SENATE, No. 1918**

# **STATE OF NEW JERSEY**

DATED: JUNE 16, 2008

The Senate Budget and Appropriations Committee reports favorably Senate Bill 1918 (SCS).

The substitute authorizes the Insurance Fraud Prosecutor to investigate, and if warranted, prosecute, cases of failure to provide workers' compensation insurance coverage under the existing provisions of the workers' compensation statutes, and in particular, N.J.S.A.34:15-79, which already establishes criminal penalties for failure to provide such coverage. The substitute bill also adds the Department of Labor and Workforce Development to the list of State departments and agencies with which the Office of the Insurance Fraud Prosecutor must establish a liaison relationship and continuing communication.

This bill is identical to Assembly Bill No. 2970.

#### FISCAL IMPACT:

The substitute will have no fiscal impact on the General Fund for two reasons: 1) it is uncertain if it will be necessary or possible, in light of current budgetary constraints on hiring, for the Office of the Insurance Fraud Prosecutor to hire new staff to accommodate any increased workload; and 2) any costs associated with the implementation of the act will be recouped through an assessment on the insurance industry. The bill authorizes the Insurance Fraud Prosecutor to investigate, and if warranted, prosecute, cases of failure to provide workers' compensation insurance coverage, or self-insurance for such coverage. Pursuant to statute, the Office of Insurance Fraud Prosecutor is located in the Department of Law and Public Safety but is funded through an assessment imposed on the insurance industry and collected by the Department of Banking and Insurance for the operation of the Division of Insurance Fraud Prosecutor (C.17:33A-30).



**LEGISLATIVE FISCAL ESTIMATE**  
**SENATE COMMITTEE SUBSTITUTE FOR**  
**SENATE, No. 1918**  
**STATE OF NEW JERSEY**  
**213th LEGISLATURE**

DATED: JUNE 16, 2008

**SUMMARY**

- Synopsis:** Requires Insurance Fraud Prosecutor to establish liaison with DOLWD and authorizes its investigation of cases of failure to provide workers' compensation coverage.
- Type of Impact:** None.
- Agencies Affected:** Department of Law and Public Safety, Department of Labor and Workforce Development and Department of Banking and Insurance.

**Office of Legislative Services Estimate**

<b>Fiscal Impact</b>	<b><u>Year 1</u></b>	<b><u>Year 2</u></b>	<b><u>Year 3</u></b>
<b>State Cost</b>	\$0	\$0	\$0

- The Office of Legislative Service (OLS) estimates that Senate Committee Substitute for Senate Bill No. 1918 will have no fiscal impact on the State General Fund for two reasons: 1) it is uncertain if it will be necessary or possible, in light of current budgetary constraints on hiring, for the Office of the Insurance Fraud Prosecutor to hire new staff to accommodate any increased workload; and 2) any costs associated with the implementation of the act will be recouped through an assessment on the insurance industry.
- The bill authorizes the Insurance Fraud Prosecutor to investigate, and if warranted, prosecute, cases of failure to provide workers' compensation insurance coverage, or self-insurance for such coverage. The Office of Insurance Fraud Prosecutor is located in the Department of Law and Public Safety but is funded through an assessment imposed on the insurance industry and collected by the Department of Banking and Insurance for the operation of the Division of Insurance Fraud Prosecutor (C.17:33A-30).

**BILL DESCRIPTION**

Senate Committee Substitute for Senate Bill No. 1918 of 2008 authorizes the Insurance

Fraud Prosecutor to investigate, and if warranted, prosecute, cases of failure to provide workers' compensation insurance coverage under the existing provisions of the workers' compensation statutes, and in particular N.J.S.A.34:15-79, which already establishes criminal penalties for failure to provide such coverage.

The bill also adds the Department of Labor and Workforce Development to the list of State departments and agencies with which the Office of Insurance Fraud Prosecutor must establish a liaison relationship and continuing communication.

## **FISCAL ANALYSIS**

### ***EXECUTIVE BRANCH***

None received.

### ***OFFICE OF LEGISLATIVE SERVICES***

The OLS estimates that Senate Committee Substitute for Senate Bill No. 1918 will have no fiscal impact on the State General Fund for two reasons: 1) it is uncertain if it will be necessary or possible, in light of current budgetary constraints on hiring, for the Office of the Insurance Fraud Prosecutor to hire new staff to accommodate any increased workload; and 2) any costs associated with the implementation of the act will be recouped through an assessment on the insurance industry. The bill authorizes the Insurance Fraud Prosecutor to investigate, and if warranted, prosecute, cases of failure to provide workers' compensation insurance coverage, or self-insurance for such coverage. Pursuant to statute, the Office of Insurance Fraud Prosecutor is located in the Department of Law and Public Safety but is funded through an assessment imposed on the insurance industry and collected by the Department of Banking and Insurance for the operation of the Division of Insurance Fraud Prosecutor (C.17:33A-30).

*Section:* Commerce, Labor and Industry

*Analyst:* Robin C. Ford  
Assistant /Fiscal Analyst

*Approved:* David J. Rosen  
Legislative Budget and Finance Officer

This fiscal estimate has been prepared pursuant to P.L. 1980, c.67 (C. 52:13B-1 et seq.).

**LEGISLATIVE FISCAL ESTIMATE**  
[Second Reprint]  
**SENATE COMMITTEE SUBSTITUTE FOR**  
**SENATE, No. 1918**  
**STATE OF NEW JERSEY**  
**213th LEGISLATURE**

DATED: DECEMBER 17, 2008

**SUMMARY**

- Synopsis:** Requires Insurance Fraud Prosecutor to establish liaison with Department of Labor and Workforce Development (DOLWD) and authorizes its investigation of cases of failure to provide workers' compensation coverage.
- Type of Impact:** None.
- Agencies Affected:** Departments of Law and Public Safety, Labor and Workforce Development and Banking and Insurance.

**Office of Legislative Services Estimate**

<b>Fiscal Impact</b>	<b><u>Year 1</u></b>	<b><u>Year 2</u></b>	<b><u>Year 3</u></b>
<b>State Cost</b>	\$0	\$0	\$0

- The Office of Legislative Service (OLS) estimates that the Second Reprint to Senate Committee Substitute for Senate Bill No. 1918 will have no fiscal impact on the State General Fund for two reasons: 1) it is uncertain if it will be necessary or possible, in light of current budgetary constraints on hiring, for the Office of the Insurance Fraud Prosecutor to hire new staff to accommodate any increased workload; and 2) any costs associated with the implementation of the act will be recouped through an assessment on the insurance industry.
- The bill authorizes the Insurance Fraud Prosecutor to investigate, and if warranted, prosecute, cases of failure to provide workers' compensation insurance coverage, or self-insurance for such coverage. The Office of Insurance Fraud Prosecutor is located in the Department of Law and Public Safety but is funded through an assessment imposed on the insurance industry and collected by the Department of Banking and Insurance for the operation of the Division of Insurance Fraud Prosecutor (C.17:33A-30).

## **BILL DESCRIPTION**

The Second Reprint to Senate Committee Substitute for Senate Bill No. 1918 of 2008 authorizes the Insurance Fraud Prosecutor to investigate, and if warranted, prosecute, cases of failure to provide workers' compensation insurance coverage under the existing provisions of the workers' compensation statutes, and in particular N.J.S.A.34:15-79, which already establishes criminal penalties for failure to provide such coverage.

The bill also adds the Department of Labor and Workforce Development to the list of State departments and agencies with which the Office of Insurance Fraud Prosecutor must establish a liaison relationship and continuing communication.

## **FISCAL ANALYSIS**

### ***EXECUTIVE BRANCH***

None received.

### ***OFFICE OF LEGISLATIVE SERVICES***

The OLS estimates that the Second Reprint to Senate Committee Substitute for Senate Bill No. 1918 will have no fiscal impact on the State General Fund for two reasons: 1) it is uncertain if it will be necessary or possible, in light of current budgetary constraints on hiring, for the Office of the Insurance Fraud Prosecutor to hire new staff to accommodate any increased workload; and 2) any costs associated with the implementation of the act will be recouped through an assessment on the insurance industry. The bill authorizes the Insurance Fraud Prosecutor to investigate, and if warranted, prosecute, cases of failure to provide workers' compensation insurance coverage, or self-insurance for such coverage. Pursuant to statute, the Office of Insurance Fraud Prosecutor is located in the Department of Law and Public Safety but is funded through an assessment imposed on the insurance industry and collected by the Department of Banking and Insurance for the operation of the Division of Insurance Fraud Prosecutor (C.17:33A-30).

*Section:* Commerce, Labor and Industry

*Analyst:* Robin C. Ford  
Associate Fiscal Analyst

*Approved:* David J. Rosen  
Legislative Budget and Finance Officer

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-1 et seq.).

# ASSEMBLY, No. 2970

## STATE OF NEW JERSEY 213th LEGISLATURE

INTRODUCED JUNE 12, 2008

**Sponsored by:**

**Assemblyman JOSEPH V. EGAN**

**District 17 (Middlesex and Somerset)**

**Assemblyman NEIL M. COHEN**

**District 20 (Union)**

**Assemblyman THOMAS P. GIBLIN**

**District 34 (Essex and Passaic)**

**Assemblyman PETER J. BARNES, III**

**District 18 (Middlesex)**

**SYNOPSIS**

Makes failure to provide workers compensation coverage a violation of “New Jersey Insurance Fraud Prevention Act” and crime of insurance fraud.

**CURRENT VERSION OF TEXT**

As introduced.



(Sponsorship Updated As Of: 6/13/2008)

1 AN ACT concerning fraud with respect to workers compensation  
2 insurance and supplementing P.L.1983, c.320 (C.17:33A-1 et  
3 seq.) and Title 2C of the New Jersey Statutes.

4

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

7

8 1. It shall be a violation of the “New Jersey Insurance Fraud  
9 Prevention Act,” P.L.1983, c.320 (C.17:33A-1 et seq.), for any  
10 employer, who is required to provide workers’ compensation  
11 insurance coverage or to self-insure for such coverage pursuant to  
12 chapter 15 of Title 34 of the Revised Statutes, to fail to provide that  
13 coverage as required by law.

14

15 2. A person is guilty of the crime of insurance fraud pursuant to  
16 section 73 of P.L.2003, c.89 (C.2C:21-4.6) if that person is an  
17 employer, who is required to provide workers’ compensation  
18 insurance coverage or to self-insure for such coverage pursuant to  
19 chapter 15 of Title 34 of the Revised Statutes, and who knowingly  
20 fails to provide that coverage as required by law.

21

22 3. This act shall take effect immediately.

23

24

25

STATEMENT

26

27 This bill makes it a violation of the “New Jersey Insurance Fraud  
28 Prevention Act,” P.L.1983, c.320 (C.17:33A-1 et seq.), and a crime  
29 of insurance fraud under the New Jersey Code of Criminal Justice,  
30 for any employer, who is required to provide workers’  
31 compensation insurance coverage or to self-insure for such  
32 coverage pursuant to chapter 15 of Title 34 of the Revised Statutes,  
33 to fail to provide that coverage as required by law.

ASSEMBLY LABOR COMMITTEE

STATEMENT TO

ASSEMBLY COMMITTEE SUBSTITUTE FOR  
**ASSEMBLY, No. 2970**

**STATE OF NEW JERSEY**

DATED: JUNE 12, 2008

The Assembly Labor Committee reports favorably the Assembly Committee Substitute for Assembly Bill No. 2970.

The committee substitute authorizes the Insurance Fraud Prosecutor to investigate and prosecute cases of repeated failure by an employer to provide workers' compensation coverage as required by the workers' compensation statutes, in particular, N.J.S.A.34:15-79, which already establishes criminal penalties for failure to provide such coverage. The substitute also adds the Department of Labor and Workforce Development to the list of State departments and agencies with which the Office of the Insurance Fraud Prosecutor must establish a liaison relationship and continuing communication.

# ASSEMBLY BUDGET COMMITTEE

## STATEMENT TO

### ASSEMBLY COMMITTEE SUBSTITUTE FOR **ASSEMBLY, No. 2970**

with committee amendments

# STATE OF NEW JERSEY

DATED: JUNE 19, 2008

The Assembly Budget Committee reports favorably Assembly Bill No. 2970 (ACS), with committee amendments

The bill, as amended, authorizes the Insurance Fraud Prosecutor to investigate, and if warranted, prosecute, cases of failure to provide workers' compensation insurance coverage occurring after a reasonable opportunity has been given to obtain that coverage. The prosecution would be conducted under the existing provisions of the workers' compensation statutes, and in particular, R.S.34:15-79, which already establishes criminal penalties for failure to provide such coverage. The substitute bill also adds the Department of Labor and Workforce Development to the list of State departments and agencies with which the Office of the Insurance Fraud Prosecutor must establish a liaison relationship and continuing communication.

#### FISCAL IMPACT:

This bill was not certified as requiring a fiscal note.

#### COMMITTEE AMENDMENTS:

The committee amendments remove the requirement that a failure to provide coverage must be a repeated failure for prosecution by the insurance fraud prosecutor. The amendments instead provide that the insurance prosecutor investigate and prosecute only cases of failure to provide workers' compensation coverage which occur after the employer has been given a reasonable opportunity to obtain that coverage.



To the Senate:

Pursuant to Article V, Section I, Paragraph 14 of the New Jersey Constitution, I am returning Senate Committee Substitute for Senate Bill No. 1918 (First Reprint) with my recommendations for reconsideration.

This bill would require the Office of the Insurance Fraud Prosecutor in the Department of Law and Public Safety, Division of Criminal Justice, to add the Department of Labor and Workforce Development to the roster of enumerated entities with which the Office of the Insurance Fraud Prosecutor has a liaison relationship. The bill would also authorize the Office of the Insurance Fraud Prosecutor to investigate and prosecute employers who fail to provide workers' compensation insurance coverage as required by N.J.S.A. 34:15-79, with the limitation that the employer has been "given a reasonable opportunity to obtain that coverage."

I commend the sponsors of this bill for their efforts to address the serious problem of employers who fail to protect their employees with the compensation insurance required by law, leaving them without a sure avenue to obtain necessary medical treatment. The sponsors' sincere efforts to improve the workers' compensation delivery system are laudable. I cannot, however, approve this bill without proposing a small number of technical amendments to ensure that this measure is not construed to limit or impede the conduct of criminal investigations and prosecutions by prosecutorial agencies of the State.

Accordingly, I herewith return Senate Committee Substitute for Senate Bill No. 1918 (First Reprint) and recommend that it be amended as follows:

Page 2,        After "coverage" delete "after being given a reasonable opportunity to  
Section        obtain that coverage"  
2,  
Line 38  
to Line  
39:

Page 2,  
Section  
2,  
Line 41:

After "Statutes." insert "The Commissioner of Labor and Workforce Development shall not refer any case of failure to provide required workers' compensation insurance coverage, or self-insurance for such coverage, for criminal prosecution unless the employer has been afforded a reasonable opportunity to obtain that coverage. The provisions of this section are not jurisdictional, and the failure to afford such opportunity shall not in any manner be construed as a prerequisite to a criminal prosecution or conviction."

Page 2  
Section  
2,  
Line 42:

After "Prosecutor" insert "or any other prosecutorial entity"