

17:33A-4

**LEGISLATIVE HISTORY CHECKLIST**  
Compiled by the NJ State Law Library

("Insurance Fraud Prevention Act"--  
expand scope)

**NJSA:** 17:33A-4

**LAWS OF:** 1995 **CHAPTER:** 132

**BILL NO:** A450

**SPONSOR(S):** Augustine

**DATE INTRODUCED:** Pre-filed

**COMMITTEE:** **ASSEMBLY:** Insurance

**SENATE:** Commerce

**AMENDED DURING PASSAGE:** Yes Amendments during passage  
Fourth reprint enacted denoted by superscript numbers

**DATE OF PASSAGE:** **ASSEMBLY:** December 1, 1994

**SENATE:** May 11, 1995

**DATE OF APPROVAL:** June 22, 1995

**FOLLOWING STATEMENTS ARE ATTACHED IF AVAILABLE:**

**SPONSOR STATEMENT:** Yes

**COMMITTEE STATEMENT:** **ASSEMBLY:** Yes

**SENATE:** Yes

**FISCAL NOTE:** No

**VETO MESSAGE:** No

**MESSAGE ON SIGNING:** No

**FOLLOWING WERE PRINTED:**

**REPORTS:** No

**HEARINGS:** No

See newspaper clipping--attached:  
"Whitman stiffens insurance fraud penalties," 6-24-95, Star Ledger.

KBG:pp

DO NOT WRITE IN THESE SPACES

[CORRECTED COPY]

[FOURTH REPRINT]

ASSEMBLY, No. 450

STATE OF NEW JERSEY

PRE-FILED FOR INTRODUCTION IN THE 1994 SESSION

By Assemblymen AUGUSTINE and Roma

1 AN ACT concerning the prevention of certain types of insurance  
2 fraud and amending P.L.1983, c.320.

3

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

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

8 4. a. A person or a practitioner violates this act if he:

9 (1) Presents or causes to be presented any written or oral  
10 statement as part of, or in support of or opposition to, a claim for  
11 payment or other benefit pursuant to an insurance policy <sup>4</sup>or the  
12 "Unsatisfied Claim and Judgment Fund Law," P.L.1952, c.174  
13 (C.39:6-61 et seq.)<sup>4</sup>, knowing that the statement contains any  
14 false or misleading information concerning any fact or thing  
15 material to the claim; or

16 (2) Prepares or makes any written or oral statement that is  
17 intended to be presented to any insurance company <sup>4</sup>, the  
18 Unsatisfied Claim and Judgment Fund<sup>4</sup> or any <sup>4</sup>[insurance]<sup>4</sup>  
19 claimant <sup>4</sup>thereof<sup>4</sup> in connection with, or in support of or  
20 opposition to any claim for payment or other benefit pursuant to  
21 an insurance policy <sup>4</sup>or the "Unsatisfied Claim and Judgment  
22 Fund Law," P.L.1952, c.174 (C.39:6-61 et seq.)<sup>4</sup>, knowing that  
23 the statement contains any false or misleading information  
24 concerning any fact or thing material to the claim; or

25 (3) Conceals or knowingly fails to disclose the occurrence of  
26 an event which affects any person's initial or continued right or  
27 entitlement to (a) any insurance benefit or payment or (b) the  
28 amount of any benefit or payment to which the person is entitled;  
29 [or]

30 (4) Prepares or makes any written or oral statement, intended  
31 to be presented to any insurance company or producer for the  
32 purpose of obtaining [a motor vehicle] <sup>2</sup>;

33 (a) a motor vehicle insurance policy, that the person to be  
34 insured resides or is domiciled in this State when, in fact, that  
35 person resides or is domiciled in a state other than this State; or,

36 (b)<sup>2</sup> an insurance policy, [that the person to be the insured  
37 resides or is domiciled in this State when, in fact, that person  
38 resides or is domiciled in a state other than this State] knowing  
39 <sup>2</sup>[or having reason to know,]<sup>2</sup> that the statement contains any  
40 false or misleading information concerning any fact or thing  
41 material to an insurance application or contract; or

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> Assembly AIN committee amendments adopted June 13, 1994.

<sup>2</sup> Assembly floor amendments adopted September 26, 1994.

<sup>3</sup> Senate SCM committee amendments adopted February 6, 1995.

<sup>4</sup> Senate floor amendments adopted March 30, 1995.

1     (5) Conceals or knowingly fails to disclose any evidence,  
 2 written or oral, which may be relevant to a finding that a  
 3 violation of the provisions of paragraph (4) of this subsection a.  
 4 has or has not occurred.

5     b. A person or practitioner violates this act if he knowingly  
 6 assists, conspires with, or urges any person or practitioner to  
 7 violate any of the provisions of this act.

8     c. A person or practitioner violates this act if, due to the  
 9 assistance, conspiracy or urging of any person or practitioner, he  
 10 knowingly benefits, directly or indirectly, from the proceeds  
 11 derived from a violation of this act.

12     d. A person or practitioner who is the owner, administrator or  
 13 employee of any hospital violates this act if he knowingly allows  
 14 the use of the facilities of the hospital by any person in  
 15 furtherance of a scheme or conspiracy to violate any of the  
 16 provisions of this act.

17     e. A person or practitioner violates this act if, for pecuniary  
 18 gain, for himself or another, he directly or indirectly solicits any  
 19 person or practitioner to engage, employ or retain either himself  
 20 or any other person to manage, adjust or prosecute any claim or  
 21 cause of action, against any person, for damages for negligence,  
 22 or, for pecuniary gain, for himself or another, directly or  
 23 indirectly solicits other persons to bring causes of action to  
 24 recover damages for personal injuries or death, or for pecuniary  
 25 gain, for himself or another, directly or indirectly solicits other  
 26 persons to make a claim for personal injury protection benefits  
 27 pursuant to P.L.1972, c.70 (C.39:6A-1 et seq.); provided,  
 28 however, that this subsection shall not apply to any conduct  
 29 otherwise permitted by law or by rule of the Supreme Court.

30 (cf: P.L.1991, c.331, s.2)

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

33     6. a. Insurance claim forms shall contain a statement in a  
 34 form approved by the commissioner that clearly states in  
 35 substance the following: "Any person who knowingly files a  
 36 statement of claim containing any false or misleading  
 37 information is subject to criminal and civil penalties."

38     b. (Deleted by amendment, P.L.1987, c.342.)

39     c. Insurance application forms [for motor vehicle policies]  
 40 shall contain a statement in a form approved by the commissioner  
 41 that clearly states in substance the following: "Any person who  
 42 <sup>2</sup>[knowingly]<sup>2</sup> <sup>3</sup>[makes an application for [motor vehicle] <sup>2</sup>motor  
 43 vehicle<sup>2</sup> insurance coverage containing any [statement that the  
 44 applicant resides or is domiciled in this State when, in fact that  
 45 applicant resides or is domiciled in a state other than this State,]  
 46 <sup>2</sup>statement that the applicant resides or is domiciled in this State  
 47 when, in fact, that applicant resides or is domiciled in a state  
 48 other than this State, or knowingly]<sup>3</sup> includes any<sup>2</sup> false or  
 49 misleading information <sup>2</sup>on an application for an insurance policy  
 50 <sup>3</sup>[<sup>2</sup>]<sup>3</sup> is subject to criminal and civil penalties."

51 (cf: P.L.1991, c.331, s.4)

52     3. This act shall take effect <sup>1</sup>[immediately but shall apply to  
 53 applications for insurance processed on or after] on<sup>1</sup> the 60th day  
 54 following enactment.

1

2

3 Expands scope of "New Jersey Insurance Fraud Prevention Act."

1 knowingly benefits, directly or indirectly, from the proceeds  
2 derived from a violation of this act.

3 d. A person or practitioner who is the owner, administrator or  
4 employee of any hospital violates this act if he knowingly allows  
5 the use of the facilities of the hospital by any person in  
6 furtherance of a scheme or conspiracy to violate any of the  
7 provisions of this act.

8 e. A person or practitioner violates this act if, for pecuniary  
9 gain, for himself or another, he directly or indirectly solicits any  
10 person or practitioner to engage, employ or retain either himself  
11 or any other person to manage, adjust or prosecute any claim or  
12 cause of action, against any person, for damages for negligence,  
13 or, for pecuniary gain, for himself or another, directly or  
14 indirectly solicits other persons to bring causes of action to  
15 recover damages for personal injuries or death, or for pecuniary  
16 gain, for himself or another, directly or indirectly solicits other  
17 persons to make a claim for personal injury protection benefits  
18 pursuant to P.L.1972, c.70 (C.39:6A-1 et seq.); provided,  
19 however, that this subsection shall not apply to any conduct  
20 otherwise permitted by law or by rule of the Supreme Court.

21 (cf: P.L.1991, c.331, s.2)

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

24 6. a. Insurance claim forms shall contain a statement in a  
25 form approved by the commissioner that clearly states in  
26 substance the following: "Any person who knowingly files a  
27 statement of claim containing any false or misleading  
28 information is subject to criminal and civil penalties."

29 b. (Deleted by amendment, P.L.1987, c.342.)

30 c. Insurance application forms [for motor vehicle policies]  
31 shall contain a statement in a form approved by the commissioner  
32 that clearly states in substance the following: "Any person who  
33 knowingly makes an application for [motor vehicle] insurance  
34 coverage containing any [statement that the applicant resides or  
35 is domiciled in this State when, in fact that applicant resides or is  
36 domiciled in a state other than this State.] false or misleading  
37 information is subject to criminal and civil penalties."

38 (cf: P.L.1991, c.331, s.4)

39 3. This act shall take effect immediately but shall apply to  
40 applications for insurance processed on or after the 60th day  
41 following enactment.

42

43

44

#### STATEMENT

45

46 This bill broadens the scope of the "New Jersey Insurance  
47 Fraud Prevention Act," P.L.1983, c.320 (C.17:33A-1 et seq.) to  
48 cover not only fraudulent insurance claims, but fraudulent  
49 applications for insurance coverage as well. Thus, a person  
50 would violate the fraud law if he prepares or makes any written  
51 or oral statement that is intended to be presented to an insurance  
52 company or producer in order to obtain an insurance policy  
53 knowing, or having reason to know, that the statement contains  
54 any false or misleading information concerning any fact or

1 matter which is material to an insurance application or contract,  
2 or if a person conceals or knowingly fails to disclose any  
3 evidence, written or oral, which may be relevant to proving that  
4 such a violation of the law has or has not occurred. Under  
5 current law an individual would violate the law with respect to an  
6 insurance application only if the individual was applying for  
7 motor vehicle insurance, lived out-of-State and presented false  
8 or misleading information with regard to his residence in an  
9 attempt to obtain motor vehicle insurance coverage in this State.

10 The bill also revises the statement that must be printed on  
11 insurance application forms for insurance and requires it to state  
12 in substance, "Any person who knowingly makes an application  
13 for insurance coverage containing any false or misleading  
14 information is subject to criminal and civil penalties."  
15  
16  
17  
18

---

19 Expands scope of "New Jersey Insurance Fraud Prevention Act."

ASSEMBLY INSURANCE COMMITTEE

STATEMENT TO

ASSEMBLY, No. 450

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 13, 1994

The Assembly Insurance Committee reports favorably and with committee amendments Assembly, No. 450.

As amended by the committee, this bill broadens the scope of the "New Jersey Insurance Fraud Prevention Act," P.L.1983, c.320 (C.17:33A-1 et seq.) to cover not only fraudulent insurance claims but fraudulent applications for insurance coverage as well. Thus, a person would violate the fraud law if he prepares or makes any written or oral statement that is intended to be presented to an insurance company or producer in order to obtain an insurance policy knowing, or having reason to know, that the statement contains any false or misleading information concerning any fact or matter which is material to an insurance application or contract, or if a person conceals or knowingly fails to disclose any evidence, written or oral, which may be relevant to proving that such a violation of the law has or has not occurred. Under current law, an individual would violate the law with respect to an insurance application only if the individual was applying for motor vehicle insurance, lived out-of-State and presented false or misleading information with regard to his residence in an attempt to obtain motor vehicle insurance coverage in this State.

The bill also revises the statement that must be printed on insurance application forms for insurance and requires it to state in substance, "Any person who knowingly makes an application for insurance coverage containing any false or misleading information is subject to criminal and civil penalties."

The committee amended the bill to become effective on the 60th day following enactment. As originally stated the bill would have become effective immediately upon enactment but would have applied only to applications for insurance processed on or after the 60th day following enactment.

This bill was pre-filed for introduction in the 1994 session pending technical review. As reported, the bill includes the changes required by technical review which has been performed.

SENATE COMMERCE COMMITTEE

STATEMENT TO

[SECOND REPRINT]

ASSEMBLY, No. 450

with committee amendments

STATE OF NEW JERSEY

DATED: FEBRUARY 6, 1995

The Senate Commerce Committee reports favorably and with committee amendments Assembly Bill No. 450 [2R].

This bill, as amended by the committee, broadens the scope of the "New Jersey Insurance Fraud Prevention Act," P.L.1983, c.320 (C.17:33A-1 et seq.), to cover not only fraudulent insurance claims but fraudulent applications for insurance coverage as well. A person would violate the fraud law if he prepares or makes any written or oral statement that is intended to be presented to an insurance company or producer in order to obtain an insurance policy knowing that the statement contains any false or misleading information concerning any fact or thing which is material to an insurance application or contract, or if a person conceals or knowingly fails to disclose any evidence, written or oral, which may be relevant to a finding that such a violation of the law has or has not occurred. Under current law, an individual would violate the law with respect to an insurance application only if the individual was applying for motor vehicle insurance, lived out-of-State and presented false or misleading information with regard to his residence in an attempt to obtain motor vehicle insurance coverage in this State.

The bill also revises the statement that must be printed on insurance application forms and requires it to state that "Any person who includes any false or misleading information on an application for an insurance policy is subject to criminal and civil penalties."

The bill is effective on the 60th day following enactment.