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March 1, 2007

**HONORABLE MEMBERS OF THE SENATE**

Office of Legislative Services  
State House Annex  
135 West State Street  
P.O. Box 068  
Trenton, NJ 08625

Re: 2006 Annual Report of the New Jersey Office of the Insurance Fraud Prosecutor

Dear Members of the Senate:

The Automobile Insurance Cost Reduction Act, P.L. 1998, c. 21, (AICRA), requires the Office of the Insurance Fraud Prosecutor (hereinafter OIFP) to provide an annual report of its activities to the Governor and the Legislature on March 1st of each year. On behalf of Attorney General Stuart Rabner, I am pleased to provide you with the OIFP Annual Report for calendar year 2006. The Report is available in an electronic format on OIFP's Web site at [www.NJInsuranceFraud.org](http://www.NJInsuranceFraud.org).

The Report highlights prosecutions, investigations and other activities undertaken by OIFP in 2006 in fulfilling its statutory mission to aggressively pursue insurance cheats through criminal and civil prosecutions as well as programmatic initiatives designed to promote an effective, comprehensive and fully integrated fraud fighting campaign throughout the State. Once again, OIFP's criminal and civil statistics for 2006 show a steady upward trend over its already impressive 2005 figures. In 2006, indictments increased by 30% and Accusations increased by 25%. OIFP civil settlements and judgments increased by 14% and the dollar value of civil consent orders rose by 20% over last year's figure. OIFP fines, penalties, and restitution awards totaled \$35.6 million for 2006.

In recent years, the Report has become not only a statutorily mandated account of OIFP's accomplishments for the year, but also a reference manual utilized by insurance industry executives, law enforcement officers, the judiciary, government officials, educators, and others interested in combating insurance fraud in New Jersey and throughout the world. Reference materials provided in prior Reports have been cited as authoritative and relied upon by insurance practitioners in various disciplines, both nationally and internationally. This year's Report includes articles on OIFP's Supreme Court victory establishing the burden of proof in civil insurance fraud cases, the growing problem of rate evasion, the insurance industry's perspective on Ambulatory Surgical Centers (ASCs), protecting New Jersey's elderly population, and proposed legislative reforms to combat fraud and abuse in the Medicaid program.



As required by N.J.S.A. 33A-24, the Report also includes OIFP's recommendation for legislative reform to further strengthen New Jersey's insurance fraud prevention initiatives.

OIFP has now completed eight full calendar years of operation. Since its inception, OIFP has screened over 71,000 reports of suspected insurance fraud, imposed over 14,000 civil sanctions, obtained orders for over \$168.3 million in civil and criminal restitution, pursued criminal prosecutions resulting in the conviction of over 1,500 insurance fraudsters and sent over 530 of them to jail for a total of 838 years. We are also proud to report that the New Jersey Office of the Insurance Fraud Prosecutor is regarded by other states and countries as a leader in fighting every type of insurance fraud. OIFP has made great progress in fulfilling its legislative mission of conducting full and fair investigations, coordinating anti-insurance fraud efforts statewide, and broadcasting its message of deterrence through both public awareness campaigns and vigorous prosecutions. OIFP is firmly committed to ferreting out wrongdoers whose misconduct victimize New Jersey citizens and businesses by contributing to the escalating insurance costs that place adequate insurance coverage out of reach for many law abiding New Jerseyans.

Respectfully submitted,

*Greta Gooden Brown*

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Insurance Fraud Prosecutor

- c. Stuart Rabner, New Jersey Attorney General
- Anne Milgram, First Assistant Attorney General
- Lisa Thornton, Chief of Staff, Office of the Attorney General
- Thomas A. Shea, Chief of Staff, Office of the Governor
- Kenneth Zimmerman, Chief Counsel, Office of the Governor
- Yvette Mendez, Director of Communications, Office of the Governor
- Anthony Coley, Press Secretary, Office of the Governor
- Gregory A. Paw, Director, Division of Criminal Justice
- New Jersey County Prosecutors