



State of New Jersey  
OFFICE OF THE ATTORNEY

GREGORY A. PAW  
*Director*

GENERAL  
DEPARTMENT OF LAW AND PUBLIC SAFETY  
DIVISION OF CRIMINAL JUSTICE  
OFFICE OF THE INSURANCE FRAUD PROSECUTOR  
PO Box 094  
TRENTON, NJ 08625-0094  
TELEPHONE: (609) 896-8888

GRETA GOODEN BROWN  
*Insurance Fraud Prosecutor*

JON S. CORZINE  
*Governor*

ZULIMA V. FARBER  
*Attorney General*

March 1, 2006

Honorable Jon S. Corzine  
Governor of New Jersey  
Office of the Governor  
125 West State Street  
P.O. Box 001  
Trenton, NJ 08625

Re: 2005 Annual Report and Reference Manual of the New Jersey Office of the  
Insurance Fraud Prosecutor

Dear Governor Corzine:

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 Zulima V. Farber, I am pleased to provide you with the OIFP Annual Report and Reference Manual for calendar year 2005.

The Report highlights prosecutions, investigations and other activities undertaken by OIFP in 2005 in fulfilling its statutory mission to aggressively pursue insurance cheats through criminal and civil enforcement efforts as well as programmatic endeavors designed to promote an effective, comprehensive and integrated fraud fighting campaign throughout the State. Once again, OIFP's criminal and civil statistics for 2005 show a steady upward trend over its already impressive 2004 figures. In 2005, arrests for insurance fraud were up 17%, defendants charged by accusation increased by 13% and criminal convictions showed a 3% increase over 2004 figures. In addition, OIFP again recorded an impressive 100 percent conviction rate in 2005.

OIFP fines, penalties, and restitution awards showed substantial increases in 2005 as well. Criminal fines and penalties increased by 57% from 2004. Most noteworthy for 2005, however, was a record-breaking 448 percent increase over 2004 in restitution orders imposed amounting to \$88.9 million. On the civil side, in 2005, OIFP nearly doubled the civil fines issued to \$5.7 million. Additionally, civil judgment and settlement amounts during 2005 totaled an unprecedented \$5.4 million, representing a 178% increase from 2004.



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, including a New Jersey Superior Court judicial opinion, New Jersey Supreme Court pleadings and a college textbook. This year's Report includes articles on effective strategies for investigating complex insurance fraud schemes, conducting parallel proceedings, policing the Medicaid program, emerging insurance fraud law and fraud trends as well as OIFP's recommendations for legislative, administrative, judicial and regulatory reform to further strengthen New Jersey's insurance fraud prevention initiatives.

The Report is available in an electronic format and has been posted on OIFP's website. However, in order to respond to the numerous requests received by this Office for hard copies of this valuable reference manual, a hard copy version of the Report is also available in limited quantities. In light of the fiscal constraints confronting the State at this time, it should be noted that any costs incurred in printing and distributing this Report are paid out of OIFP's operating budget, which is entirely funded through assessments on the insurance industry pursuant to AICRA, rather than the General Fund.

OIFP has now completed seven full calendar years of operation. Since its inception, OIFP has screened over 66,000 reports of suspected insurance fraud, imposed nearly 5,000 civil fines totaling almost \$27 million, obtained orders for over \$135 million in civil and criminal restitution, pursued criminal prosecutions resulting in the conviction of over 1,000 insurance fraudsters and sent over 420 of them to jail for a total of 766 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 insurance fraud investigations, coordinating anti-insurance fraud efforts statewide, and broadcasting its message of deterrence through both public awareness campaigns and vigorous prosecutions. OIFP is committed to ferreting out fraud doers whose conduct victimize New Jersey citizens 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  
Insurance Fraud Prosecutor

Enclosure

- c. New Jersey Attorney General Zulima V. Farber  
Director Gregory A. Paw, Division of Criminal Justice