

Alert

In An Action Brought Under The New Jersey Insurance Fraud Prevention Act, N.J.S.A. 17:33A-1 to -30, A Defendant Has A Right To A Jury Trial

July 17, 2015

On July 16, 2015, the New Jersey Supreme Court, in a case of first impression, reversed the Appellate Division decision in *Allstate New Jersey Insurance Co. v. Lajara* (A-70-13) (073511), and held that a defendant in an action brought by an insurance company under the Insurance Fraud Prevention Act (“IFPA”), N.J.S.A. 17:33A-1 to -30, has the right to a jury trial.

The Court held that the New Jersey Constitution provides the right to a jury trial to a defendant in an action under the IFPA because it “provides legal relief in the form of compensatory and punitive damages” to an insurer and because a claim under the IFPA is “comparable to common-law fraud,” under which a defendant would have a right to a jury trial. The Court further held that the IFPA itself implies the right to a jury trial. The Court rejected Allstate’s argument that, because the IFPA provides an insurer with equitable claims and any legal remedies are ancillary to those equitable claims, there is no right to a jury trial. The Court also rejected Allstate’s argument that the Act was intended to only allow for non-jury trials in order to avoid the “delays and inefficiencies” inherent in jury trials.

Should you have any questions, please feel free to contact Kevin E. Wolff, Esq., or Vincent E. Reilly, Esq.