

PROTECT CONSUMERS FROM *higher* AUTO INSURANCE COSTS



INSURING FLORIDA'S FUTURE



Put the brakes on
SB 150 & HB 1525!

House Bill 1525 and Senate Bill 150 repeal the Florida Motor Vehicle No-Fault system and its Personal Injury Protection (PIP) insurance requirement, replacing the law with a new mandatory bodily injury coverage requirement and an optional medical payments coverage that includes PIP medical providers. The goals of the bills are to create a fault-based system where injured drivers in many cases must prove the nature and extent of their injuries in court.

The members of the Personal Insurance Federation of Florida: Allstate Insurance Companies, Farmers Insurance, The Progressive Group of Insurance Companies, and State Farm Insurance Companies oppose these bills, which are anti-consumer and pro-litigation.

PIP Repeal will Increase Insurance Costs:

Today, the minimum legally required auto insurance in Florida is \$10,000 in PIP and \$10,000 in property damage. Motorists may also buy optional bodily injury and medical payments coverages. PIP is a medical coverage for persons injured as the result of a motor vehicle crash regardless of who is at fault. Under PIP, there is no requirement to litigate a claim in order to obtain reimbursement for medical expenses.

Under the proposed legislation, no-fault PIP is repealed and replaced with a new minimum insurance mandate of \$25,000 in bodily injury coverage (the current requirement of \$10,000 in property damage coverage is unchanged). Bodily injury coverage pays for medical damages caused by an at-fault driver. To recover under BI coverage, the at-fault driver must either admit fault or be found to be at fault in court.

The new coverage mandate will increase rates for millions of Floridians who buy low or minimum limits coverage. These so-called "street legal" drivers will be most affected and are those who are probably least able to pay an increased premium for auto insurance. According to the Pinnacle Actuarial study commissioned by the Office of Insurance Regulation and published in June 2021, "street legal" and low limits drivers would see an increase of 48 % on their auto insurance under the proposed changes.

PIP Repeal will Increase the Number of Uninsured Drivers:

The increased cost of auto insurance will likely lead to an increase in the number of uninsured motorists on Florida's roads. Our uninsured motorist rate is approximately 7 % of vehicles in this state, however, the percentage of drivers who only purchase PIP is 21 %. Forcing rate increases on these drivers will increase the number of uninsured. This adds to the cost of uninsured motorist coverage for drivers who are injured in a crash caused by an uninsured driver.

PIP Repeal Does Not Include Tort Reform to Address Costs:

Repealing PIP and moving to a fault-based system without including meaningful tort reform will drive up costs. Florida is already known as a highly litigious state, and billboard lawyers will take advantage of the new system to file more lawsuits. Meaningful tort reform measures, including real "no pay no play" limits on recoveries by drivers who choose to forego insurance; restoring fairness in the third party auto bad faith law, and requiring medical damages calculations to be reasonable, would help offset higher costs imposed by a more litigious auto reparations system.

PIP Repeal Creates PIP 2.0:

HB 1525 and SB 150 include a requirement that insurers offer medical payments coverage (MPC) to each consumer. The bills require insurers to pay the same medical providers who currently bill under PIP, without including any anti-fraud or cost controls that apply in PIP. This could lead to increased fraud and litigation relating to MPC claims.

Today, MPC is an optional coverage governed by the terms of the insurance policy. It is a better course of action to eliminate any reference to MPC or to simply mandate a minimum coverage amount and allow insurers to manage this coverage by terms of the contract.



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