

THE DEBATE OVER PIP REPEAL

what's at stake

FOR FLORIDA DRIVERS

Florida lawmakers continue to consider repealing the state's longstanding Personal Injury Protection (PIP) system and replacing it with mandatory bodily injury (BI) coverage. While this shift may seem like a simple policy change, it carries significant financial and practical implications for drivers, insurers, healthcare providers and the legal system. What's at stake:



COST INCREASES

Repeal of the \$10,000 Personal Injury Protection (PIP) coverage and replacement of it with \$25,000 mandatory bodily injury (BI) coverage **will increase premiums** for those drivers who only buy minimum required coverage of \$10,000 PIP. This rate increase was estimated to be 48% by Pinnacle (Pinnacle Study, 2021).

Rising costs are likely to increase the number of uninsured drivers, particularly those currently carrying minimum limits. As a result, consumers should **expect uninsured motorist (UM) claims to increase, putting further pressure on UM rates**. If there are more UM-caused auto crashes and injuries, there will be **more costs for UM coverage and rates** for this optional coverage will increase.

Likewise, if PIP is repealed and every injury caused by an at-fault motorist is intended to be covered by the at-fault motorist's BI coverage, consumers should expect to see **an increase in BI claims and lawsuits**. If so, **this will drive up BI rates**, as increased costs are factored into the premium calculation for this coverage. Under an at-fault system, an injured person may have to sue the at-fault motorist to recover damages they've incurred.



COST SHIFTS

Many Floridians rely on PIP coverage as de facto health coverage. Because PIP is considered a "primary" coverage – meaning that PIP pays before other applicable insurance coverages must pay – repeal of PIP will cause **an immediate cost shift to employer or government-provided health insurance**. Injured motorists will rely on their employer or government-provided health insurance to pay for medical services related to their treatment.

Hospitals rely on PIP as a source of funds that helps to offset the cost of indigent care and care for patients who are underinsured. PIP reimbursements help hospitals to continue providing care for these patients; without PIP **hospitals will face additional revenue shortfalls**.



SLOWER PAYMENTS

PIP is a first-party "fast pay" system that generally provides reimbursements within 30 days of proof of loss. A fault-based system, which may rely on lawsuits to determine fault of another driver and the scope of damages, can result in **injured persons having to wait months or even years** before their case is resolved and payment under the at-fault driver's insurance is made. This puts further strain on an already-burdened court system.