



HOUSE MOVES CLOSER ON PLAN TO REPEAL NO-FAULT

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TALLAHASSEE --- A proposal to end the state's no-fault auto insurance system got a boost Monday as the House took up most of a plan that the Senate passed last week.

While insurance-industry lobbyists contend the change could increase rates for many Florida motorists, the House Judiciary Committee in an 18-2 vote backed an amended bill (HB 719) that would eliminate the no-fault system --- and the requirement that motorists carry personal-injury protection, or PIP, coverage.

"My concern, just to put it out there candidly, is I am unsure of the impact this bill will have on our rates," said Rep. Ben Diamond, a St. Petersburg Democrat who voted for the measure.

"We all know that we have high auto rates in Florida," Diamond continued. "And I agree with the folks that testified today on this issue, that (fraud) is driving costs in our insurance market. I just wish that we could have had --- and I know this is a wishful comment with 10 days left in the session --- some sort of special committee on auto insurance fraud."

The proposal would set minimum bodily-injury coverage at \$25,000 for the injury or death of one person in an accident and \$50,000 for injuries or deaths of two or more people.

Revamped in 2012 to try to reduce fraud in the system, no-fault has since 1979 required motorists to carry \$10,000 in PIP coverage to help pay for health-care costs after accidents.

After the Judiciary Committee's vote, the repeal bill is ready to go to the full House. If it passes, the issue is expected to bounce back to the Senate over a difference about medical-payments coverage --- known as "med-pay."

The Senate version (SB 54), approved in a 38-1 vote on Wednesday, requires \$5,000 in med-pay coverage.

House sponsor Erin Grall, a Republican attorney from Vero Beach who has pushed no-fault repeal efforts for five years, wants to allow motorists to have an "opt out" choice on \$5,000 to \$10,000 in med-pay coverage.

"I think med-pay could drive costs if it looks too much like PIP," Grall said after the meeting.

Grall maintains costs should go down for the majority of motorists who currently have PIP and bodily injury coverage.

"We hear huge numbers. We hear people are going to experience \$800 increases. And I just think that there's not real information, verifiable information there to guarantee that," Grall said.

A 2016 report by the Florida Office of Insurance Regulation projected that drivers on average would see a 5.6 percent savings by shifting to a bodily-injury coverage requirement. A study two years later by the actuarial consulting firm Milliman showed an average increase in premiums of \$67, or a 5.3 percent increase.

Critics argued the bill could result in more uninsured motorists on the road and the potential for more litigation.



sue somebody to prove entitlement to prove their fault and your damages in the classic tort sense. But in the new environment, you may have to do that. And this will be an increase.”

Doug Bell, a lobbyist for Progressive Insurance Co., estimated the changes could cause “significant” rate increases for people who have only PIP coverage or who have bodily-injury coverage amounts lower than the proposed new minimums.

“It’s those folks who really are most price-sensitive and we believe would go into the uninsured market,” Bell said. “And there currently is a 20 percent uninsurance rate in Florida. So, it’s a really serious problem.”

The American Property Casualty Insurance Association estimated the Senate bill would raise rates from \$165 to \$876 for 40 percent of Florida drivers and contended that it wouldn’t offer “meaningful legal reforms” to Florida’s insurance “bad faith” laws.

In accepting most of the Senate bill Monday, the House addressed bad-faith litigation, which involves allegations that insurers have not properly looked out for the interests of their customers.

The bill would require insurers to follow “best practices” standards about claim handling, claim investigation, defense of insured people and settlement negotiations.

Bad faith has been a sticking point in the past as the House and Senate have considered measures to repeal the no-fault system. Bell said the bad-faith language could cause an increase in litigation.

Grall acknowledged she had to perform some “mental gymnastics” to agree after five years to include the bad-faith issue in the House bill.

“The case law has been clear on what the obligations of the insurance company has to ensure. We don’t need to always codify what’s in case law,” Grall said. “So, for me there’s been a concern about codifying something that everybody comes back and doesn’t have a real deep understanding of. So, I have felt like the case law was sufficient.”

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