

I. Private Passenger Automobile Insurance in Florida

**Insurance & Banking Subcommittee
January 26, 2011 404 HOB
9:00a.m. – 12:00p.m.**

Premium Dollars in Private Passenger Market – 2009

- Over \$11.9 billion in direct written premiums (3rd largest market in the U.S.)
- More than 60% of the Florida market written by 10 insurers
 1. State Farm Mutual (19.8% market share)
 2. Geico General (8% market share)
 3. Progressive American
 4. Allstate Property & Casualty
 5. Allstate Insurance
 6. Progressive Select
 7. Geico Indemnity
 8. Government Employees
 9. USAA
 10. Allstate Fire and Casualty

Premium Rates (2008)

- 4th highest in the country for 2008
- Estimated average expenditure of \$1,055 (DC, LA, and NJ had higher premiums)

Required Insurance Coverage

- \$10,000 Personal Injury Protection (PIP, no-fault automobile insurance)
- \$10,000 Property Damage (covers damage to the property of others)

Optional Coverages

Bodily Injury

- Pays for death or serious and permanent injury to others when the policyholder is legally liable for an accident involving his/her automobile.
- Coverage up to policy limits
- Insurer provides legal representation if policyholder is sued

Collision

- Pays for repair or replacement of the policyholder's vehicle if it collides with another vehicle, flips over, or crashes into an object, regardless of who causes the accident

Optional Coverages (continued)

Comprehensive

- Pays for losses from incidents other than a collision, such as fire, theft, vandalism, or losses caused by falling objects.

Uninsured/underinsured (UM) Motorist Coverage

- Pays for bodily injuries to the policyholder, his/her family members, and any other person occupying the covered automobile should they be caused by the negligence of an uninsured or underinsured motorist
- Pays for medical expenses and lost wages (after PIP coverage is exhausted) that the policyholder and his/her passengers may incur
- Coverage includes payment for pain and suffering if there is a permanent injury or death

Medical Payments

- Pays for medical expenses for accidental injury up the policy limit
- Covers the policyholder's medical expense, plus those of family members or passengers, regardless of fault (unlike bodily injury liability insurance)
- Applies whether the policyholder is in his/her automobile or someone else's, or if the policyholder is hit by an automobile while walking or bicycling

Financial Responsibility Law (ch. 324, F.S.)

After an accident, a driver is required to show proof of financial ability to pay monetary damages for bodily injury (BI) and property damage liability in at least the following amounts:

- \$10,000 when one person dies or is injured in an accident
- \$20,000 when two or more persons are injured or die in an accident
- \$10,000 of property damage coverage per accident
- Non-compliance with the Financial Responsibility Law results in suspension of driving privilege

Accident Reports (s. 316.066, F.S.)

- Required to be filed with the Department of Highway Safety and Motor Vehicles only when the accident:
 - Results in injury or death
 - Involves a hit and run or intoxicated driver
 - Results in a car being towed from the accident

Florida Motor Vehicle No-Fault Law

(“No-Fault Law,” ss. 627.730-627.7405, F.S.)

- Adopted in 1971
- Medical and other benefits provided without regard to fault in return for limitations on lawsuits for non-economic damages (pain and suffering)
- PIP designed to reduce automobile insurance costs, decrease litigation, and compensate injured individuals quickly and efficiently
- 2000 Statewide Grand Jury finds rampant PIP fraud

Major Reforms to No-Fault Law in 2001, 2003, and 2007

Ch. 2001-271, L.O.F.

- Licensure of health care clinics required
- Limited access to accident reports

Ch. 2003-411, L.O.F.

- Required that health care clinics be licensed under AHCA
- No-Fault Law to be repealed on October 1, 2007, unless reenacted during the 2006 Regular Session

CS/CS/CS/SB 2114 (2006), vetoed by Governor Bush

- Would have extended the No-Fault sunset date

PIP Reforms (continued)

Ch. 2007-324, L.O.F. (Special Session C)

- Revived and reenacted the No-Fault Law effective January 1, 2008, with various changes, including:
 - Limited medical reimbursement to services and care provided by certain health care providers and entities
 - Authorized use of schedules of maximum charges
 - Provided that insurer's failure to pay PIP claims as a general business practice is an unfair and deceptive trade practice

Required Personal Injury Protection (PIP) Insurance (s. 627.736, F.S.)

PIP coverage pays up to \$10,000 (per person) without regard to fault for bodily injury sustained in a motor vehicle accident by:

- The named insured
- Relatives residing in the same household
- Persons operating the insured motor vehicle
- Passengers in the insured motor vehicle
- Persons struck by the insured motor vehicle

PIP Coverage

PIP coverage pays:

- 80% of reasonable medical expenses
- 60% of loss of income
- \$5,000 death benefit or the remainder of unused PIP benefits, whichever is less

No-Fault Limitations on Lawsuits for Non-Economic Damages (s. 627.737, F.S.)

Bars lawsuits for pain, suffering, mental anguish, and inconvenience arising out of an automobile accident, *except* in the case of:

- Significant and permanent loss of an important bodily function
- Permanent injury within a reasonable degree of medical probability, other than scarring or disfigurement
- Significant scarring or disfigurement
- Death

12 States with Traditional No-Fault Systems

Florida

Hawaii

Kansas

Kentucky

Massachusetts

Michigan

Minnesota

New Jersey

New York

North Dakota

Pennsylvania

Utah