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SHUT DOWN THE PIP MILLS – REFORMS WILL LOWER COST, FIGHT FRAUD, BENEFIT CONSUMERS

Newly Released Office of Insurance Regulation Report Makes the Case for Changes to the Law

(Tallahassee, FL) – The Personal Insurance Federation of Florida (PIFF) today called upon the Florida Legislature to take immediate action on proposals intended to reform Florida’s Motor Vehicle No-Fault Law and Personal Injury Protection (PIP) insurance law.

Consumers are hurt by the existence of PIP Mills in Florida. Consider the April 11, 2011 report from the Office of Insurance Regulation (OIR) which is based on data from insurers writing 80% of the state’s PIP market. The results are dramatic, and underscore the need for policy makers to confront significant flaws in the law that are driving up costs and leading to higher auto insurance rates for Floridians.

The OIR data collected since 2006 reveals important trends in the PIP marketplace:

- Between 2006 and 2010, the insurance industry paid out **\$8.7 billion** in PIP claims
- The number of PIP claims paid by insurers **increased by 56%**
- The number of crashes involving injury **declined by 7.4%**
- PIP lawsuits **increased by 387%**
- The number of specialty medical treatments, most notably “therapeutic massages,” **increased by 60%**

A copy of the full report can be accessed at: www.flair.com/pdf/PIP_04-08-2011.pdf.

“The data proves that fraud, litigation abuse, and medical provider abuse are the major cost drivers for PIP insurance,” said Michael Carlson, the Executive Director of PIFF. “There is no other explanation for the exponential increase in medical and legal costs when there is a decline in auto crashes.”

PIFF supports SB 1694 and HB 967 which will reduce litigation costs by applying a reasonable limit on attorneys’ fees and eliminate an outdated and unnecessary legal fee multiplier. The association also supports SB 1930 and HB 1411 which contain strong anti-fraud measures, including provisions that allow insurance companies to investigate suspected fraud and increase civil penalties for insurance fraud.

“Failure to act will continue to allow criminals, unscrupulous attorneys and medical providers to feed off the system,” said Carlson. “Unfortunately, a small group of powerful trial lawyers have a grip on PIP and don’t want to let it go. We trust that policy makers will protect consumers by shutting down Pip Mills which are driving up costs for everyone.”

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The Personal Insurance Federation of Florida is a personal lines insurance trade association whose charter members (Allstate and Castle Key Insurance Companies, The Progressive Group of Insurance Companies, and State Farm Insurance Companies), represent forty five percent (45%) of the automobile insurance market and more than twenty five percent (25%) of the homeowners insurance market. The trade’s goals are to create a dynamic, efficient, and competitive marketplace for personal insurance products for the benefit of all Floridians.