A January 2021 independent actuarial study conducted by Stephen A. Alexander MBA, FCAS, FSA, MAA, examines the premium impacts of the repeal of Personal Injury Protection (PIP) coverage requirements in Florida, to be replaced with minimum limits of 25/50/10 bodily injury (BI) and property damage (PD) and the mandatory offer of optional medical payments (Med Pay) limits of $5,000 and $10,000.

THE REALITY IS, FLORIDA IS FAR BEHIND THE REST OF THE COUNTRY WHEN IT COMES TO PROTECTING ITS CITIZENS FROM STAGGERING ECONOMIC LOSSES AND HIGHER INSURANCE COSTS FOR ALL DRIVERS.
1 in 4 Drivers Uninsured in Florida

With nearly 1 in 4 drivers uninsured, Florida is consistently ranked among the states with the highest rates of uninsured drivers in the country.

81% More than National Average

Floridians pay 81% more than the national average for auto insurance and one of only two states in the nation that do not require drivers to carry liability insurance for injuries they cause to others.

$350 savings per driver

Moving to a mandatory bodily injury auto insurance system will result in an average savings of $350 per driver per year in Florida, a statewide savings of more than $5 billion.
Repeal and Replace Savings

After repeal and replace of no-fault, the estimated average annual liability premium savings is 36.2% ($349 per car). This is significantly more than the Pinnacle report estimate -- only 9.6% ($93 per car).

This means for 65% of drivers in Florida their insurance costs will go down by 38%.

Joining 48 Other States

After repeal and replace, Florida liability premiums are expected to be about the same as liability premiums in responsibility-based states like Colorado, Texas, Arizona and California.
The often referenced 2016 Pinnacle Report relies upon changes in liability loss costs immediately before and shortly after no-fault was repealed or adopted in the states, which occurred on average over 30 years ago.

The 2021 report relies upon current liability loss costs in other comparable large states with responsibility-based systems.
Why do Florida Insurers Oppose the PIP Repeal?

$350/\text{per car} \times \text{approx 7,000,000 FL drivers} = \$5 \text{ billion}

\text{Savings for drivers} = \$5 \text{ billion less in revenue for insurance companies annually.}
The fact that the Florida insurance market has “recently deteriorated” strongly suggests that apparent fraud and excessive and unnecessary treatments have returned to pre-reform levels after the 2012 reforms.

“Claims with the appearance of fraud and/or buildup were more likely than other claims to involve chiropractic treatment, physical therapy, alternative medicine and the use of pain clinics... states with the highest rates of fraud and build-up among PIP claims included:”

- Florida (31 percent)
- New York (24 percent)
- Massachusetts (22 percent)
- Minnesota (22 percent)
However, the data also shows insurers could actually make up the lost revenue by eliminating the rampant fraud and abuse in Florida related to PIP claims.

“According to a recent report released by Pennsylvania based Insurance Research Council (IRC), a nonprofit research organization funded by property/casualty insurers, auto injury fraud and buildup [excessive and unnecessary treatments] added an estimated $5.6 and $7.7 billion, respectively, in excess claims payments in 2012.”
The study affirms moving to responsibility-based auto insurance in Florida can help replace the state’s obsolete auto liability environment and reduce auto insurance rates for ALL drivers.

To read the full report, visit: fjaref.org