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No-fault auto insurance stuck in neutral

In the Legislature, a suggested compromise on restoring personal-injury protection breaks down.

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A day after Gov. Charlie Crist muscled auto insurance onto the Legislature's agenda, it remained a mystery whether lawmakers gathered to cut the budget will also resurrect Florida's now-expired no-fault auto insurance law.

One reason why: A number of senators oppose the compromise Personal Injury Protection reform agreed to by Sen. Bill Posey, R-Rockledge, and Rep. Ellyn Bogdanoff, R-Fort Lauderdale, after weeks of secret negotiations. The existing PIP law expired Monday.

At the first hearing Tuesday for the plan, a divided panel of senators on the Banking and Insurance Committee questioned why breathing new life back into a personal-injury-protection law universally panned as fraud-infested was a better option than burying it.

"There's certainly a number of senators that have substantial reservations," said Sen. J D. Alexander, R-Winter Haven, the sharpest critic of PIP, which pays up to \$10,000 for injuries suffered in an accident regardless of fault.

"There are negatives wherever you go," Alexander said. "There's no perfect solution."

Alexander supports an alternative that would require motorists to buy bodily-injury insurance, which pays damages only to the driver who is not at fault in an accident. The plan is supported by State Farm, which has a major regional office in Alexander's hometown.

Top reform: 'Fee schedule'

The major reform proposed for PIP would limit payments for most medical treatments to a "fee schedule," which caps fees at 200 percent of what the federal Medicare insurance plan for seniors pays. Posey said it balanced insurers' concerns about overcharges with an injured driver's right not to have payment denied arbitrarily by an insurer.

But the final product is likely to change.

Posey, the Rockledge senator, removed language that would have devoted \$2 million to fighting fraud in order to keep it from going to Alexander's General Government Appropriations Committee, where Alexander could kill it.

And the insurance industry remained adamantly opposed. "The people engaged in fraud will simply bill twice as much for twice as much treatment, whether they gave the treatment or not," said Charles Grimsley, with the United Automobile Insurance Group.

Lawmakers won't have much time to bridge their differences.

The Legislature convenes a 10-day special session at 9 a.m. today, tasked with cutting their way out of a \$1.1 billion budget hole caused by sluggish sales- and real-estate tax revenues. Proposed cuts of \$750 million that were negotiated in secret by the leadership of both chambers are scheduled to be heard and voted on by Friday.

Crist this week added to the workload by asking the Legislature to renew the PIP law, which legislators had previously set to expire in hopes of forcing compromise reforms. But that didn't happen.

Senate President Ken Pruitt, R-Port St. Lucie, had been reluctant to add the issue to the session agenda because there was so much discord.

"We have an agreement on PIP to disagree," said Senate Minority Leader Steve Geller, D-Cooper City. "It'd be nice if you only had two different viewpoints, but you've got different viewpoints within viewpoints on this."

Insurers are working hard to build public support for allowing PIP to die.

Impact on lower rates

State Farm has sent notices to policyholders warning that new rate reductions could be nullified if lawmakers re-enact a no-fault system. The reductions total 16 percent if drivers simply drop PIP and don't buy other coverages to offset its loss.

"I'm just afraid we're going to see a lot of people canceling policies because they just don't know

what's going on," Russ Kile, a manager with State Farm, told the Senate panel.

"That's the cost of purposefully trying to confuse this issue," Posey replied.

Orlando-area insurance agents say they're on the receiving end of plenty of calls from motorists worried about their coverage.

"We're getting over a dozen calls a day, basically people just confused about where they stand with PIP," said Angel Aponte, an Allstate agent in Orlando. "We're telling them they're covered -- unless their policy expired Oct. 1. But people have no idea what's going on."

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