

SUPPORT MANDATORY BODILY INJURY WITH MEANINGFUL BAD FAITH REFORM

CS for SB 54 by Senator Burgess and HB 719 by Representative Grall eliminate Florida's flawed Personal Injury Protection ("PIP") no fault auto insurance system, and replace it with a mandatory bodily injury requirement. Both bills eliminate PIP and contain the new requirement to mandate that every driver demonstrate financial responsibility or obtain \$25,000 for bodily injury ("BI") or death of one person, and \$50,000 for BI or death of two or more people in any one crash. In addition, the coverage must include the existing law requirement of \$10,000 for property damage coverage. In addition, drivers must carry mandatory med pay with a limit of \$5,000. Insurers must reserve \$5,000 of benefits for thirty days to pay hospitals, physicians or dentists who provide emergency service or care.

SB 54 also includes:

1. Lower BI Limits for Low Income Drivers. For drivers at or below 200% of the federal poverty guidelines or for full time high school or college students, limits of \$15,000 for BI or death of one person and \$30,000 for BI or death of two or more persons.
2. Bad Faith. The bill contains a good faith effort to create "guidelines" for insurers which results in a safe harbor preventing the bringing of a bad faith action by a third party. The bill requires plaintiffs to serve detailed demand letters, and if the insurer pays the claim or policy limits within 60 days after receipt of the demand and gets a release for the insured. It's a complicated set of procedures, and there is some concern that it may contain subjective criteria allowing insurers to continue getting "set up" for bad faith actions.
3. Named Driver Exclusion. The bill allows the exclusion of a specifically named driver in the household from auto coverages.
4. Windshield Deductible. Insurers may offer up to a \$200 deductible for windshield replacement coverage, must offer a zero deductible windshield option, and prevents windshield vendors from providing rebates or gifts related to the windshield claim.

NAIFA is working with the bill sponsors to get bad faith language amended to avoid subjectivity in the guidelines that must be followed, and is concerned with the implementation problems raised by the lower limits section of the bill for low income drivers and students.

Its not clear if either of these bills will be amended to resolve our issues, and if not, NAIFA Florida may oppose elimination of PIP this year. However, we are supporting these bills, asking for changes, and will keep our members updated as session progresses.

SUPPORT ELIMINATION OF PIP, MANDATORY BI, AND MEANINGFUL BAD FAITH REFORM