

FLORIDA MOTOR VEHICLE NO-FAULT INSURANCE *(Personal Injury Protection)*

NOVEMBER 2011

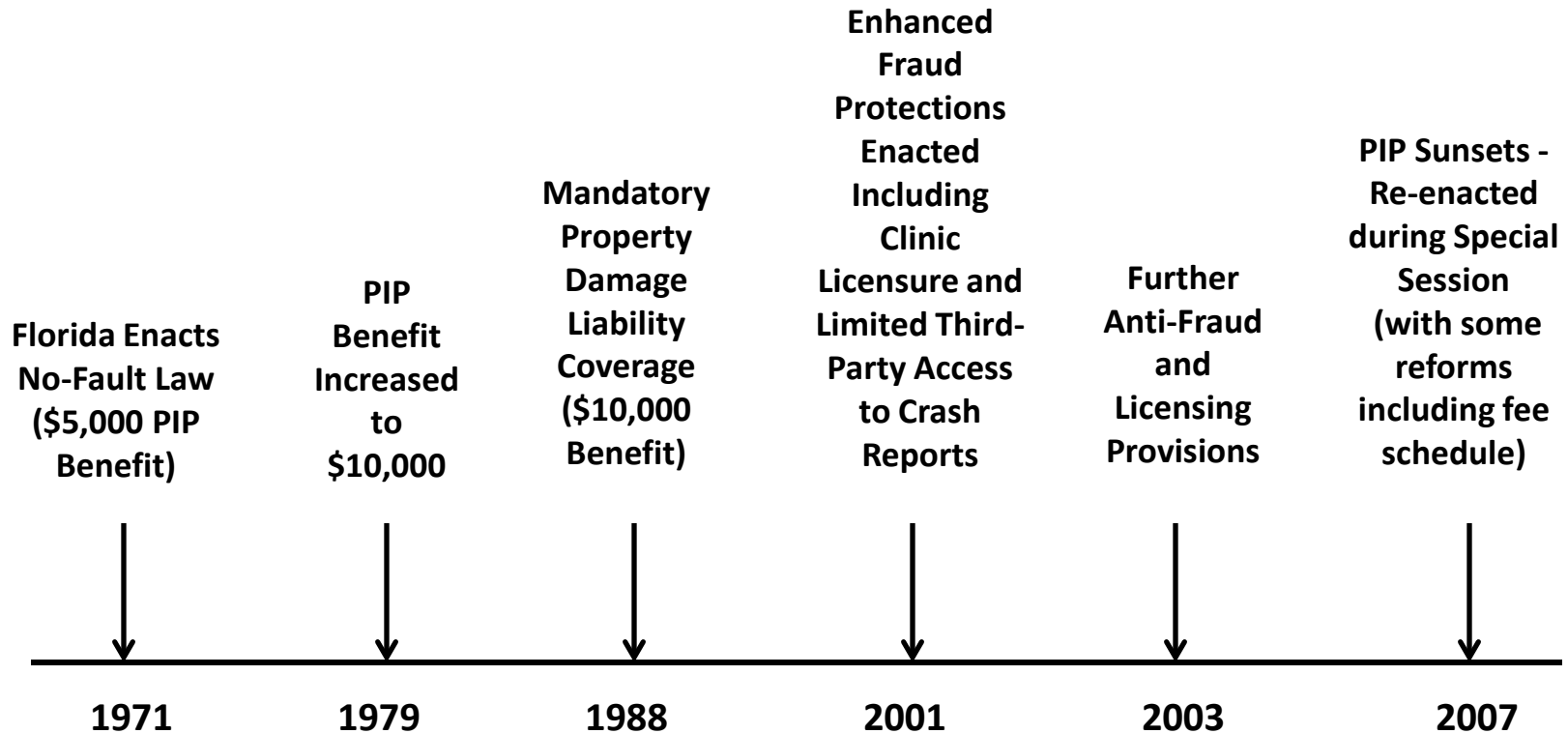
ROBIN SMITH WESTCOTT, ESQ.

FLORIDA INSURANCE CONSUMER ADVOCATE

Appointed by
JEFF ATWATER
CHIEF FINANCIAL OFFICER
STATE OF FLORIDA



FLORIDA MOTOR VEHICLE NO-FAULT INSURANCE LEGISLATIVE HISTORY OF NO-FAULT



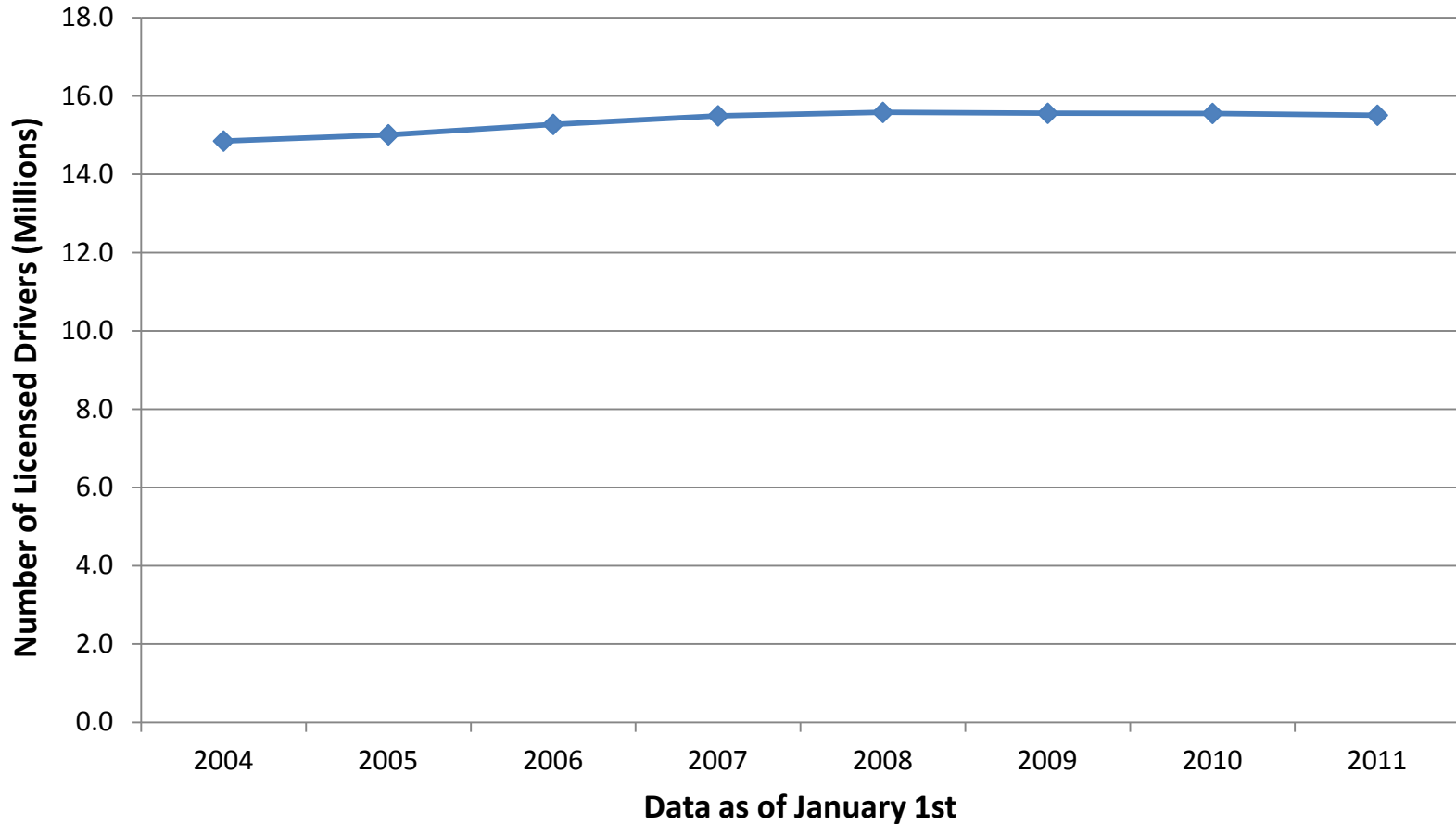
FLORIDA MOTOR VEHICLE NO-FAULT INSURANCE

- **Personal Injury Protection (PIP)** – Provides coverage for medical benefits, lost wages and funeral benefits for insured or resident family member when injured in their own vehicle, in someone else's vehicle, as a pedestrian or as a bicyclist.
- **Bodily Injury (BI)** – Provides coverage for death or serious and permanent injury to others when you are legally liable for an accident involving your automobile.
- **Uninsured Motorist (UM)** – Coverage provided to the insured, resident family members and any other person occupying the covered automobile for bodily injury resulting from an accident involving an uninsured or underinsured driver



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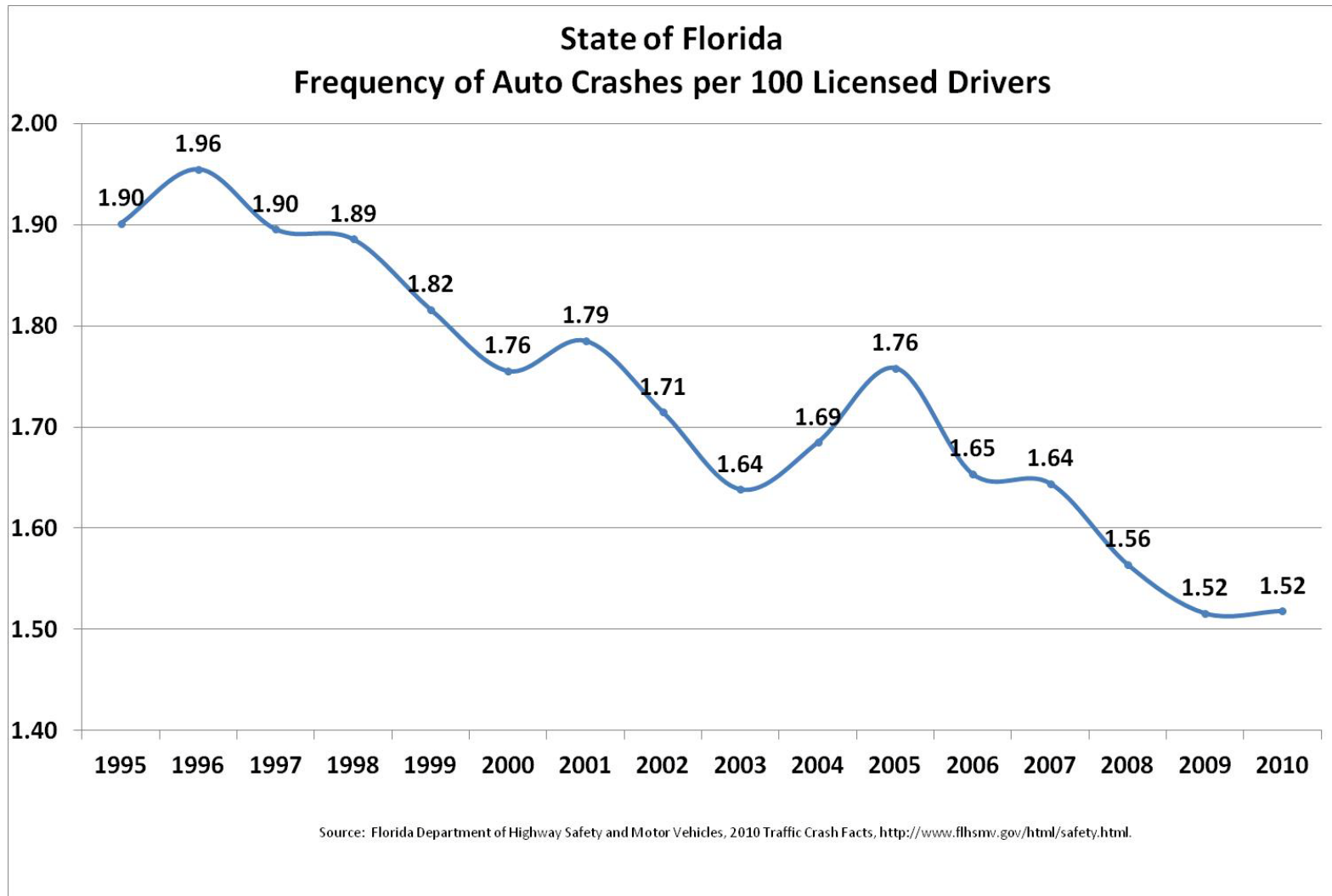
Number of Licensed Drivers



Source: Driver Demographic Reports from Highway Safety and Motor Vehicles (www.flhsmv.gov/html/safety.html)
Florida Department of Hi

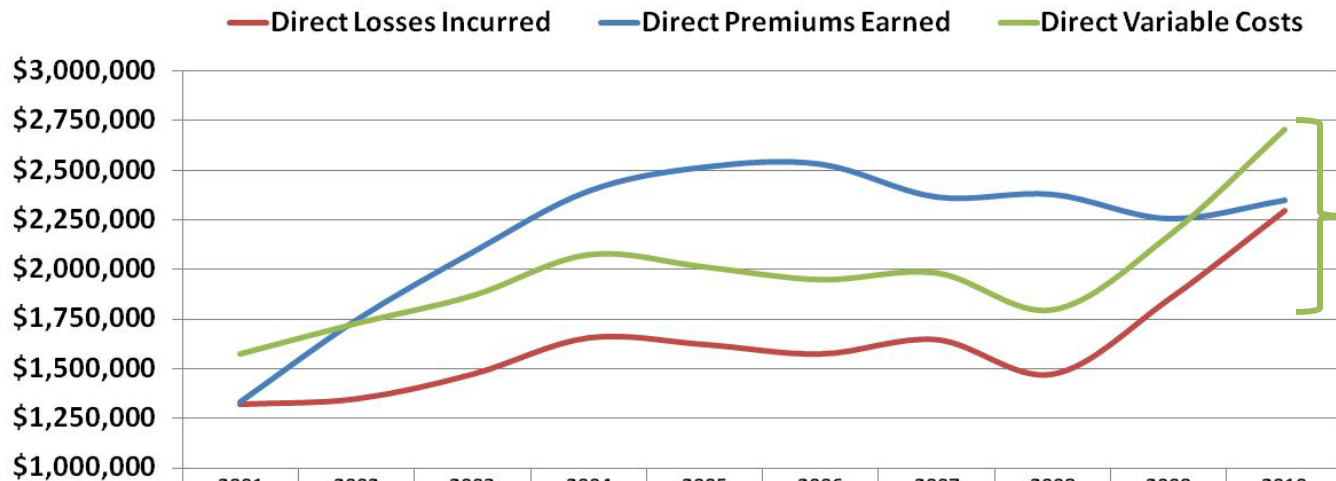


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FLORIDA MOTOR VEHICLE NO-FAULT INSURANCE

State of Florida
Personal Injury Protection Experience
(\$000s)



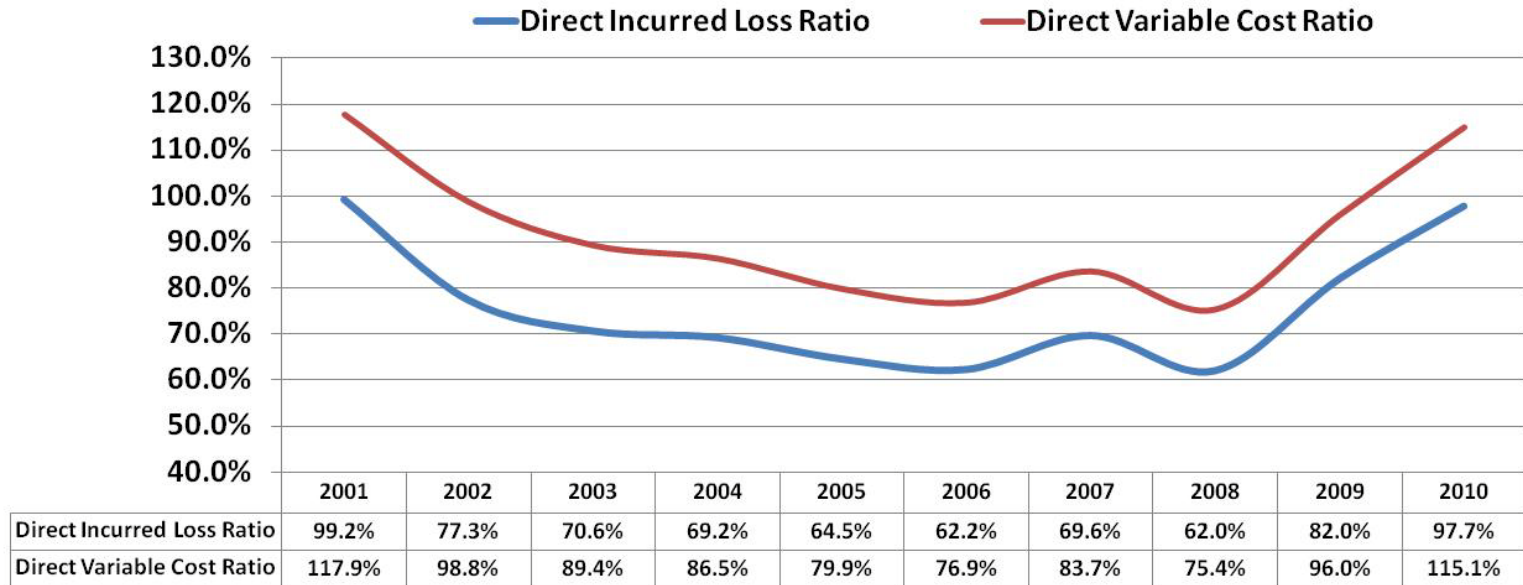
**Fraud
Tax
\$910,695**

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Direct Losses Incurred	1,323,415	1,350,971	1,474,400	1,658,018	1,624,610	1,576,786	1,648,990	1,475,244	1,851,339	2,297,802
Direct Premiums Earned	1,334,300	1,747,321	2,088,456	2,397,344	2,518,315	2,533,241	2,367,721	2,380,697	2,258,909	2,350,982
Direct Variable Costs	1,572,486	1,726,417	1,866,276	2,073,370	2,011,616	1,947,541	1,981,430	1,795,213	2,169,114	2,705,908

Source is NAIC I-Site database summary reports. Direct variable costs include direct incurred losses, defense and cost containment expenses, commissions, taxes, licenses and fees, and policyholder dividends. Direct variable costs exclude overhead expenses and investment income.

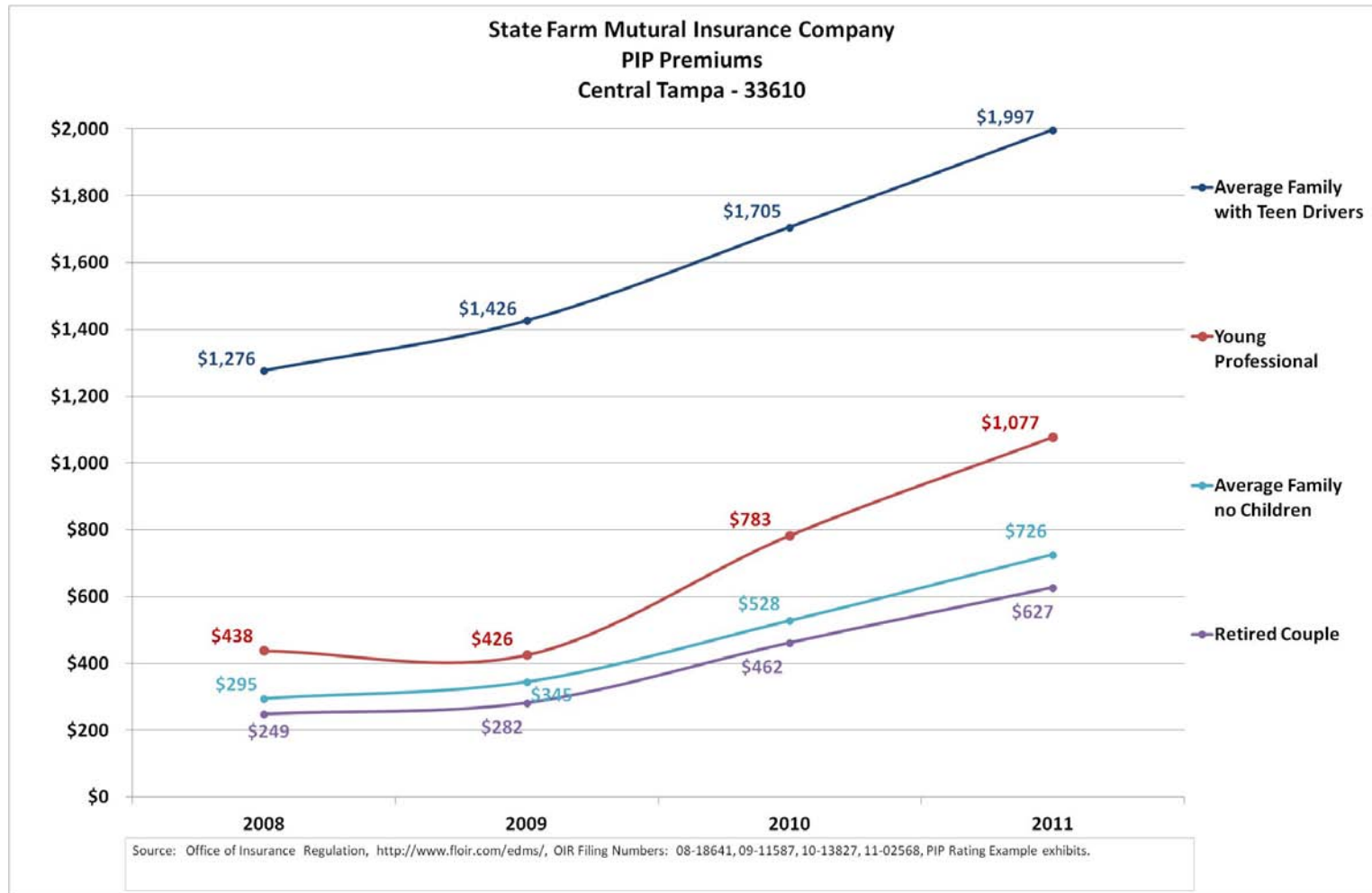
FLORIDA MOTOR VEHICLE NO-FAULT INSURANCE

State of Florida Personal Injury Protection Insurance Direct Incurred Loss and Variable Cost Ratios



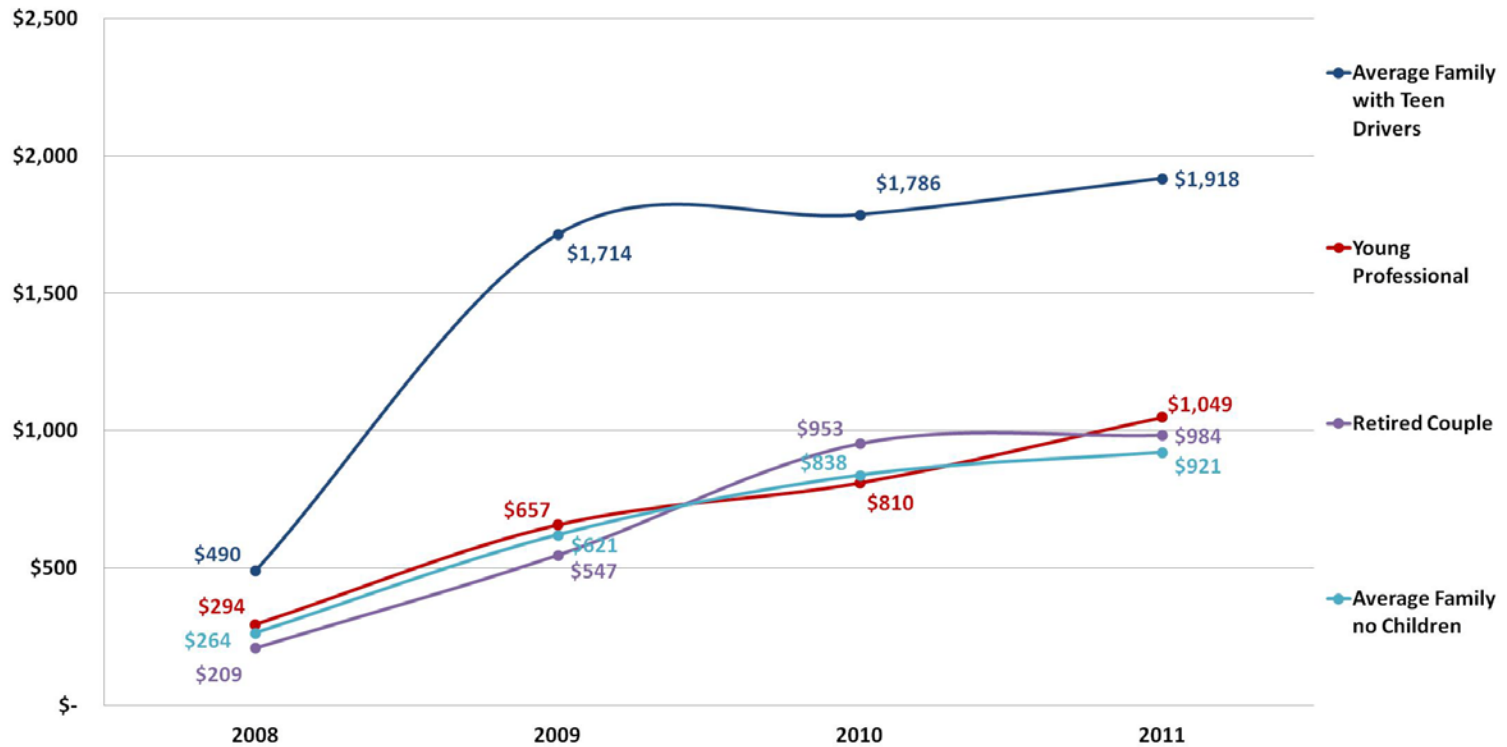
Source is NAIC I-Site database summary reports. Direct variable cost ratio includes direct incurred losses, defense and cost containment expenses, commissions, taxes, licenses and fees, and policyholder dividends. Direct variable cost ratio excludes overhead expenses and investment income. Ratios are as a percent of direct earned premiums.

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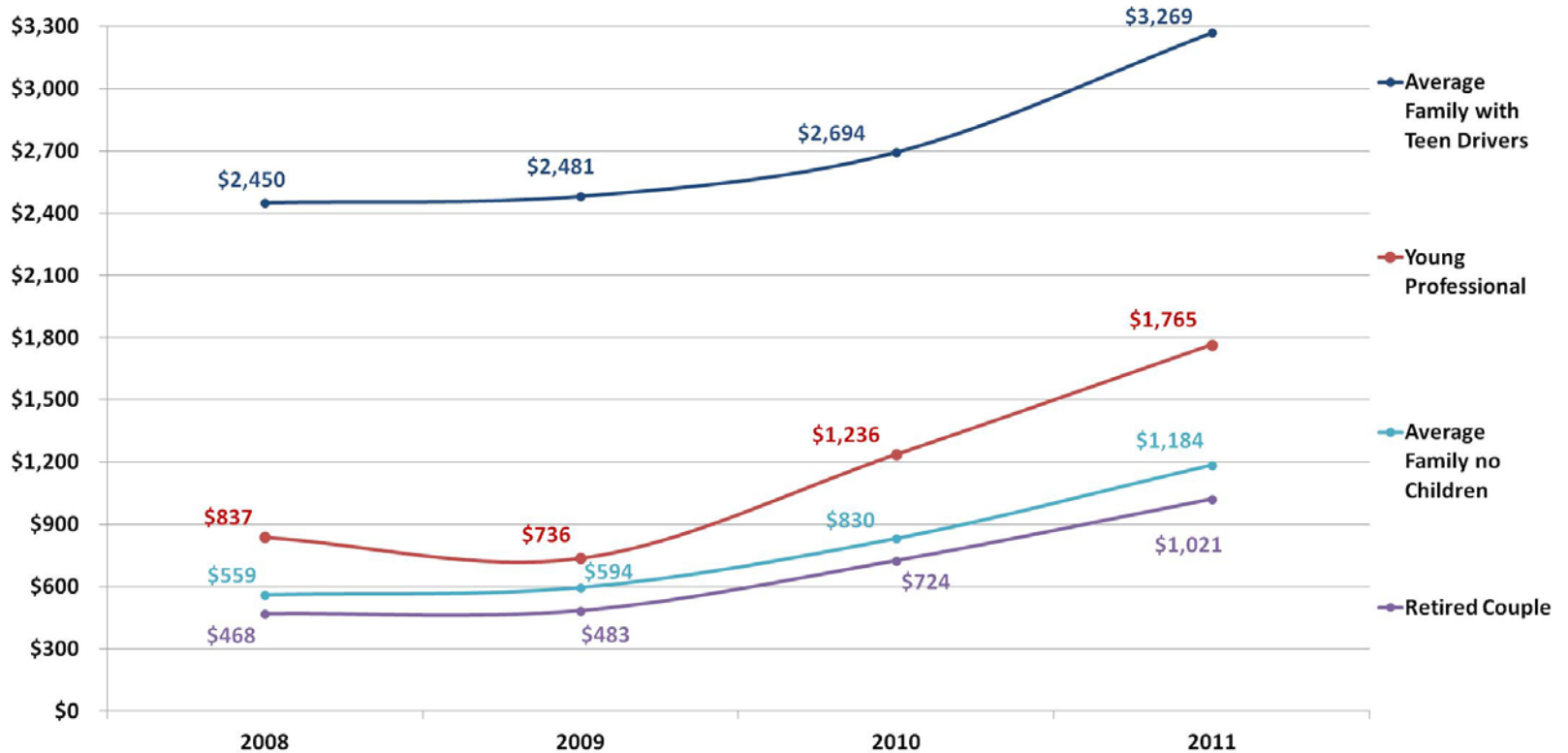
Direct General Insurance Company
PIP Premiums
Central Tampa



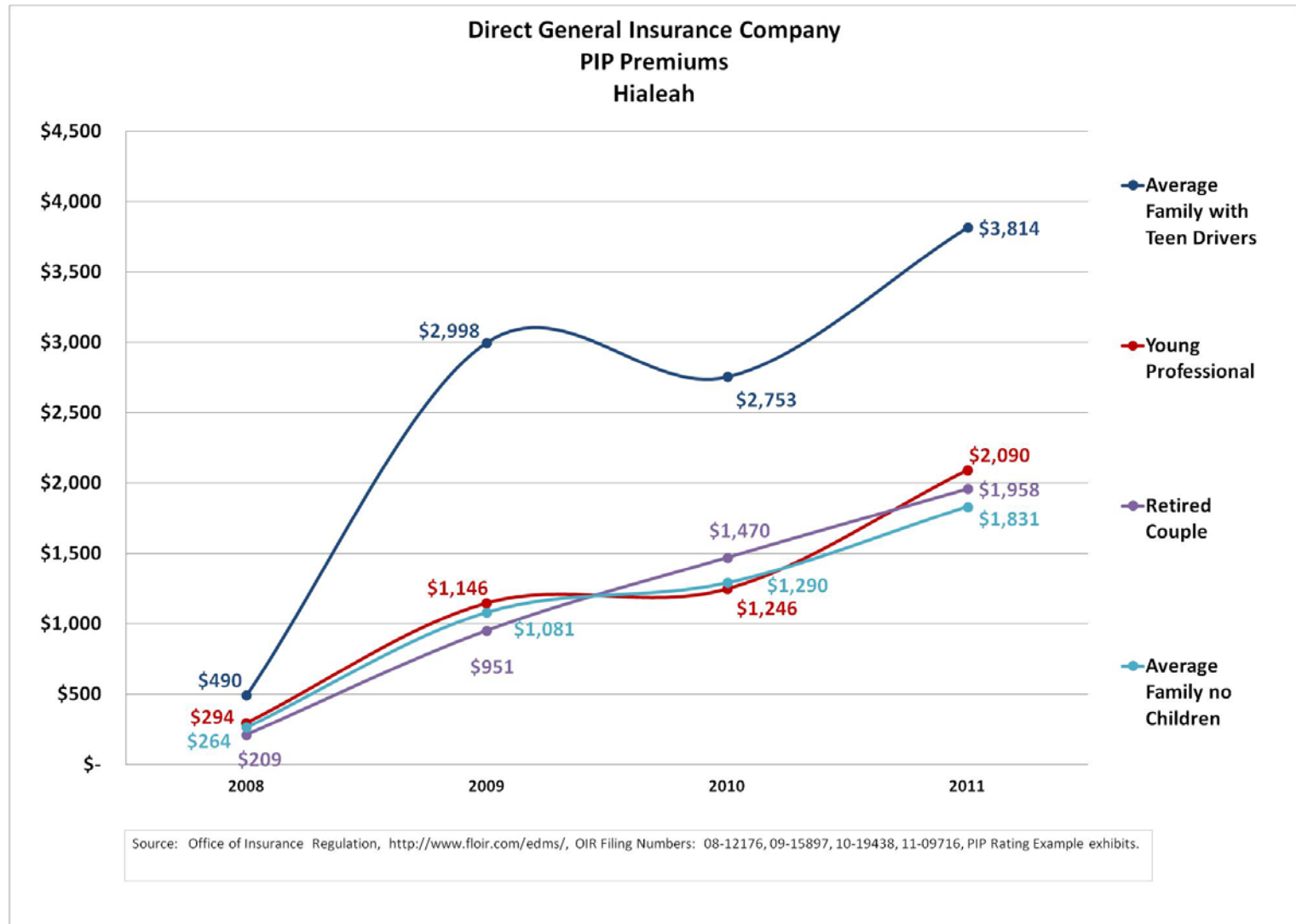
Source: Office of Insurance Regulation, <http://www.flor.com/edms/>, OIR Filing Numbers: 08-12176, 09-15897, 10-19438, 11-09716, PIP Rating Example exhibits.

FLORIDA MOTOR VEHICLE NO-FAULT INSURANCE

State Farm Mutual Insurance Company
PIP Premiums
Hialeah - 33013



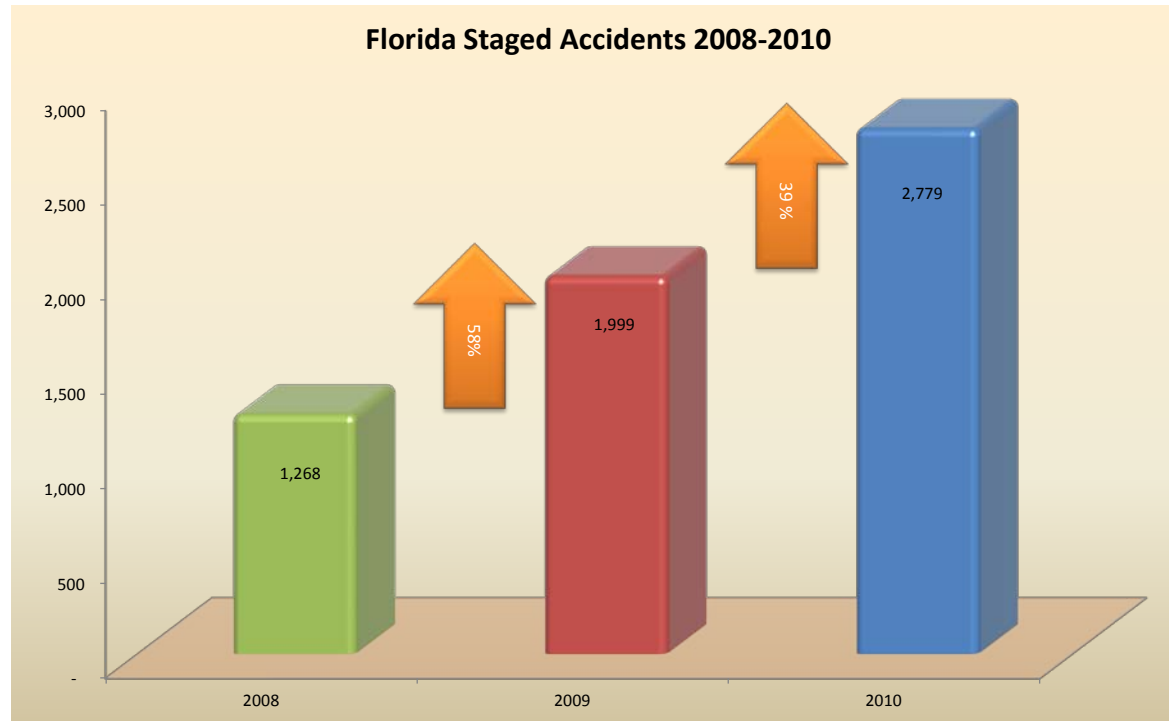
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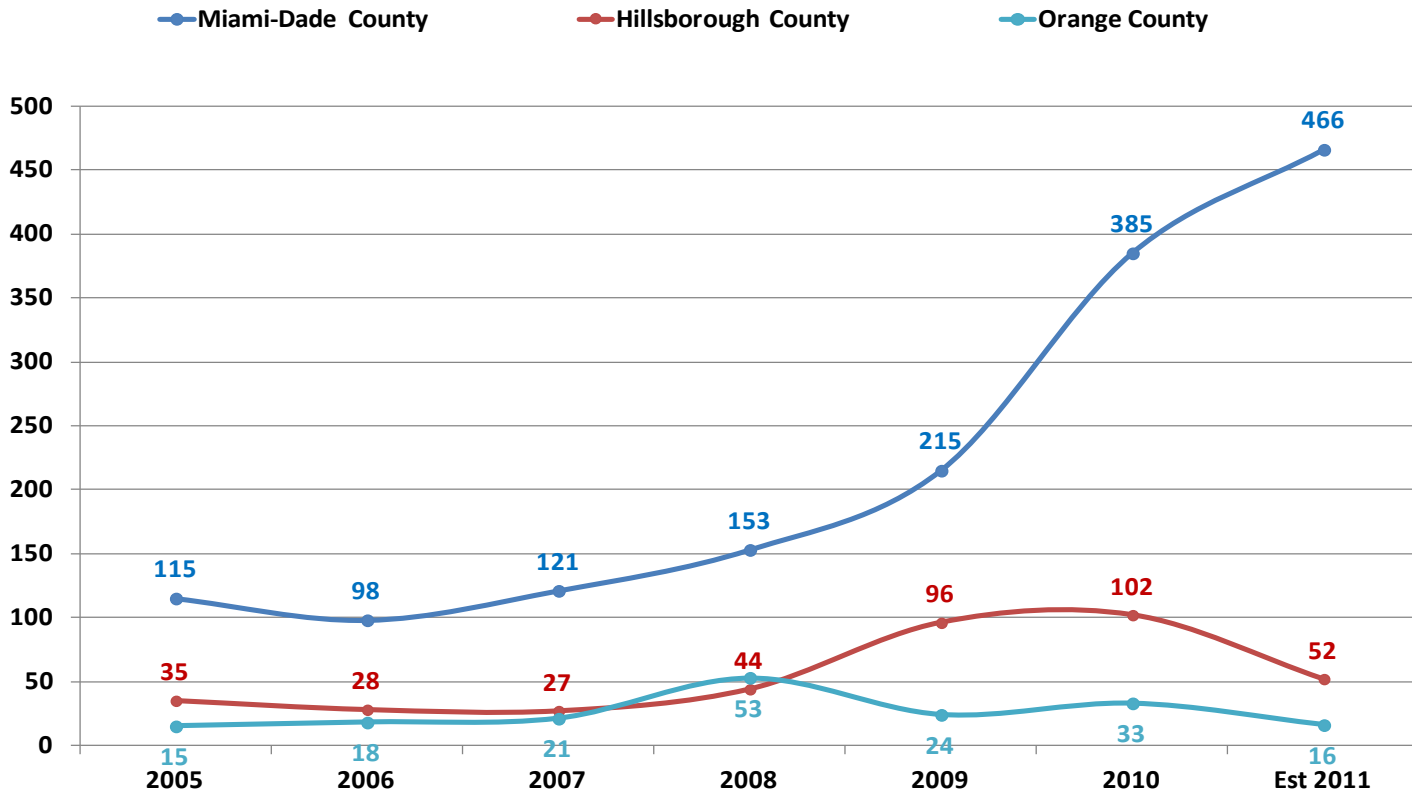


Florida Staged Accidents



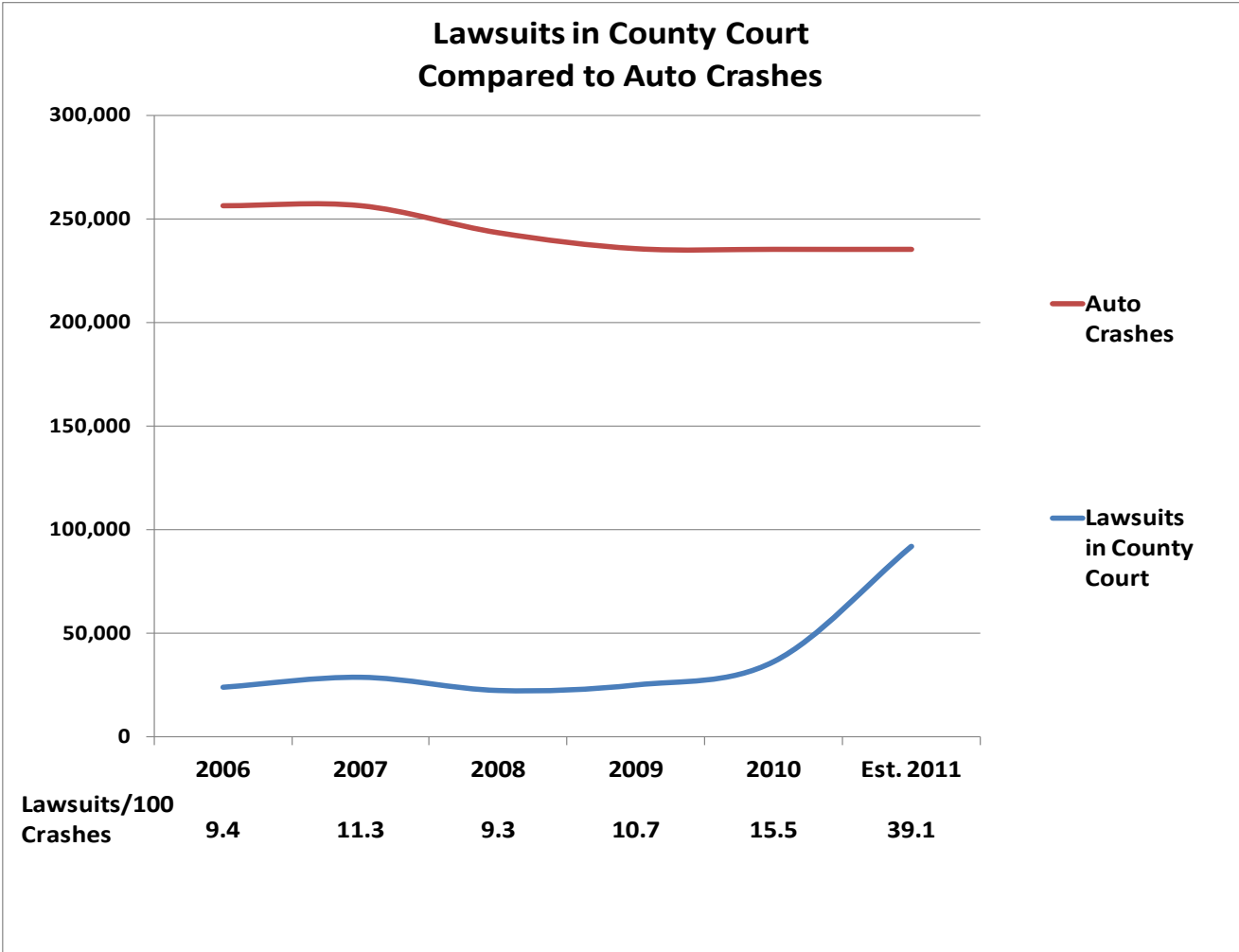
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New Health Care Clinic Exemptions Issued



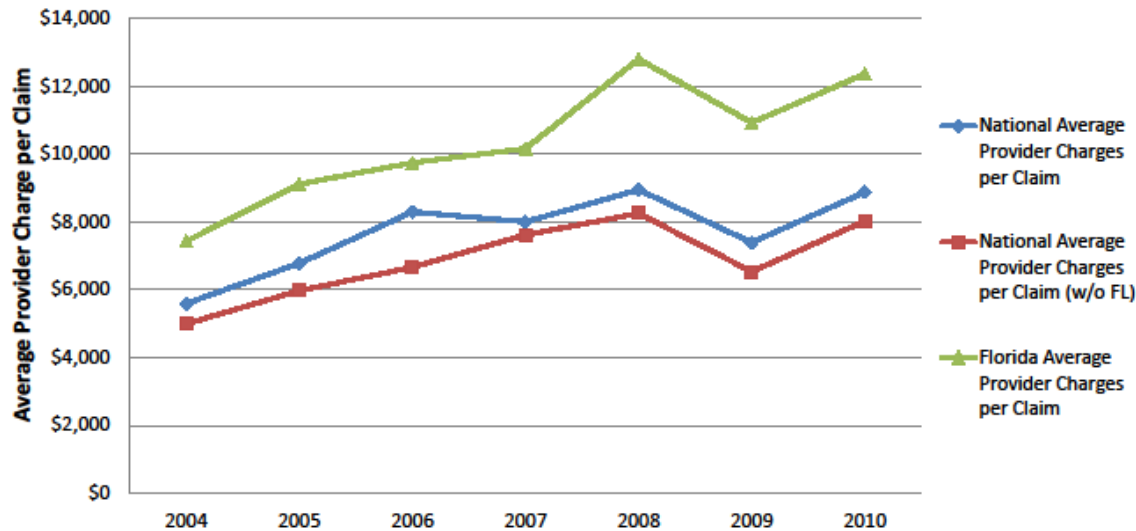
Source: *Analysis of Health Care Clinic Exemptions in Florida and Miami-Dade, Hillsborough Counties Jan 2005 through Aug 2011, updated September 15, 2011*, Agency For Health Care Administration, Health Care Unit.

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The Average Provider Charges Per Claim Continue to Increase



Source: Report on Review of the 2011 Personal Injury Protection Data Call - April 11, 2011

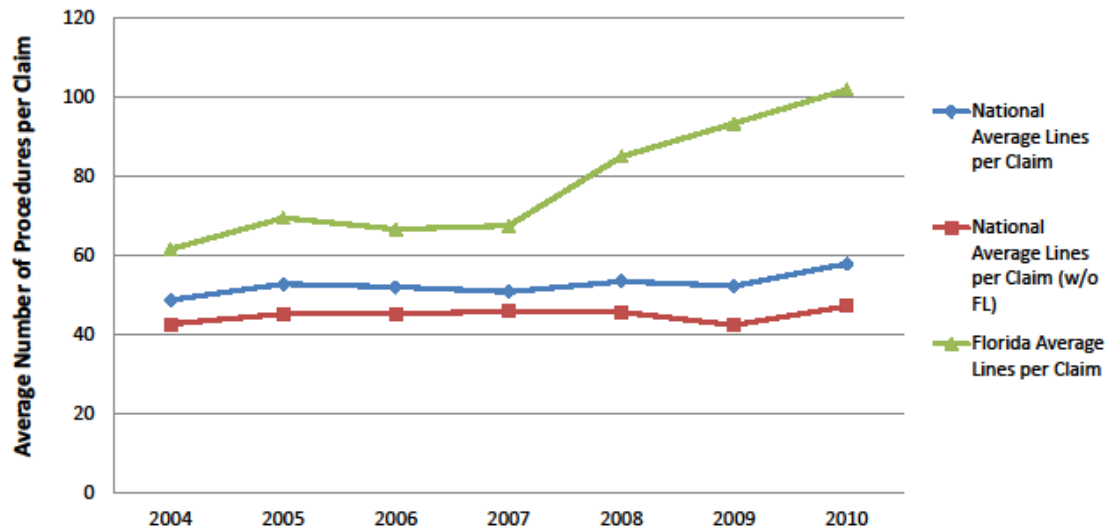


FLORIDA OFFICE OF
INSURANCE REGULATION



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Average Procedures Per Claim Have
Increased Significantly Since 2007



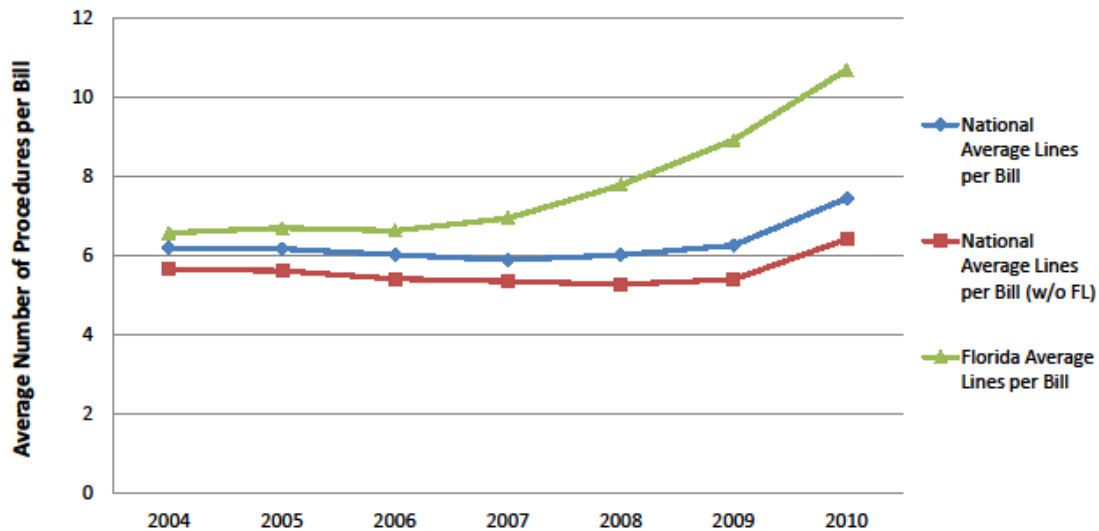
Source: Report on Review of the 2011 Personal Injury Protection Data Call - April 11, 2011



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FLORIDA MOTOR VEHICLE NO-FAULT INSURANCE

Average Procedures Per Bill Have
Also Increased Since 2007



Source: Report on Review of the 2011 Personal Injury Protection Data Call - April 11, 2011



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INSURANCE REGULATION

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FLORIDA MOTOR VEHICLE NO-FAULT INSURANCE

Legislative Focus

- Providers and Venue
- Over-Utilization
- Electronic Filing
- Litigation

- **MUST EQUAL RATE RELIEF!**