

PALM BEACH POST

Editorial: Abolish Florida's no-fault insurance system

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Florida's drivers are required to spend hundreds of dollars every year for an extra layer of insurance coverage that makes it easier to pay for crash-related medical bills without resorting to lawsuits. But mandating that people carry personal injury protection, or PIP, has encouraged rampant fraud and has made auto insurance needlessly expensive.

Two years after a last-ditch effort to reform this system, it's time for Florida to get rid of it.

Florida's personal-injury protection, or PIP, has created a huge incentive for fraud. Unscrupulous medical care providers, lawyers and fake victims conspire to charge insurers for unneeded services.

When Florida lawmakers decided in 1971 to require drivers to pay extra for personal injury protection coverage, their aim was sensible. This no-fault system ensures that anyone involved in a crash can have a certain amount of medical expenses automatically covered by their own insurer, no matter who is to blame for the crash. Doing so was supposed to reduce lawsuits by keeping more disputes out of the courts.

But because it is so easy to make an injury claim, the PIP system has created a [huge incentive for fraud](#). Unscrupulous chiropractors, lawyers and fake victims conspire to charge insurers for unneeded medical services. When investigators look into their claims, they often find everything was faked – from the crash to the chiropractor or doctor to the office where the treatment was supposed to have happened.

In 2012, lawmakers made the latest wave of reforms to the system to try to discourage fraud. Payouts for massages and acupuncture were eliminated, and the amount of non-emergency medical coverage available to a person was reduced from \$10,000 to \$2,500.

If these changes are reducing fraud, they aren't doing much to reduce insurance prices. As *The Post's* Charles Elmore reported, despite claims that rates would decrease, 12 of the state's top 20 insurers have since hiked their overall rates.

And it's abundantly clear that PIP fraud hasn't disappeared. Last week, [at least five people in South Florida were arrested](#) on charges of participating in a large PIP fraud ring, including a chiropractor who billed for services never performed and attorneys who encouraged crash victims to falsely claim that they had been injured. Florida Chief Financial Officer Jeff Atwater said the amount of fraud they perpetrated likely amounted to hundreds of thousands of dollars.

Overall, PIP fraud [may be dropping](#), but there's scant evidence that the reforms have worked as hoped. Insurance continues to be needlessly expensive in Florida – it has [some of the country's highest rates](#) – and prices are still going up.

The solution is simple: Eliminate PIP.

Colorado dropped its no-fault system in 2003. Within five years, overall premiums fell by 35 percent. There's no guarantee that Florida would see savings on the same scale, but premiums would be sure to come down. Atwater, whose office investigates insurance fraud, told us last month he [supports doing away with the system](#) if the current reforms don't have more effect.

To replace PIP, drivers would be required to hold bodily-injury liability insurance, which is currently optional in Florida. But most drivers hold it anyway, meaning the impact on insurance costs would be relatively small.

In the meantime, the current impact of PIP fraud on insurers – the so-called “fraud tax” – is estimated to cost insurance customers more than \$1 billion a year.

That's a great deal for people profiting off the broken system. But it's a raw deal for Florida's drivers.

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