



Coalition Against Insurance Fraud

1012 14th Street., NW, Suite 200
Washington, D.C. 20005
202.393.7330
202.318.9189 fax

www.InsuranceFraud.org

BOARD OF DIRECTORS

- Allstate Insurance
- American Council on Consumer Interests
- American Family Insurance
- American Insurance Association
- CNA
- Center for Consumer Affairs
— University of Wisconsin-Milwaukee
- Citizen Advocacy Center
- Consumer Action
- Consumer Alliance
- Consumer Federation of America
- Consumer Federation of the Southeast
- Erie Insurance
- Farmers Insurance Group
- Florida Consumer Action Network
- Geico
- Hanover Insurance Group
- Hartford Insurance Group
- International Association of Insurance Fraud Agencies
- International Association of Lemon Law Administrators
- John Hancock Financial Services
- Liberty Mutual Group
- Louisiana State Police
- MassMutual
- MetLife, Auto & Home
- National Association of Consumer Agency Administrators
- National Association of Insurance Commissioners
- National Conference of Insurance Legislators
- National Consumers League
- National Criminal Justice Association
- National District Attorneys Association
- National Fraud Information Center
- National Insurance Crime Bureau
- National Urban League
- Nationwide Insurance
- Office of Attorney General, Pennsylvania
- OneBeacon Insurance
- Pennsylvania Insurance Fraud Prevention Authority
- Progressive Insurance
- Prudential Insurance
- Sentry Insurance
- State Farm Insurance Companies
- Travelers Insurance
- Unum Group
- Zurich North America

Dennis Jay
Executive Director

A national coalition of consumers, government agencies and insurers dedicated to combating all forms of insurance fraud through public information and advocacy.

January 17, 2012

The Hon. Bryan Nelson
Chair - Insurance and Banking Subcommittee
Florida House of Representatives
204 House Office Building
Tallahassee, FL 32399

RE: PIP Reform

Dear Representative Nelson:

I am writing on behalf of the Coalition Against Insurance Fraud regarding the continued efforts by the Florida legislature to strengthen the state's automobile insurance system.

The Coalition Against Insurance Fraud is a broad-based national alliance of insurers, consumer groups and government organizations dedicated to fighting all forms of insurance fraud through education and public awareness. The Coalition is recognized as one of the leading anti-fraud organizations working with legislators and regulators to strengthen insurance fraud laws and regulations.

We have been closely involved in the efforts in Florida over the past several years having worked with the Florida Insurance Council and the Consumer Federation of the Southeast to create the Sunshine Alliance to Erase Fraud that assisted in drafting the key anti-fraud provisions that were considered in the 2011 session. The Coalition also was appointed and served on the recent PIP Working Group that the insurance consumer advocate chaired.

We have several comments and recommendations that if we were able to attend the March 11 committee meeting would have made to your committee.

First, even though the Coalition does not have a specific position on the key provision that was discussed at the March 11 meeting - the shift from a PIP system to an Emergency Care Coverage - we do have thoughts about it.

After discussions with several Florida consumer and insurer groups, we conclude that indeed the shift to an emergency care system would help reduce the fraud currently seen in the system, and that would indeed reduce the cost of the automobile insurance system.

We do have questions about whether an emergency room is the best gatekeeper for entry to the automobile insurance system by an injured passenger. Even though I was not able to attend the hearing in person, I listened to it on the web and one point that I realized that was not discussed is how many automobile crashes currently entail an injury that under the bill your committee discussed would require an emergency room visit? We have asked a couple of our insurer members who cover Florida about their experiences.

As for other issues that we believe your committee should consider:

- Tolling of Claims: The language in the substitute that an insurer has 30-days to review a claim and in order to toll the 30-day requirement, must report the claim to the division of insurance fraud. We believe the purpose of the toll is to give insurers adequate time to decide whether a claim is indeed suspicious. Thus, requiring insurers to report to DIF within 30 days could flood DIF with a large number of reports that eventually an insurer may deem to be valid.

We would recommend that the committee review the language from last year's fraud bill that had an insurer seeking to toll a claim past the 30-days only if the insurer suspects a violation of the definition of insurance fraud that is in the Florida code. Once the toll is made, then the insurer could adequately investigate to the point of whether a report to DIF is necessary. We also believe that a time limit for an insurer to investigate when a claim is tolled would benefit all parties.

- Licensing of Clinics - Even though the committee draft implies that the PIP clinics that are now in business would no longer be able to treat automobile passengers, we believe that the issue of licensing still is an issue. These clinics are too successful to expect that they would quietly disappear from the Florida scene. Yet as the consumer advocate's working group heard, there is no definitive knowledge of how many clinics currently are operating in Florida. These clinics we believe will try to morph into some other type of entity that could invade the health care or auto insurance system. The state should know who these operators are and should require licenses for them. This loophole in law should be closed and the automobile insurance reform effort is an excellent vehicle to do that.

In conclusion we believe you have an excellent opportunity to start fixing Florida's automobile insurance system during the 2012 legislative session. We stand ready to work with you and all parties to find the solutions.

Sincerely,



Howard Goldblatt
Director of Government Affairs