



Florida Drops . . . Then Reinstates PIP Requirement

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Until October 1, 2007, under Florida's existing no-fault personal injury protection scheme (PIP), each driver was required to carry at least \$10,000 in medical coverage to pay the insured's medical expenses in the event of an accident, regardless of who is at fault for the accident. This program helps limit the cost and time associated with litigation as liability is not disputed.

However, the law governing the PIP program in Florida expired on October 1, 2007 and the Florida legislature failed to renew the law until after the expiration date. As a result, any driver purchasing a new policy or renewing an existing policy may purchase the policy without the PIP coverage. While premiums without PIP will be lower, an insured may be surprised to learn that the cost for the premium reduction is elimination of the benefits of PIP. Indeed, some insurance companies in Florida began lowering premiums prior to October 1, 2007 in anticipation of the legislature's lack of action toward renewal.

The Florida legislature has passed a new PIP bill, signed into law by Governor Crist on October 11, 2007. The new law reinstates required PIP coverage as of January 1, 2008 and reforms the prior law in a few significant ways. To avoid fraud, healthcare providers must now provide certain qualifications before receiving PIP reimbursements. In addition, \$5,000 of each PIP policy will be earmarked for emergency room treatment. The new law also allows the Attorney General to pursue insurance companies that refuse to pay valid PIP claims, a right formerly reserved only to the Department of Insurance.

The real controversy over the PIP renewal, however, will arise when accidents begin occurring between October 1, 2007 and December 31, 2007 where one driver carries PIP from an existing policy and the other driver, with a new policy, doesn't carry PIP or where neither driver carries PIP. The result could be a rush to the courthouse with difficult coverage issues as insureds and their carriers jockey to take advantage of this brief window of confusion.