

## State Farm: Let no-fault auto insurance end

By Bill Pancake

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A recent Orlando Sentinel editorial overestimates the potential for reform of Florida's no-fault auto insurance system. There have been several efforts to reform Florida's no-fault system for more than a decade. None has had a meaningful effect on reducing costs and helping consumers. The current system is actually costing Florida families millions of dollars in extra premiums every year. That's why lawmakers should allow the system to sunset next year as scheduled.

Despite the Sentinel's assertion, it's not true that State Farm doesn't think anything can be done about the widespread fraud in the system. As Florida's largest insurer, State Farm has proposed real reform for years. What we have learned is that nothing will be done.

That is because real reforms are opposed by the special interests that benefit from a system that provides incentives for fraud and overcharges. Staged accidents, fraudulent claims and grossly inflated medical and legal billings add hundreds of dollars per year to the cost of an auto insurance policy in Florida.

Unlike typical health insurance, workers' compensation and Medicaid-fee schedules, medical providers can charge auto insurance companies as much as they like under the no-fault system, often double normal rates. A similar lack of cost control allows attorneys to run up their rates.

If the no-fault system sunsets as scheduled next year, auto insurance rates for consumers would drop precipitously, and people who cause accidents would be held accountable.

In addition, drivers who have health insurance would no longer be forced to buy PIP insurance that duplicates coverage they already carry.

It is true that health-insurance premiums in Colorado have risen slightly as a result of the repeal of no-fault. But the increases were negligible, and more than compensated for by the savings on auto coverage. The Colorado Division of Insurance reported a 1 percent average rate increase among health insurers directly attributable to the repeal of no-fault.

But Colorado motorists experienced an average 31 percent reduction in premiums for policies with only bodily injury and property-damage coverage, and a 21 percent premium reduction for full-coverage policies. Florida families should expect to save \$250 a year when we put an end to the broken system.

There will undoubtedly be some adjustments when Florida's no-fault law ends.

If someone who does not have health insurance is injured, they would be compensated through the medical-payments section of their auto policy. The responsible party's insurer would have to reimburse the victim's insurer.

If the responsible party doesn't carry insurance, the victim would be able to tap uninsured motorist coverage.

In the end, allowing the no-fault system to expire would lower rates for consumers and eliminate rampant overcharges and scamming, setting the stage for a system that rewards good drivers and holds accountable those who are really at fault.

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