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Jan. 21, 2020

Sen. Tom Lee, Chairman
Sen. Keith Perry, Vice Chairman
Senate Committee on Infrastructure and Security
410 Knott Building
404 S. Monroe Street
Tallahassee, FL 32399-1100

In SUPPORT of S. 378, Repeals provisions which comprise the Motor Vehicle No Fault Law

Chairman Lee and Members of the Committee,

My name is R.J. Lehmann and I am director of finance, insurance and trade policy at the R Street Institute. R Street is a think tank devoted to pragmatic free-market solutions to public policy challenges and that has engaged on Florida property-casualty issues since our founding eight years ago.

I write you in support of S. 378, legislation introduced by the chairman to repeal Florida's 45-year-old no-fault auto insurance system. While we have some concern that transitioning to a tort system could have unintended consequences, we share the chairman's concerns about the need to reform Florida's auto insurance market. According to the most recent survey by CarInsurance.com, average 2019 premiums for full coverage in Florida were \$2,178, the fifth-highest rate in the nation.¹ Moreover, Autolist find that more than a quarter of Florida drivers are currently uninsured.²

Like earlier bills introduced in several recent sessions, S. 378 would transition the state from a no-fault system for auto insurance liability to a tort system. It also would eliminate the requirement that Florida drivers must obtain \$10,000 of personal injury protection (PIP) coverage. Our primary concern with earlier iterations of this legislation was their prescription that PIP coverage be replaced with \$5,000 of mandatory medical payments (MedPay) coverage. While S. 378 would require insurers to extend offers of MedPay coverage with limits of \$5,000 or \$10,000, consumers would be permitted to opt out.

¹ <https://www.carinsurance.com/state-car-insurance-rates>.

² <https://www.autolist.com/guides/why-is-florida-car-insurance-expensive>.

R Street supports S. 378 as written but would oppose any no-fault repeal legislation that introduces a new MedPay mandate, as we anticipate that mandate, in concert with removing PIP coverage's limits on pain and suffering damages, would simply push costs up further.

We also recommend the Legislature expand its auto insurance reform efforts to address those factors that push up the cost of auto insurance in the Sunshine State, such as its law allowing third parties to bring lawsuits against insurance carriers for "bad faith." Florida is currently one of only five states to permit third-party bad faith claims, with all other states relying on the regulatory apparatus to ensure that licensed insurance companies demonstrate appropriate market conduct.

Sincerely,

R.J. Lehmann
R Street Institute