



Guest Editorial – September 30, 2011

Florida's No. 1 Auto Insurance Fraud Ranking Costly for Floridians

By David Hart, Executive Vice President of the Florida Chamber of Commerce

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Ten years ago, Florida faced some of the highest workers' compensation insurance rates in the country. Lax policies in state law resulted in widespread and costly fraud that hit businesses squarely in their pocket books.

To help clean up the fraud and substantially decrease skyrocketing rates, the Florida Chamber of Commerce launched an awareness movement to shine a light on the extreme problems associated with workers' comp insurance. Lawmakers moved into action and in 2003 passed significant reforms. Thanks to the Florida Chamber, who helped lead advocacy efforts, and lawmakers' swift action to rewrite the law, Florida went from having the second highest rates in the nation in 1998, to the tenth lowest rates in 2010.

Today, our state faces a similar problem. Florida is No. 1 in the United States for auto insurance fraud and abuse. Generally, being No. 1 calls for a celebration. But in this case, where Floridians are being forced to pay substantially higher auto insurance rates because of the state's fraud riddled no-fault insurance law, celebrating is the last thing on most drivers' minds.

According to the Florida Office of Insurance Regulation, auto insurance fraud is costing Florida consumers and small businesses a billion dollars each year. These are not isolated acts. Staged crashes, fake injuries, and inflated claims are on the rise.

The National Insurance Crime Bureau reports that Florida is the auto insurance fraud capital of the United States – a distinction no Floridian would want. With 3,006 suspicious auto claims in 2007-2009, Florida far outpaced states that came in second and third: New York and California had 1,680, and 1,619 suspicious claims, respectively.

You and I are paying for the fraudulent and corrupt acts of others. Some call it a tax on honest Floridians – some call it theft. No matter the description, insurance fraud is a serious problem in the Sunshine State – one in desperate need for a fix.

Needless and preventable costs are never desirable. Factor in the burden of the current recession and double digit unemployment rates and auto insurance fraud becomes especially painful for Florida consumers.

Florida's no-fault auto insurance system, also known as Personal Injury Protection (PIP), is broken.

That's why the Florida Chamber of Commerce is actively working to raise awareness about the costly consequences associated with fraud and abuse in Florida's PIP law. The Florida Chamber has long-advocated for policies that strengthen Florida's economy and reduce

unnecessary costs on businesses and families, and we welcome the opportunity to lend the strength of our voices to this debate.

We'll start by giving Floridians the facts – regular updates with accurate and reliable information to help consumers understand the scope of this problem. Our *FRAUD FACT FRIDAY* reports will keep consumers and businesses updated and provide information on how to get involved.

By arming businesses and families with the facts, we can encourage policymakers to clean up a system in desperate need of reform.

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