

# VOTE NO ON HB 1437

## The Florida Justice Reform Institute Opposes HB 1437

For decades, Florida has been a no-fault auto insurance state in which medical expenses and other amounts incurred by an individual injured in a car accident are paid by the individual's own insurance company, regardless of who was at fault for the accident. See § 627.736, Fla. Stat. Under this system, drivers are required to maintain \$10,000 in personal injury protection ("PIP") coverage on their auto insurance policies. See §§ 324.011, 324.021(7), 324.022(1), Fla. Stat. In addition, the injured person's ability to sue the parties at fault for the car accident for noneconomic damages, such as pain and suffering, is curtailed unless certain thresholds are met. See § 627.737, Fla. Stat.

Since it was enacted, Florida's PIP law has been plagued by fraud and excessive litigation over low-dollar-value claims. Often these lawsuits were filed for the simple reason that, under Florida law, successful plaintiffs in insurance lawsuits (including disputes over PIP claims) were entitled to an award of attorneys' fees under section 627.428, Florida Statutes (the "One-Way Attorney Fees Statute")—no matter how small the claim—but successful insurers in such disputes could not recover their fees.

That changed in 2023 when Governor DeSantis signed HB 837 and repealed the One-Way Attorney Fees Statute. This eliminated the incentive to litigate low-dollar claims in the hopes of recovering outsized attorneys' fees. HB 837 took effect in March 2023, and the impacts of the reforms that were passed in that legislation are still being realized. Now the Legislature is considering HB 1437. HB 1437 creates a new attorney fee mechanism.

Before passing HB 1437, we should allow the reforms of HB 837 and recent Florida case law sufficient time to work and to hopefully appreciably decrease PIP litigation and excessive PIP benefit payments. Then, after data on PIP litigation and claim costs has been collected for five years or more following the enactment of HB 837, Florida stakeholders will be in a much better position to decide whether the passage of HB 1437 is necessary or advisable. Consequently, the Institute opposes HB 1437.

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