

PROGRAM DIVISION BULLETIN

2007-27

September 26, 2007

Florida Repeal of No-Fault (PIP) Coverage

Effective Date: October 1, 2007

On August 7, 2007, ISO provided an Advisory Notice indicating that they were withdrawing the Florida Personal Injury Protection (PIP) Coverage and related endorsements in response to the repeal of the Florida Motor Vehicle No-Fault Law, which becomes effective October 1, 2007.

ISO filed Notice to Policyholder forms, which program administrators must attach to all policies providing Florida PIP coverage. Please note that the **DBG Notice to Policyholders listed below** are the ones that are required on all Commercial Automobile policies that provide FL-PIP coverage on or after October 1, 2007. Make sure to use these forms and **not** the ones provided by ISO.

If a Commercial Auto policy renews on or after October 1, 2007 (RENEWAL), and the policy has Florida exposures with PIP coverage, then you must make sure that the policy includes the following Policyholder Notice.

IL P 038 (08/07) – Florida Repeal of No-Fault Law (Renewal) Advisory Notice to Policyholders

If a Commercial Auto policy is in force on or after October 1, 2007 (MIDTERM), and the policy has Florida exposures with PIP coverage, then you must issue and attach the following Policyholder Notice to your policy.

IL P 037 (08/07) – Florida Repeal of No-Fault Law (MidTerm) Advisory Notice to Policyholders

You must begin using these forms immediately for notifying your insureds with Florida PIP coverage of the repeal of such coverage.

These will not be in Coverall, you will need to attach manually.

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100 Summer Street/19th Floor, Boston, MA 02110
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For those accounts that you are quoting with a proposed effective date on or after October 1, 2007, you must make sure your quote and binder letters accurately reflect that Florida PIP coverage no longer exists. All you have to do is leave FL-PIP off your quote and binder letters. Please review all quote and or binder letters with effective dates of October 1, 2007 and after to insure that Florida PIP coverage is not included.

You do not have to issue an endorsement deleting the FL PIP Coverage on Midterm policies, the Notice To Policyholder will be enough.

If you have issued a new business or renewal with FL PIP, you will need to issue an endorsement in addition to the Policyholder Notice. Since the coverage is no longer offered you will need to return the premium to the insured.

As an alternative, you **may** offer Medical Payments Coverage in place of PIP up to \$5,000.00 in limit.

From a claims standpoint, we **will** still honor PIP coverage for insureds with policies in effect containing this coverage.

Please contact your Program Manager with any questions.



Florida Repeal
No-Fault MID-TERM



Florida Repeal
No-Fault RENEWAL

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FLORIDA REPEAL OF NO-FAULT LAW (MID-TERM) ADVISORY NOTICE TO POLICYHOLDERS (APPLICABLE TO POLICIES EFFECTIVE ON OR AFTER OCTOBER 1, 2007)

This notice summarizes the recent changes to your policy. No coverage is provided by this summary nor can it be construed to replace any provisions of your policy. You should read your policy and review your Declarations page for complete information on the coverages you are provided. If there is any conflict between the policy and this summary, **THE PROVISIONS OF THE POLICY SHALL PREVAIL.**

Dear Policyholder:

The Florida law that governed the requirements of Personal Injury Protection Coverage (sometimes referred to as "No-Fault") has been repealed, effective October 1, 2007.

Your policy currently provides Personal Injury Protection Coverage, which includes coverage for the following: reasonable and medically necessary medical expenses, reasonably incurred replacement services expenses, loss of income and earning capacity, and death benefits, arising from injuries sustained by an insured as a result of a motor vehicle accident. The coverage is provided regardless of whether or not the insured person is negligent or "at-fault" with respect to the motor vehicle accident.

As of October 1, 2007, a "tort" system will be operative in Florida for damages because of bodily injury and property damage sustained in an auto accident. A "tort" is a civil wrong, but is not a crime. In auto insurance, a tort system requires that a determination of who is at fault be made as the result of a motor vehicle accident. The party at fault may be held liable for economic losses as well as non-economic losses such as pain and suffering. (Currently, only property damage losses resulting from motor vehicle accidents are subject to the tort system.)

As a result of the repeal of the Florida "no-fault" law, you will need to examine your insurance needs carefully. While Personal Injury Protection is no longer available, you may purchase Auto Medical Payments Coverage to protect yourself and/or passengers for medical and funeral service expenses incurred as a result of a motor vehicle accident. However, you and your insurer must agree as to whether Auto Medical Payments Coverage should be provided under your policy. In general, Auto Medical Payments Coverage is not as broad as the coverage provided under Personal Injury Protection Coverage. For example, Auto Medical Payments Coverage does not provide loss of income and replacement services expenses. You should carefully consider buying an appropriate amount of **Auto Medical Payments Coverage.**

Combined Bodily Injury And Property Damage Liability Coverage is also available to provide insurance protection from claims for damages made by others when you are at fault in a motor vehicle accident. A motor vehicle liability policy that is furnished as proof of financial responsibility in Florida must be issued with limits at least equal to (1) split limits of \$10,000 for each person, subject to \$20,000 for each accident with respect to bodily injury, and \$10,000 with respect to property damage; or (2) a combined single limit of \$30,000 for each accident.

There is a possibility that the Florida legislature may make other changes to the law which could affect what coverages are required or available. We will notify you if we become aware of any changes.

Any questions regarding this notice, the recent changes to your policy and or the changes in coverages and potential effect on your premium should be directed to your broker or agent.

FLORIDA REPEAL OF NO-FAULT LAW (RENEWAL) ADVISORY NOTICE TO POLICYHOLDERS

(APPLICABLE TO POLICIES EFFECTIVE ON OR AFTER OCTOBER 1, 2007)

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