



JEB BUSH
GOVERNOR

STATE OF FLORIDA

Office of the Governor

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May 31, 2006

Ms. Sue Cobb
Secretary of State
Department of State
R.A. Gray Building
500 South Bronough Street
Tallahassee, Florida 32399-0250

Dear Secretary Cobb:

By the authority vested in me as Governor of Florida, under the provisions of Article III, Section 8, of the Constitution of Florida, I do hereby withhold my approval of and transmit to you with my objections, Committee Substitute for Committee Substitute for Committee Substitute for Senate Bill 2114, enacted during the 38th session of the Legislature, convened under the Constitution of 1968, during the Regular Session of 2006, and entitled:

An act relating to motor vehicle insurance . . .

The bill would provide additional resources and includes provisions directed at deterring fraud in the personal injury protection (PIP) no-fault auto insurance system. The bill includes no reforms to address the abuses and extensive litigation within the system; however, it would extend the sunset of the PIP no-fault insurance law from October 1, 2007, to January 1, 2009.

I have publicly stated that I wished to see significant reform in the PIP scheme and indicated that, absent such reform, I would veto the bill. The Legislature and the various industry groups with a stake in PIP failed to resolve the issue. The issues and primary cost drivers that must be addressed for any meaningful reform include:

- Medical fee schedule. Workers' Comp and Medicaid payments are governed by a fee schedule. There seems to be no good reason why PIP should not have one, as well.
- Utilization schedule. The allowable number of visits to a health care provider should be predictable for both the insurer and the insured.
- Attorneys' fees. Reforms that eliminate the fee multiplier and address bad faith issues should be addressed.
- Continued efforts to fight fraud. The removal of fraud from the system will help to reduce costs for policyholders.



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PIP coverage is for the immediate medical need following an auto incident. It is not designed to provide long-term health care coverage; other insurance should cover that need. PIP has been an important source of payment to hospitals and trauma centers; ensuring the continuation of financial support for physicians and hospitals providing care for patients entering through the emergency departments should be a priority consideration of the Legislature in the next session.

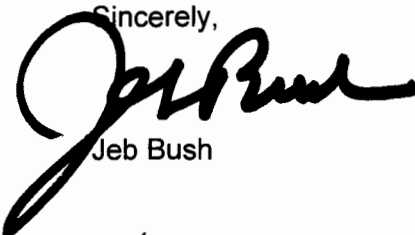
The anti-fraud provisions of this bill are also included in House Bill 561, which passed the Legislature. That bill relates to insurance fraud and addresses auto insurance fraud, as well. This bill contains two provisions that are not included in House Bill 561: it extends the PIP repeal to January 1, 2009; and it provides additional appropriations and positions to the Department of Financial Services' Division of Insurance Fraud. The funding and positions were not included in my recommended budget, nor were they requested by the department.

The determination of whether to let the no-fault insurance system expire is a policy question that has yet to be answered. Some may argue that a decision to veto this bill is a decision to repeal PIP, but that is not accurate. With the veto of this bill, the Legislature will have the opportunity to address the issue during the 2007 regular session, prior to the October 1, 2007, scheduled repeal of PIP. A veto of this bill may require action by and costs to insurance companies to notify policyholders and make addendums to their contracts, but will not affect the PIP coverage of Florida policyholders unless the Legislature fails to act during the 2007 session.

An extension of PIP no-fault insurance statutes without reform is not likely to lead to better results nor will the decisions be easier or more clear for a future Legislature. The issues listed in this letter, if addressed, would make PIP a more efficient system with potentially less reason for litigation. A reasonable fee and utilization schedule would seem to remove one of the primary points of disagreement which leads to legal action under the current system.

For these reasons, I withhold my approval of Committee Substitute for Committee Substitute for Committee Substitute for Committee Substitute for Senate Bill 2114 and do hereby veto the same.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeb Bush", written in a cursive style. The signature is positioned above the printed name "Jeb Bush".

Jeb Bush