



## Florida Sheriffs Association Position on Personal Injury Protection Insurance Fraud

The Florida Sheriffs Association (FSA) supports putting the brakes on Personal Injury Protection (PIP) Insurance Fraud. Over the years, despite good intentions, PIP fraud has increased premiums, number of claims, claims' severity and medical treatment for consumers. Since 2009, there has been a dramatic rise in questionable crashes. Undercover investigations have revealed that many participants in staged accidents were part of a larger group and that the staged crash was just the first step in the overall scheme. PIP fraud used to be an individual crime and now has become an organized crime. The Florida Sheriffs Association supports cracking down on PIP fraud for the following reasons:

### *Increased Crime*

As the amount of PIP fraud increases, so does the amount of related crimes that affect many others within the community. PIP fraud also brings along theft, providing false information to Law Enforcement, perjury, RICO, human smuggling, witness intimidation and money laundering.

### *Criminal Justice Resources*

Investigating these crimes is typically a lengthy process, requiring undercover operations, involving multiple law enforcement agencies, prosecutors, and courts. Significant resources are required to fight PIP fraud, which could be used to combat other pressing issues facing our state. Since 2009 Sheriffs' Offices have conducted numerous undercover investigations into PIP clinics and their organizations. These investigations are very costly, and man-power intensive due to the tight knit culture of these organizations.

### *Economic Impact*

Rates for PIP insurance, which all Florida drivers are required to carry, have increased by more than 60% in recent years. Some communities have seen rates double in the same time span. The amount of lawsuits related to PIP fraud has increased from roughly 4,000 to over 19,000. Compared to 2008, insurance companies are paying out close to one billion dollars in new claims. Money collected at the clinic level is typically laundered through billing and advertising companies, as well as house and land sales by the upper levels of these organizations. Much of the money is sent to other countries.

### **It's necessary to crack down on PIP fraud NOW to:**

- Assist law enforcement
- Streamline investigations
- Reduce crime
- Relieve Criminal Justice Resources
- Reduce economic impact on citizens

### **SOLUTION:**

- Allow reasonable investigations of suspected fraud
- Eliminate incentives for frivolous no-fault lawsuits
- Provide greater verification of medical clinics
- Prevent unnecessary medical treatment

