

REVENUE: No revenue impact

FISCAL: No fiscal impact

Action:	Do Pass
Vote:	5 - 0 - 2
Yeas:	Berger, Esquivel, Holvey, Rosenbaum, Schaufler
Nays:	0
Exc.:	Edwards C., Smith P.
Prepared By:	Theresa Van Winkle, Administrator
Meeting Dates:	5/9

WHAT THE MEASURE DOES: Clarifies that if a motor vehicle liability insurer does not request reimbursement for recovery of personal injury protection payments from the other insurer, the insurer may recover payments only through lien process or subrogation. Ensures that any costs or attorney fees the injured claimant incurs in connection with recovery are shared by the insurer who gets reimbursed.

ISSUES DISCUSSED:

- Provisions of the measure

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: When a policyholder makes a personal injury protection (PIP) claim for injuries suffered in an accident that was not their fault, their own insurance company pays their medical bills. The claimant's insurance company is then reimbursed from any settlement or recovery from the negligent or at-fault party. If insurance carriers do not collect directly from the other insurance company, the injured claimant may need to use an attorney to negotiate a settlement. In such cases, insurance carriers may be repaid the full amount of PIP from the settlement without having to pay the attorney fees for recovery made on the carrier's behalf. The attorney fee comes from the policyholder's settlement, even though part of the settlement went to the insurance carrier.

SB 255 A establishes that the only time an insurance carrier is not going to incur their proportionate share of expenses in recovering personal injury protection benefits is when an agreement for a direct reimbursement between two insurers takes place. By specifying that an insurer may only recover expenses by one of the three statutory methods (direct reimbursement, lien, or subrogation), SB 255 A ensures that any costs the injured person incurs in connection with recovery are shared by the insurer who gets reimbursed.