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DeSantis's reform success shows Hochul how reform works.

Florida's Insurance Lesson for New York

REVIEW & OUTLOOK

Who would have predicted that insurance reform would become a bipartisan cause du jour? Florida Gov. Ron DeSantis this week announced more auto and home insurance premium reductions thanks to legal reforms he championed. Lo and behold, New York Gov. Kathy Hochul is taking up the cause.

Auto premiums have increased 64% nationwide over the last five years as a result of inflation, more reckless driving and abuse of the legal system. But now premiums are falling in states that have eased burdensome insurance rules and taken steps to curb excessive litigation and fraud.

Consider the Sunshine State, which enacted a package of legal reforms in 2022 and 2023 that cracked down on unscrupulous medical providers who work with plaintiff attorneys to bilk insurers. In 2021 Florida insurers faced claims of \$7.8 billion in damages, versus \$2.4 billion in the other 49 states combined.

Mr. DeSantis said this week that several auto insurers have filed for premium reductions, including Progressive (-8%), State Farm (-10.1%), AAA (-15%) and USAA (-7%). State Farm has slashed premiums by 20% in total since 2024. Progressive said last fall it would refund policyholders \$1 billion.

Lower insurance costs for ride-share drivers are flowing through to their customers. Uber said this week that Florida riders have saved tens of millions of dollars thanks to the reforms, and that lower fares have increased demand for rides. Might Florida's successful reforms have inspired Ms. Hochul's reform push this week?

Crime syndicates and plaintiff attorneys have been raiding New York insurers by exploiting the state's no-fault rules, which let individuals claim damages for injuries and vehicle damage from their insurer regardless of who's to blame for an accident. Get this—a shooter can claim damages from his insurer if he gets into an accident while fleeing from a crime. The no-fault system has also been an invitation for fraud. Injuries are often faked or exaggerated. Unethical doctors bill insurers for expensive and unnecessary treatments. Ms. Hochul said 1,729 car crashes in 2023 were staged. American Transit Insurance Co., the state's largest insurer of for-hire, taxi and rideshare drivers, estimated that an astonishing 60% to 70% of the claims it processes each year are fraudulent.

Ms. Hochul wants to limit damages for individuals who are engaging in unlawful activity like drunk driving, as well as noneconomic payouts for drivers mostly at fault for an accident. She also proposed tightening the "serious injury" standard that courts use to determine damages for pain and suffering, which can result in jackpot awards.

She wants to give insurers more time to report fraud and investigate claims to avoid paying fraudulent ones. She put medical providers on alert that their licenses could be yanked if they are found to be trying to loot insurers. Her reforms are a good first step to reining in insurance abuse that has festered for all too long because trial lawyers control Albany.

Insurance reform needn't be a partisan issue. In 2019 Michigan's GOP Legislature and Democratic Gov. Gretchen Whitmer pared back their no-fault insurance regime. A state-commissioned report last month estimated the changes reduced auto premiums on average by \$357, adjusted for inflation, between 2019 and 2024.

Taking on the trial bar requires pluck, but it can also pay dividends. Mr. DeSantis has every reason to brag about them.