



Property Casualty Insurers
Association of America

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Jeffrey Junkas
Assistant Vice President, State Government Relations

October 23, 2018

The Honorable Tom Buford
The Honorable Bart Rowland
Co-Chairs, Interim Joint Committee on Banking and Insurance
Hearing at Kentucky Farm Bureau
9201 Bunsen Parkway
Louisville, KY 40220

RE: Auto Insurance/PIP Reform

Dear Chairs Buford and Rowland:

The Property Casualty Insurers Association of America (PCI) is a trade association representing nearly 1,000 property and casualty insurance companies that together in Kentucky write more than 48 percent of the state's auto insurance, over \$3 billion of premium. PCI respectfully submits the following comments regarding reforms to the state's auto market that could benefit consumers by lowering costs and improving competition.

PCI strongly supports efforts to help lower auto insurance costs by leveling the playing field for medical charges auto insurers pay compared to other systems; allowing transparency in medical billing for lawsuits; and providing for enhanced fact-gathering of accidents to root out PIP fraud. Enacting such commonsense cost containment measures ultimately benefits Kentucky consumers.

These reforms would include:

- A medical fee schedule, like those used in workers compensation or group health, to control spiraling medical costs. This way, the amounts charged for the same procedure at the same medical facility are not drastically different just because the patient is getting the procedure done for an auto related injury;
- Allowing the amounts paid in satisfaction of a medical bill be introduced into evidence for claims litigation, not just the amount billed. Essentially, jurors are only allowed to see the 'sticker price' for medical services when determining a judgement, not the actual amount accepted by the provider. This raises costs and skews the market;
- Providing for more efficient and increased use of independent medical exams (IMEs) and examinations under oath (EUOs) without forcing a company to petition a court to talk to their own customers. The process added millions of unnecessary costs ultimately borne by consumers; and
- Enhanced fraud detection and enforcement, such as allowing for information sharing between insurers and law enforcement to identify and pursue fraudsters.

PCI welcomes continued dialogue with your committee and other interested parties on these issues to hopefully enact meaningful reforms that control underlying costs to benefit consumers.

Please contact me directly at 847-553-3678 or via email at jeffrey.junkas@pciaa.net or our Kentucky counsel, Rusty Cress or Carl Breeding at 502-352-4612 or 502-352-4611, respectively, with any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeffrey Junkas", with a stylized flourish at the end.

Jeffrey Junkas

cc: Carl Breeding, Rusty Cress; Dinsmore & Shohl
Commissioner Nancy Atkins, Dept., of Insurance