Auto Casualty

The Hidden Risk in Third Party Claims Isn’t Regulation—It’s Execution

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Author profile image

Michele Hibbert

Senior Vice President, Regulatory Compliance Management

Author profile image

Dan Zemel

Director, Product Management

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Tom Kerr (TK): Regulatory changes can have a massive impact on the P&C industry, particularly when it comes to third-party claims that affect how adjusters and operations manage these challenges. In today’s Enlyte Envision podcast, we talk with Dan Zemel, director of product management, and Michele Hibbert, SVP, regulatory compliance management, on how payers can take proactive approaches to anticipate these changes and develop strategies to drive better outcomes.

Dan, you’re new to our Enlyte Envision podcast, so can you tell us a little about yourself?

Dan Zemel (DZ): Yeah, absolutely. Thanks, Tom. I had the honor of joining Enlyte recently after spending nearly 20 years in claims leadership across a couple of large carriers. My background is primarily in third-party casualty, including personal lines, auto, commercial general liability and recreational products.

Throughout my career, I’ve had the opportunity to work on organizational-level strategic initiatives alongside some truly fantastic people. And those experiences shaped how I think about solving problems at scale.

Now at Enlyte, I'm part of the product team driving our next generation of solutions, bringing that carrier perspective to how we innovate for the industry.

TK: Thanks, Dan. And Michele, let's talk about your area of expertise. Can you walk us through some of the top regulatory changes that have or could have the biggest impact on third-party claims management?

Michele Hibbert (MH): Yes, generally speaking, what we're seeing across the US, and some of this has been adopted and some of it hasn't, but, starting at the top, statute of limitation changes. We have states that have very long timelines, and more now are limiting it from, say, a four-year to a two-year timeline. And these initiatives are intended to not give enough time to do what is called "build-up cases" by plaintiffs. And it's also intended for the consumer to resolve their cases quickly.

There are also new negligence standards that are being adopted, it's called the 51% bar rule — basically, if a plaintiff is 51% more at fault they recover nothing.

And we're starting to see a lot of limits on medical damages. In other words, they have to be real. You have to have real medical bills submitted instead of a letter from an attorney stating what those medical bills are or summarizing them.

And so, the insurance company may actually look at real material to adjudicate the claim, and that's probably one of the biggest changes that we're seeing across the country. And, of course, we're also seeing things like bad faith reform put in some of these bills and attorney fee changes. Runaway fees will not be allowed in the future in a lot of these states.

TK: OK. Great information. And among those, Michele, have been changes to Florida regulations recently. Can you talk about that as well?

MH: Yeah, so that was state HB 837, a major legal reform bill that came about in 2024. I think most of what I said is really what we would call model legislation in the state of Florida that's being templated and used in many states.

For example, in Kentucky, there's a new legal reform bill that was just passed by the House and Senate, SB195. In 2025, Georgia was very successful in getting legal reform bills SB 68 and 69 passed, which Enlyte assisted with. And they were very thoughtful in Georgia by doing a study bill and looking at data. And Enlyte provided a lot of empirical data for them to look at what providers are charging, so they could really focus on that part of the claim.

Today, there are probably six or seven other states, other than Kentucky, which have what we call "civil remedies." I hate to bucket it as tort reform because that's just a big, ambiguous thing to say, but all in all, there's probably about six to eight states right now that have these bills in the legislature that are very much like Florida.

TK: OK. And with that, Dan, when we look at Florida and look back, what were some of the challenges in making sure systems could keep up with some of those requirements from the new regulations?

DZ: Yeah, so when we look at large-scale reform such as the Florida bill, there were really multiple changes, from comparative negligence, letters of protection, things like that.

In concert with the treatment, clinical, and coding insights that our solutions at Enlyte provide to the adjuster, the changes coming from that bill that impact the day-to-day products at Enlyte were really focused on pricing elements themselves, such as adjusting fee schedules and bringing forward Medicare pricing.

Due to our broad scope of solutions that include work comp and PIP/MedPay, we actually already had these fee schedules and pricing mechanisms built into our systems. Therefore, the challenge was really less in the system implementation and more focused on aligning directly with our customers on their preferred path forward through all of the specifics within the pricing changes themselves.

So, as we benefit from having all of these pricing options ready to go ahead of time, it is a simple implementation and changing carrier-specific settings, making the overall transition much less impactful.

TK: But I guess that wasn't true for everyone, right? There were those that weren't quite as prepared as Enlyte was where there had to be manual workarounds. What are the downstream impacts of relying on manual workarounds, both in terms of cost and customer experience?

DZ: In instances of large regulatory impacts, our customers really rely on us for insight and guidance in order to make effective and timely changes. Absent our ability to do this, the adjusters and frontline leaders would be left to work through this workflow independently.

And really, Tom, the role of the adjuster and frontline leader is so complex as it is between balancing best practices and standard processes, addressing claims across multiple state lines, dealing with claimant attorneys, and so forth.

The regulatory compliance element, especially in a state of change, just adds to that complexity. If an adjuster is unable to rely on their day-to-day evaluation solution to aid them in the proper fee schedules and pricing standards, their manual workaround has multiple implications.

For one, it's inefficient. They need to seek the information on their own, which they potentially won't do. And if they did, it would take them off course into a less critical thinking and more of an admin mindset.

And then secondly, there is, even temporarily, a risk of a governance gap in the approach taken by the adjuster from a pricing standpoint, and that can aggregate at scale and lead to potentially inaccurate downstream financial reporting. As we know, this has the potential of impacting underwriting profitability, which ultimately does impact the consumer.

TK: And, when the Florida regulations passed, how did Enlyte ensure issues, such as not having to deal with manual workarounds, etc., were addressed?

MH: One of the elements in that Florida bill on tort reform and civil remedies was that if the insurance company didn't have anything from the plaintiff to look at as far as a benchmark for what to pay — like you don't know what they paid, they're not supplying it, which is typical — you can now use Medicare at a percent.

And Enlyte already had Medicare in our database. It was literally a flip of a switch for us to turn it from first party. Medicare is what we use in Florida right now to pay first-party claims. We could flip the coverage over into third party and utilize it there, so it was literally overnight, within 24 hours.

And looking at even things outside of that, I was on a Kentucky call this morning, and the workers' comp fee schedule is likely going to be used in PIP, which means it will also be used in third-party. Well, guess what? We have the Kentucky fee schedules already in our platforms. It is literally just testing that needs to occur, and we will be able to meet or exceed July 1st, 2026, implementation if that continues to pass through the legislature, but we'll have that up and running in July. Whereas before, it would have taken us over a year to develop.

(Update: Kentucky Auto Personal Injury Protection (PIP) was enacted soon after this podcast was recorded)

DZ: Yeah. I think we take a similar approach to all of these changes across the board. And our approach is really to act on a philosophy of being aware, involved, and engaged early and often. And this applies both to regulatory bodies as well as our customers, participating in conversations from the beginning.

Led by Michele's team and in partnership with our product teams, we really ensure that we have internal awareness and understanding of potential and actual changes. And that simultaneously, we ensure our customers have that same level of awareness for their own actions and preparations.

Additionally, the scale of our data and our product options allow us to effectively forecast the impact and better inform a carrier's interpretation and decisions ahead of time.

TK: OK, so let me put this question out there: if Enlyte did not have those processes in place, what would have or could have happened?

MH: Well, I would say in the bill review application, imagine implementing a Medicare fee schedule in a place that's never had it before. It'd have been a year out, and there would've been workarounds, like you suggested earlier in the previous question.

And just imagine that type of manual work and manual labor that would have to occur. Whereas now, that is not the case at all. It's just a normal port of an operation.

DZ: I think to Michele's point, from a workaround perspective, it's really two components.

One is, if the system that an adjuster relies upon doesn't have a Medicare website on their own where they can plug in procedure codes and find the appropriate price, it'll take a manual workaround for the adjuster. And I alluded to that in my answer earlier.

And then from a company perspective, like Enlyte or competitors, if you don't have that database in there, it's extra, really fast-paced work probably to try to find that information to build an entire database first off, which then can feed your bill review engines that your customers rely upon, right?

And so, since Medicare pricing was proprietary for Enlyte a few years ago, we were already in a position to be able to, with agility, adjust and flip that switch so the Medicare pricing database was available for the entire state of Florida and for all customers within that space.

MH: And what Dan is saying, too, is very poignant. I mean, we want adjusters to adjust claims. We don't want them sitting there looking up codes on a Medicare site. We really want them to spend the time doing the thing that they do best and what they're paid to do. So, that's really our focus, to eliminate the extra unnecessary steps.

TK: And Michele, you addressed this early on. It seems that Florida isn't a one-off and we're likely to see similar regulatory shifts in other states. Can you talk about how this could be something that adjusters and payers will have to deal with down the line?

MH: I sure can. One of the most problematic states we have is Texas. Georgia was at the top of the list, needing reform, especially with civil remedies and looking at real medical bills, but Texas is really next on the list.

And there's a lot of work going into bills like SB 30, which Dan alluded to earlier. Letters of protection (agreements about future payment from lawsuit proceeds) are included in that, analyzing the paid amount versus the billed amount — the real charges that we talked about in HB 837 in Florida.

There's also more happening in Florida on the third-party front. They are really going at it on the third-party litigation funding side. There's probably about 30 bills across the US and federal legislation that's addressing third-party litigation funding. And really, the bottom line on that is transparency.

The insurance companies want to know if the litigation is being funded — if it's being funded by the plaintiff, it's being funded by a financing company — because that's important to them to understand where these cases are going to go.

South Carolina is also looking at Florida. I don't believe they've formulated a bill yet, but it's coming. And of all states, Louisiana has been very difficult for insurance companies trying to work out and negotiate with the plaintiff on demands and/or work on the third-party claim. However, we're seeing a lot of transparency in the legislature there, and they plan on also putting together reforms in that state.

So, all in all, it's a good thing, and it's nice to see the bipartisan effort in these legislatures working together to try and get these good and sensible laws passed.

TK: Well, that's great. And, you know, when you look at this, Dan, there are a lot of states Michele mentioned who are looking to change regulations. So how is it like preparing for these shifts to help ensure that claims management runs smoothly throughout the process?

DZ: Yeah, Michele clearly has a very comprehensive viewpoint and knowledge on all these upcoming and potential changes. And that really starts to drive a lot of the conversations internally at Enlyte, to ensure all of our teams are aware ahead of time and are in a position to ensure our products and our solutions are prepared for it.

As it relates to an external approach, as I noted earlier, the role of an adjuster and a frontline leader is complex and really the hardest, most important roles in a claims organization. And the carrier's responsibility is to create and implement best practices, really standard processes, and regulatory compliance guidance. And it's the responsibility of the adjuster and the leader to execute on these.

Enlyte's approach is to understand the needs of each of these groups. And to speak to the adjuster impact specifically, Enlyte emphasizes partnership and timely engagement. So, Michele's team hosts webinars and Q&A sessions for Enlyte clients. They provide material directly to these groups and organizations as well. This ensures that there's front-end understanding at the start of change navigation. And through that, we aim to ensure claims leadership has the ability and the knowledge to reinforce those changes accordingly.

In addition, we continuously engage and partner throughout that change process, both at the adjuster level through the methods I spoke to and at the carrier level from an ongoing data and analytics perspective, preparing for and reflecting on trends and storylines that the data is telling us.

MH: I think, too, the ability to use new technology. We look at artificial intelligence as a technology platform for us, and less of a decision-maker, because we do have humans in the loop from start to finish.

But it is a meaningful technology to use when you're trying to find, amongst all of these different fees, something for an adjuster to work with and present that to them.

It's interesting to see the partnership that we are forming between the various groups, even internally in Enlyte, because obviously, regulatory, legislative compliance is very important to our company in distribution of our products.

And we look at it very differently than a lot of other companies do. We look at it as an enabler. How can we use compliance and regulatory and legislative changes in an effectual way that can drive the products that we provide to our customers in a positive way?

Regulatory is not looked at as a negative, like, “Oh my gosh, you can’t do this. You can’t do that.” Some companies look at regulatory like it’s a prohibitive place to be in this kind of partnership, but we look at it really differently.

It’s like, how can we use the system to produce a product that is compliant versus how can we not do it? And so, it’s been very interesting over time to work with that type of culture here.