



Why Florida Home Insurance Reform Is A Must For 2018

Skyrocketing rates resulting from Assignment of Benefits (AOB) abuses making homeownership in our state unaffordable



For most Floridians, their home is their largest investment. Recent newspaper and television stories have detailed Assignment of Benefits (AOB) abuses in our state, where self-serving attorneys and restoration contractors take advantage of unsuspecting homeowners by persuading them to sign over the rights to their insurance policies. Frequently, homeowners are faced with unnecessary repairs at inflated costs, and sometimes getting involved in litigation they may know nothing about.

The expense of skyrocketing AOB claims has driven up property insurance rates to policyholders. As a result, many homeowners are experiencing sticker shock at policy renewal time, and they are not happy. Some have even decided to go without insurance while others are being forced to sell their homes because they can't afford the double-digit premium increases.

It's simple math. According to Florida's former Chief Financial Officer Jeff Atwater, AOB-related property insurance claims in Florida skyrocketed from 843 in 2010, to a whopping 28,000 in 2016. And the

problem continues to escalate with average water claims doubling when compared to just a few years ago. There's no other explanation for this. Did tens of thousands of homes suddenly experience plumbing leaks overnight -- or are assignment of benefits cases easy pickings for plaintiff lawyers, public adjusters and contractors?

One key factor is Florida's one-way attorneys' fee law. Originally intended to allow policyholders to collect their legal costs, the law is now being abused by a handful of contractors and their lawyers who seize control of these special homeowner rights and use them to pad their own pockets.



Let's stop the fraud and abuse and encourage the Florida Legislature to reform the system, while preserving homeowner rights and helping to control costs.

We welcome you to examine the compelling trends outlined inside this AOB information piece.



	Insurance Company	AOB Without Litigation	AOB With Litigation	Public Adjustor (P.A.)
Initial contact	H.O. calls Ins. Co. or agent	H.O. contacts plumber, water mitigation company, roofer directly or they are contacted directly by contractor	H.O. contacts law firm or is visited by "Loss Consultant" (L.C.) who refers case	H.O. contacts public adjuster or P.A. reaches out to H.O.
Average number of days before insurance company is contacted to report claim	24 days	More than 30 days, sometimes even 60 or 90 days before contractor notifies insurance company	More than 30 days	More than 30 days
What happens next	Field adjustor is assigned claim and H.O. is contacted to set up inspection (24-48 hours) Report is made and claim documented; claim is processed and closed; check sent to H.O.	Contractor visits H.O. and arranges to perform mitigation work Emergency work performed and sometimes other contractors are brought in for repairs and construction before insurance company is ever notified When the insurance company finally does get to see the claim they are faced with an after the fact set of charges and a P.A. scope of loss, by this time it may be months after the claim occurrence	L.C. recommends one or more attorneys and contractor for mitigation, if needed Demand letter sent to insurance company If charges are reasonable, insurance company settles and sends check If no agreement, lawsuit gets filed Claim is either settled or litigated with insurance company paying attorney's fees for both itself and plaintiff Either case is settled or it goes to trial, mediation where it is decided	P.A. visits H.O., signs contract, inspects premises and recommends emergency contractor, if needed Emergency work performed and sometimes other contractors are brought in for repairs and construction before insurance company is ever notified Report and estimate are prepared and submitted to insurance company If charges are reasonable, insurance company settles and sends check If not, negotiations occur If agreement, check is issued and claim closed If no agreement, lawsuit is filed Insurance company pays attorney's fees for both itself and plaintiff Either case is settled or it goes to trial, mediation where it is decided
Consumer protections	Ins. Co. is bound by the Consumer Bill of Rights to contact the insured in a specific amount of time	Since there is an AOB that does not obligate the assignee to comply with the policy (it just assigns the benefits), the Ins. Co. is unable to do an evaluation of all of the circumstances	Letter of engagement/ agreement with the attorney/law firm	Contract with the P.A.
Repairs and reconstruction	H.O. may or may not make repairs	H.O. may or may not make repairs	H.O. may or may not make repairs	H.O. may or may not make repairs
Cost to homeowner (H.O.)	Deductible	Deductible	Deductible and up to 33% of proceeds	Deductible plus 10-20% of proceeds
Average number of days to close out claim	14-45 days	~250 days	~250 days	~250 days
Other costs to the system			When Ins. Co. attempts to settle the claim, parties normally refuse any compromise because they have a one way attorney's fee advantage Attorneys have incentive not to settle and run up their hours; also opportunity for multiplier on damages	Lawsuits frequently occur
Average cost differential of claim			Ins. Co. pays one-way legal fees, which can be astronomical	Ins. Co. pays one-way legal fees, which can be astronomical



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