

# Assignment of Benefits Reform

June 19, 2019

Florida lawmakers concluded the 2019 Legislative Session after passing [HB 7065](#), which provides meaningful reforms that will help Citizens reduce unnecessary litigation and assignment of benefits (AOB) abuse that are driving up rates for policyholders.

The bill, signed by Gov. DeSantis on May 23, and effective for assignment agreements (commonly referred to as AOB contracts) entered into on or after July 1, 2019, places limits and requirements on AOB assignees, such as contractors, roofers and water mitigation companies, and establishes requirements for insurers for claims that involve assignment agreements. Below are some of the important aspects of the legislation.

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## Assignment Agreements

- Must be in writing and signed by assignor (the person, normally the policyholder, who assigns post-loss benefits) and the assignee
- Must include various provisions, including a provision that allows the assignor to rescind the assignment agreement without a penalty or fee by providing the assignee with a signed, written notice of rescission within specified timeframes
- Must include an itemized per-unit cost estimate of services to be performed

For policyholders who have elected to participate in Citizens' [Managed Repair Contractor Network Program](#), such assignment agreements do not modify or eliminate any term, condition or defense relating to the managed repair arrangement.

New duties also are established for assignees and insurers.

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## Lawsuits Related to Assignment Agreements

For lawsuits related to Assignment agreements, the legislation:

- Eliminates use of the one-way attorney fee statute in awarding fees to assignees
- Provides for a reasonable attorney fee award to the insurer, the assignee or neither party based on the percentage difference between the judgment obtained by the assignee and the insurer's presuit settlement offer

The legislation also bars Citizens from implementing rate changes in 2019 for *Citizens Homeowners 3 – Special Form* (CIT HO-3) and *Dwelling Property 3 – Special Form* (CIT DP-3) policies unless the rate filing reflects projected rate savings from the legislation. Citizens also is required to inform policyholders of projected rate savings. Look for more details about the postponed September 2019 rate changes later this year.

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## Policyholder Communications

Citizens will mail all current policyholders a [letter](#) in a staggered basis until June 30 that outlines the new rules for AOB agreements. We'll also mail it to new policyholders on a monthly basis until our policy packets can be updated with new policy forms.

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## Resources

Agents and the public can [Search Frequently Asked Questions](#) for more information. Agents should log in to access agent-level information. Enter *AOB* in the *Search* field.

Citizens currently is updating its website and brochures with information about AOB reform. Look for updates in July.

Citizens will share more AOB information as it becomes available.

If you have any questions about AOB, reply to this email, call the Customer Care Center at 888.685.1555 or log into the *Agents* site and complete the form on the [Contact Us](#) page, choosing *Other* on the *Topic* drop-down menu.

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