

Assignment of Benefits Awareness

March 23, 2017

Rising water claims, assignment of benefit (AOB) abuse and litigation are destabilizing the Florida property insurance market and threaten to reverse the progress made by Citizens to provide rate decreases to its policyholders. Misuse of the one-way attorney fee provision and the accompanying AOB litigation is driving up the cost of insurance and threatening the affordability of home ownership for many Floridians. A [report](#) issued by the Florida Justice Reform Institute found that between 2010 and 2016, the total number of AOB lawsuits increased from 25,214 to 100,087.

An [AOB](#) is a contract between a policyholder and a third party, such as a roofer or a contractor, giving the third party the right to deal directly with the policyholder's insurance company and receive payment for the claim.

Some third parties are telling policyholders that work only can begin if they sign an AOB. Should a policyholder sign an AOB, they need to be aware of the following:

- They have limited authority to deal with their insurance company directly.
- They have little or no say over the type or extent of the work performed.
- They have little or no say over the settlement payment.
- The service provider could put a lien on the property for unpaid services.
- They cannot comparison shop for the best quality and price.
- They have limited recourse when the service provider has inflated the claim or misrepresented damage and repairs.
- They cannot withhold payment if they are unsatisfied with the quality of work.

In many cases, third parties are filing inflated claims and lawsuits against insurance companies over claims without the policyholder's knowledge. Without legislative action, Citizens and private insurance companies will have little choice but to request higher rate hikes. This situation is especially troublesome for low and moderate income policyholders, who are least able to afford it. Citizens' policy count could begin to swell as private insurance companies exit regions of the state.

Citizens' agents can help curb AOB abuse and keep rates stable. Help your customers understand the importance of calling [Citizens First](#) as soon as they know or suspect they have damage. Citizens is available 24/7 to take calls at 866.411.2742.

Citizens also has an AOB brochure under *Brochures* in the *Learning* section of its website. This brochure, available in [English](#) and [Spanish](#), includes important information about AOBs and Citizens' loss reporting and repair requirements. Agents can order printed brochures by emailing [Sara Golding](#) with the quantity needed, language preference and mailing address.

To increase AOB awareness with policyholders, Citizens soon will send an [email](#) to *Citizens Homeowners 3 – Special Form* (CIT HO-3), *Citizens Homeowners 6 – Unit-Owners Form* (CIT HO-6) and *Dwelling Property 3 – Special Form* (CIT DP-3) policyholders in Broward, Miami-Dade and Palm Beach counties.

For more information about how Florida can protect its homeowners from rising rates, visit the [Consumer Protection Coalition](#).

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