

# Assignment of Benefits


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# What is an AOB?

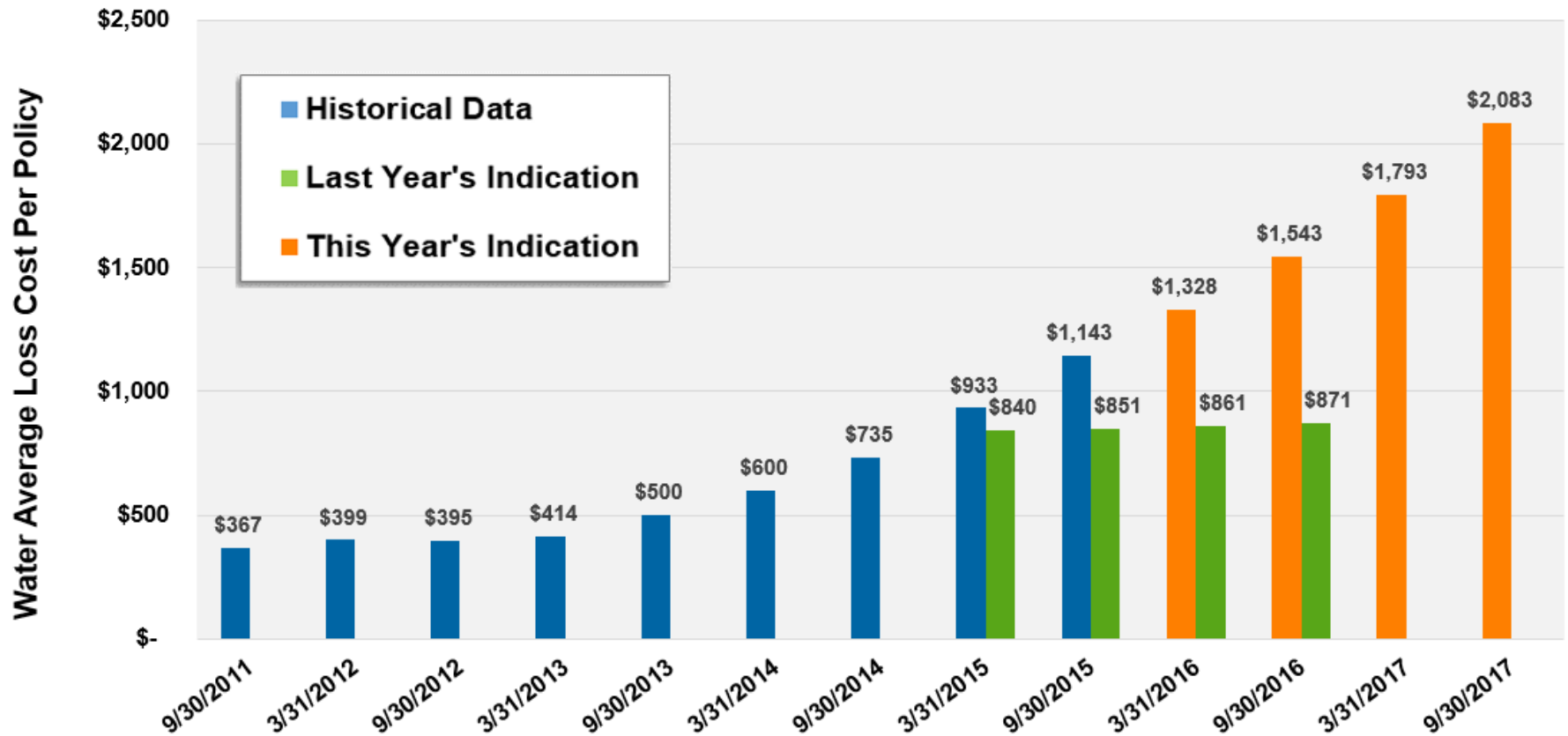


**Citizens is working to educate policyholders and stakeholders about assignment of benefits (AOB).**

An AOB is a contract between the homeowner and a third party, giving them the right to deal directly with the insurance company and receive payment for the claim.

Homeowners who sign AOB contracts may have their rights and benefits transferred to the third party, which then has control of the claim and any payments.

# Water Loss Trends Drive Higher Rate Needs Across Florida

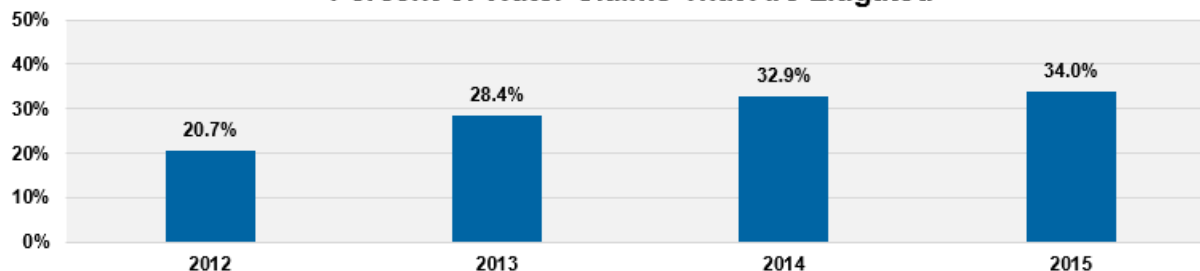


## NOTES:

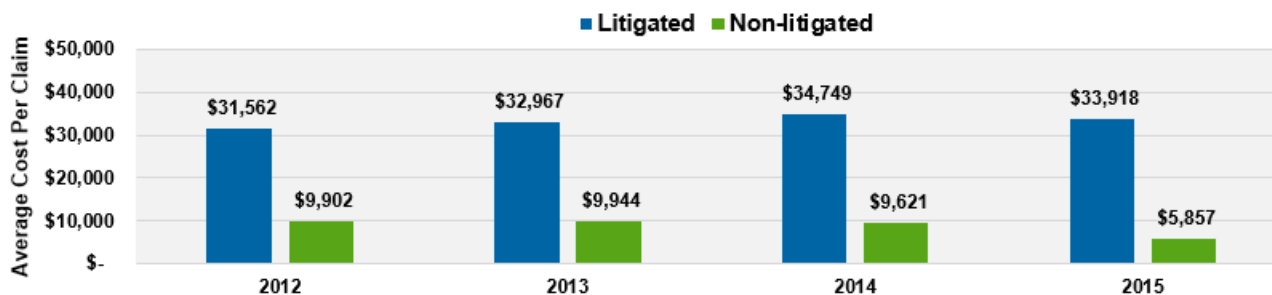
- 1) Figure above shows the average annual loss cost per policy due to water peril for Homeowners policies
- 2) Last Year's Indication uses the 2.4% all other peril loss trend filed last year
- 3) This Year's Indication uses the 35.0% water loss trend filed this year

# Root Causes of Litigation and AOB Continue to Drive Cost Trends

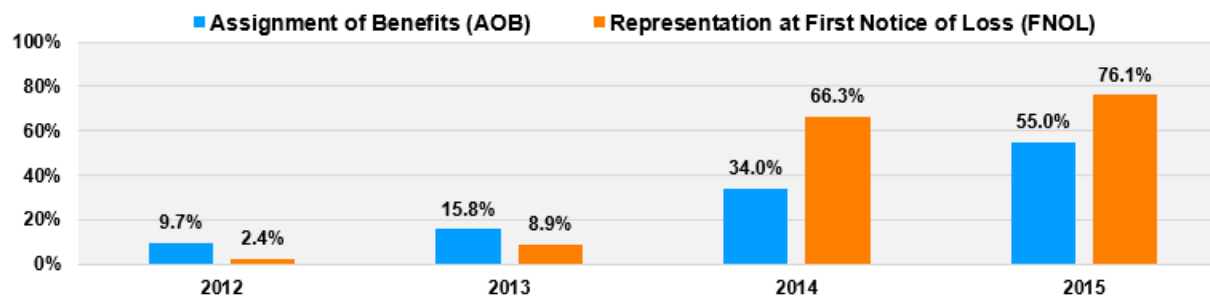
**Percent of Water Claims That Are Litigated**



**Severity of Litigated vs. Non-litigated Water Claims**



**Percent of Litigated Water Claims with AOB or Representation at FNOL**



**NOTES:**

- 1) Claims data is based on non-weather related water claims by report year for Homeowners policies
- 2) Severity of litigated and non-litigated claims are based on undeveloped report year incurred loss and allocated loss adjustment expense (ALAE)

## Acuity Lawsuits (Matters) By Top 10 Opposing Counsel January 2014 through August 2016

Water Lawsuits					
	2014	2015	2016	Grand Total*	% of Total
Strems Law Firm, P.A.	768	528	419	1,715	10%
Morgan Law Group, P.A.	382	307	180	869	5%
Militzok & Levy, P.A.	305	254	224	783	5%
Marin, Eljaiek & Lopez, PL	317	229	188	734	4%
Trujillo Vargas Ortiz & Gonzalez, LLP	278	259	158	695	4%
Kenneth R. Duboff, P.A. (Duboff Law Fir	273	170	196	639	4%
The Cardenas Law Group, P.A.	271	167	94	532	3%
Cohen Battisti & Grossman, P.A.	201	201	59	461	3%
Mineo Salcedo Law Firm, P.A.	172	120	151	443	3%
Law Offices of Leo A. Manzanilla, P.A.	258	123	9	390	2%
<b>Grand Total**</b>	<b>6,540</b>	<b>5,713</b>	<b>5,007</b>	<b>17,260</b>	<b>100%</b>

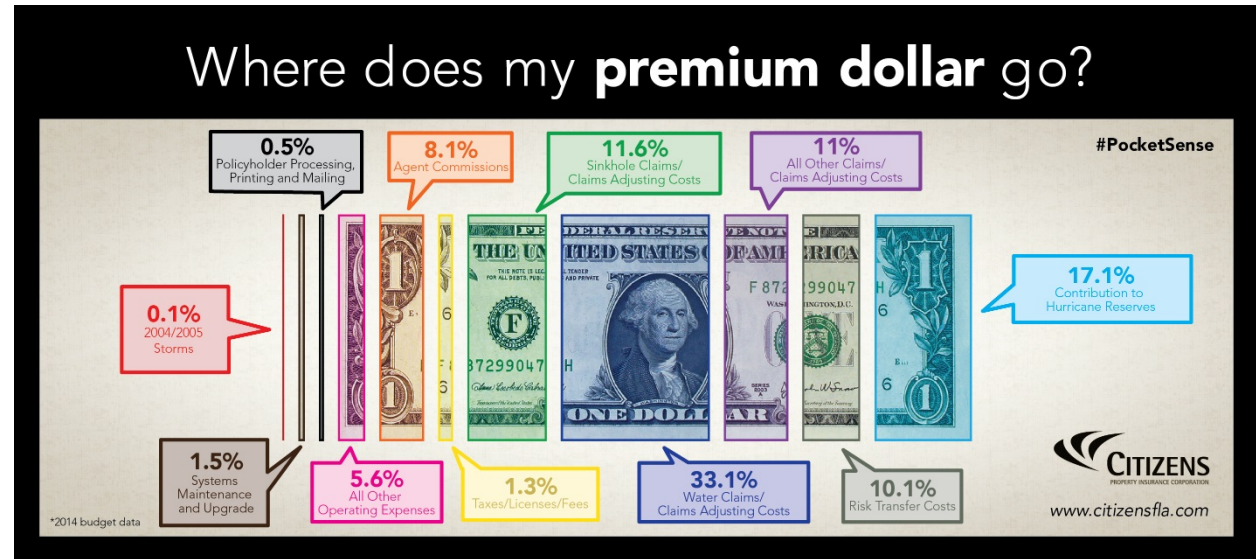
## Acuity Lawsuits (Matters) By Top 10 Opposing Counsel January 2014 through August 2016

AOB Lawsuits					
	2014	2015	2016	Grand Total*	% of Total
Cohen Battisti & Grossman, P.A.	252	240	67	559	13%
Trujillo Vargas Ortiz & Gonzalez, LLP	105	89	104	298	7%
Mineo Salcedo Law Firm, P.A.	57	84	116	257	6%
Marin, Eljaiek & Lopez, PL	118	26	69	213	5%
MAS Collections, LLC	27	106	77	210	5%
The Diener Firm, P.A.	17	46	103	166	4%
Militzok & Levy, P.A.	22	60	61	143	3%
Consumer Law Office, P.A.	54	15	73	142	3%
The Gilchrist Law Firm P.A.		50	92	142	3%
Law Offices of Michael Biberman, P.A.	55	64	1	120	3%
<b>Grand Total**</b>	<b>1,066</b>	<b>1,264</b>	<b>2,092</b>	<b>4,422</b>	<b>100%</b>

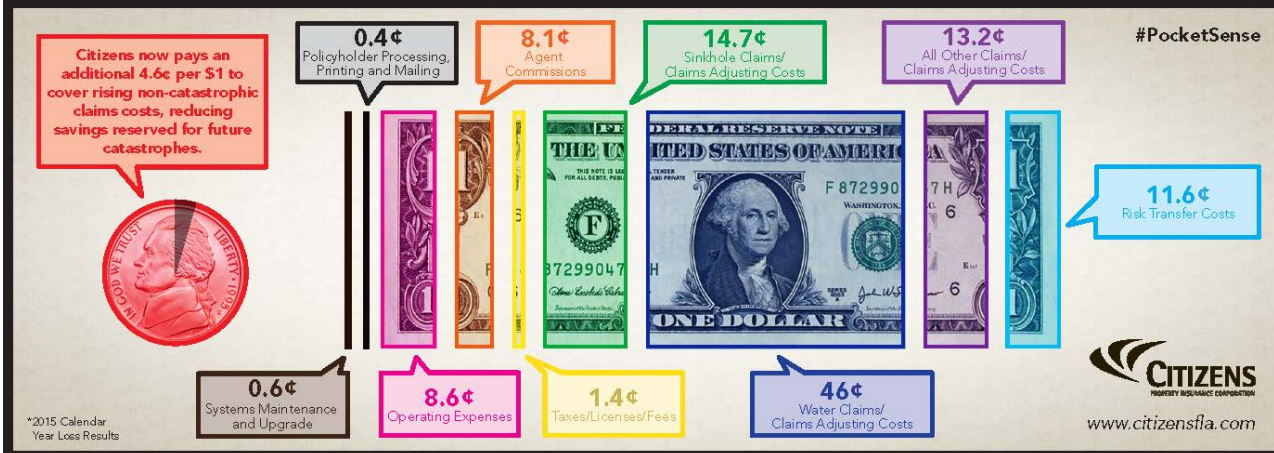


# Threats to Financial Strength - Statewide

2014



Where does my **premium dollar** go?

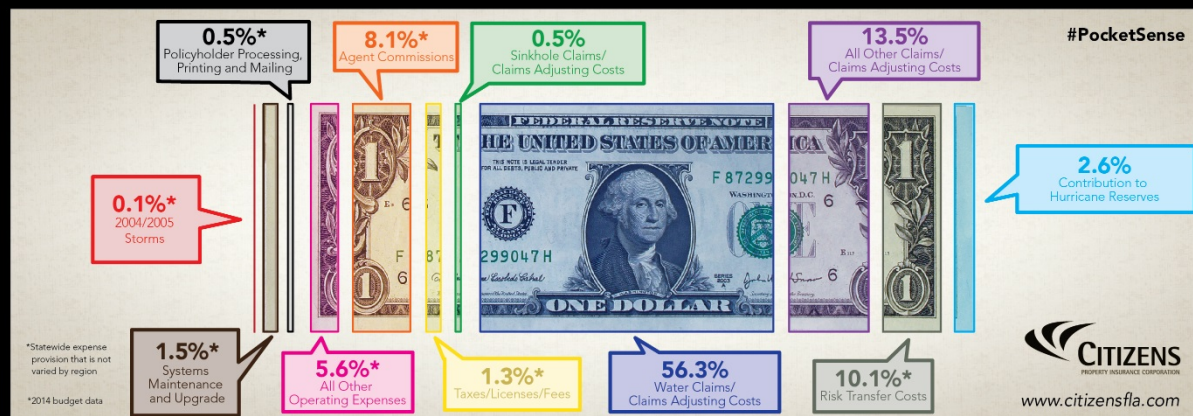


2015

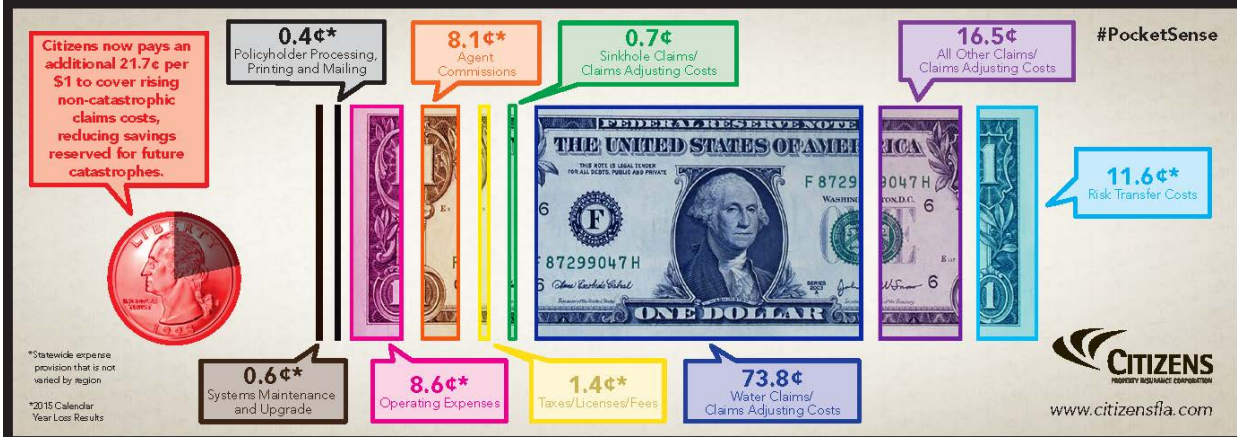
# Threats to Financial Strength – Miami-Dade

2014

## Miami-Dade: Where does my premium dollar go?



## Miami-Dade: Where does my premium dollar go?

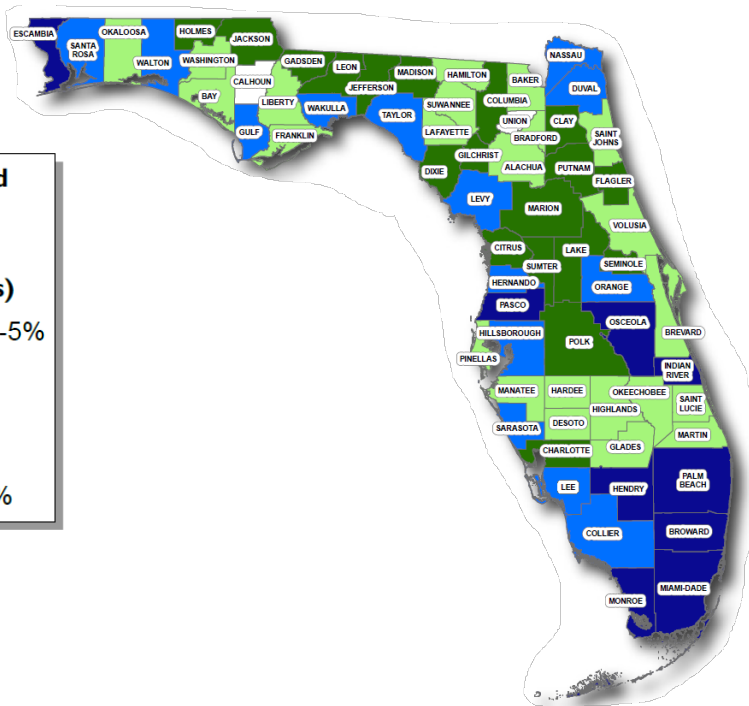


2015

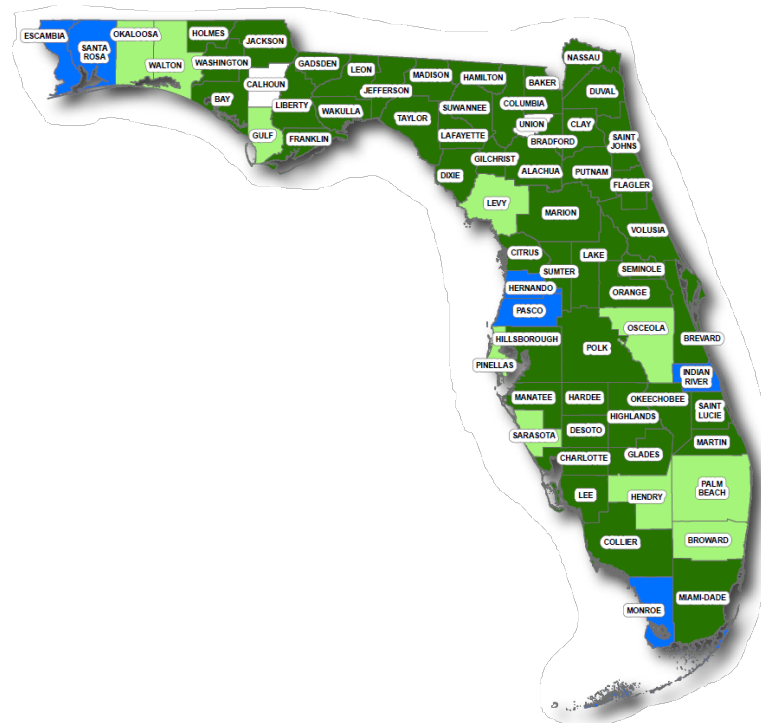


# Spike in Water Trends

**Water Loss Trend at Current Level**  
Multi-Peril HO3 County Average Rate Changes



**Water Loss Trends at pre-2013 Levels**  
Multi-Peril HO3 County Average Rate Changes



## Water Loss Levels

## Number of HO3 Rate Decreases in 2017

Pre-2013 Base Trend

103,000 out of 142,000

2017 Indication

23,000 out of 142,000

### NOTES:

- 1) Percentage of rate change is the average rate change within a given county
- 2) Policy holders within a given county can see a rate change between -10% and 10% excluding effects of the FHCF build-up pass through

- Percentage of litigated claims with AOB 46.9% (in 2015) up from 9.6% in 2012
- AOB doubles the severity of non-litigated claims
- Litigation then doubles the severity of already inflated non-litigated claims
- Litigation triples the severity of non-AOB claims
- Tri-County non-litigated claims with AOB cost 74% more than with no AOB; 116% more in the rest of the state
- Percentage of claims reported with representation at First Notice of Loss (FNOL) Tri-County 90%; rest of the state 27.3%
- Percentage of claims in litigation with representation at FNOL – Tri-County 90%; rest of the state 27.3%
- Average water claim reported 33 days after event
- A recent ARTSSI report showed that AOB utilization was more prevalent on claims from newer homes than from older homes.

- Public outreach and education
- Product changes
- Managed Repair/Emergency Services
- Legislative solutions



Insurance Claims Storms Learning News About Us

Have a Claim? Call 866.411.2742  
**Call Citizens First**

Claims Call Citizens First Spotlight

Call Citizens First  
Call Citizens First FAQs

Report a Claim  
Catastrophe Claims  
Sinkhole Claims  
After a Loss  
Insurance Fraud

Personal Commercial Programs Training News myAgency

**Policy Changes**  
Personal Lines Claims

Programs Call Citizens First Spotlight

Call Citizens First  
Call Citizens First FAQs

Agents / Programs / Call Citizens First

Policyholder safety is Citizens' first priority. If your customer's home is damaged, make sure they are safe and their property is secure. Advise them not to enter their home if the property is unsafe.

**Report a Claim**  
You can report a claim on behalf of your customer, as soon as they notify you of any damage, by calling Citizens' toll-free claims hotline or reporting a claim through PolicyCenter.

Important policy contract changes affect payment for emergency measures and permanent repairs following a loss. All new and renewing HO-3, HO-6 and DP-3 policies are affected.

Learn what is changing.  
**General Information**  
Brochure: Reporting a Claim in 4 Easy Steps

**Call Citizens First**  
**866.411.2742**  
24/7 to report a claim  
Llame a Citizens primero 24 horas/7 días a la semana para reportar un reclamo

Pipes

Storms

Water

Fire

**Call Citizens First**

Your safety is Citizens' first priority. Make sure you and your family are safe and your property is secure. If your property is unsafe, do not try to enter your home. You can report a claim to Citizens 24/7, even before you know the full extent of damage. There is no cost to report a claim. Citizens will work with you to make sure any covered damage is repaired quickly and correctly.

**Call Citizens First**  
**866.411.2742**  
24 hours a day, seven days a week

postage info here

**866.411.2742**

**Call Citizens First**

Customers can report a claim 24/7 with Citizens' toll-free Claims hotline  
**866.411.2742**

**CITIZENS**  
PROPERTY INSURANCE CORPORATION

**Comuníquese con Citizens Primero**

Los clientes pueden reportar un reclamo las 24 horas al día, los 7 días de la semana llamando a la línea directa de reclamos gratuita de Citizens al  
**866.411.2742**

**CITIZENS**  
PROPERTY INSURANCE CORPORATION

**Call Citizens First**

Don't wait to report your claim. We're available 24/7 at 866.411.2742.

**Reporting a Claim in Four Easy Steps**

**4**

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**Reportando un Reclamo en Cuatro Pasos Fáciles**

**4**

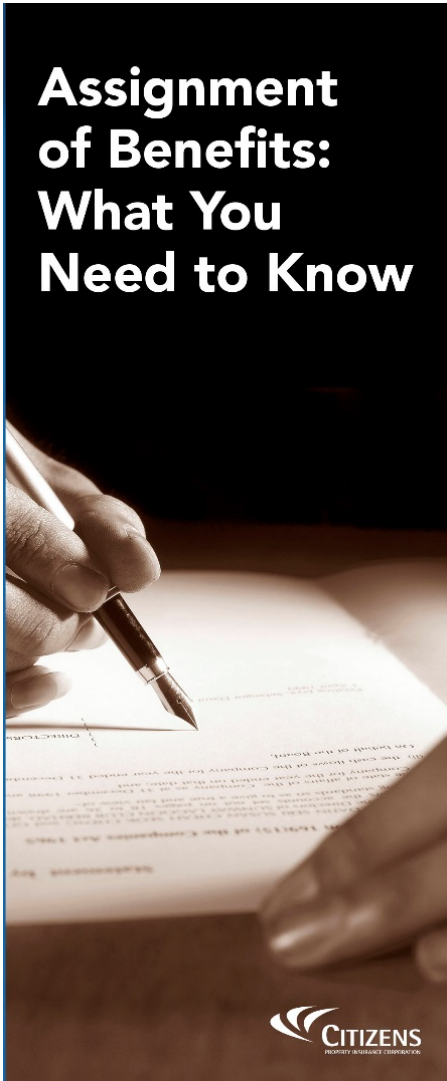
**CITIZENS**  
PROPERTY INSURANCE CORPORATION



## Assignment of Benefits: What You Need to Know

All personal lines policies will receive brochure inserts with new and renewal policies that review how to report a claim and AOB basics.

Brochures are available in both English and Spanish on our website in the Learning section: [www.citizensfla.com/learning](http://www.citizensfla.com/learning).



- AOB reform is Citizens' top legislative priority for 2017
- Citizens will continue working with the Consumer Protection Coalition
- Specifically, Citizens' legislative strategy includes:
  - Prohibiting vendors working under an assignment of benefits (or any variation) from seeking fees under the one-way attorney fee statute;
  - Creating statutory standards for an assignment of benefits to be valid; and
  - Support efforts to license and regulate water damage restorers and/or the adoption of standards of practice for water damage mitigation in Florida.