

Executive Summary

Committee Meeting, March 23, 2017
Board of Governors Meeting, March 29, 2017

Assignment of Benefits

Are You on the Hook?

Florida property insurance policyholders increasingly are being asked to pay higher insurance premiums driven by litigation and higher claims brought about by the use and abuse of assignment of benefits (AOB).

Citizens is working cooperatively with the Florida Office of Insurance Regulation (OIR) and residential insurers to address the impact AOB abuses have on household budgets, the availability of insurance coverage, and the Florida economy.

Consumers need to be educated on what an assignment of benefit is and when it is offered, informed about the potential for fraudulent activity, and made aware of how issues within the AOB process drive up rates, promotes litigation and cause delays in claim resolution.

The 2017 Legislative Session provides Citizens and other stakeholders with a critical opportunity to tackle a number of the most pressing concerns impacting the market that were not addressed by recent policy contract changes. Preserving the progress made in the Florida property insurance market during the past 10 years and putting a stop to the continued abuses will take clear messaging, a direct connection to the cause and a cooperative effort between the industry and regulators.

Many Florida homeowners are unclear on what an AOB is and who is affected by AOB-driven losses. Early efforts have been successful in raising awareness, but, additional work is needed to connect the AOB practice with increased premiums caused by greater losses.

Consumers need to be aware of what conditions lead up to an AOB opportunity and how one call or agreement can cut them out of the claims process. Building on the understanding of the fundamental issue at hand provides depth and context to the situation driving up rates for many Floridians.

The coordinated messaging of *Call Citizens First* and AOB education has been effective in sparking interest of the issue facing the Florida insurance market by encouraging customers and agents to make Citizens their first call when they have a potential claim. From the very start, Citizens is able to guide customers through the claims process and partner for a successful resolution.

Recent project launches have been instrumental in synchronizing established messaging with industry efforts. Highlights include:

- The publication of an informational brochure for Citizens customers on AOB titled [Assignment of Benefits: What You Need to Know](#). The brochure reviews what an AOB

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is, what happens when an AOB is signed, likely scenarios where they might encounter AOBs, potential pitfalls, associated AOB costs and AOB fraud red flags. Brochures are included with the policy packet for all personal lines policies, and in the Learning section of Citizens' website. Agents have been active in requesting copies for their offices for distribution to their clients. An example of this brochure is included with meeting materials.

- An infographic was developed to illustrate the connection between the Coverage A value of a home in the tri-county area to the average premium in the area explaining the impact of ongoing AOB abuse. This infographic has been shared on social media, in printed format at recent speaking events and is included with meeting materials.
- Later in March, an email is planned for customers in the tri-county area as an education piece featuring the infographic and a link to the AOB brochure. This email will be sent in a similar manner as the customer email during Hurricane Matthew. Tracking information such as message open rates, delivery number or bounce backs will be discussed at the next meeting.
- The Citizens' website is being updated to include links to the most current materials. A specific landing page for information and education materials on AOB is in development. The information will be mirrored on both the *Public* and *Agent* sites.

Updated Timeline

Policyholder Outreach

- Since the beginning of the year, outreach efforts have been focused on events throughout the state. Appearing before groups such as NAIFA chapters, LAAIA members, homeowner associations and interest groups.
- During second quarter, *Call Citizens First* mailers will be going out to Broward and Palm Beach policyholders consisting of an information card with a removable magnet. Information will only be sent to policies not tagged for takeout. There were 34,426 HO-3 policies as of March 14, 2017. The mailings will be staggered to mitigate any potential call volume impact.

Agent Outreach

- Agents are being encouraged to increase awareness of *Call Citizens First* by distributing printed educational brochures that outline the claims reporting process and explain what customers can expect once a claim has been filed. AOB brochures also are among the most frequently requested titles for agencies. Brochure order information is shared during training webinars and outreach events.

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- An AOB information resource page is under development for the *Agents* website to provide a one-stop shop for education and awareness materials.
- Citizens is actively working with agent association and industry stakeholder groups to publish timely newsletter articles featuring AOB efforts and the *Call Citizens First* campaign.

Legislature/Cabinet and Industry Stakeholder Outreach

- *Citizens Advisor* continues to feature stories on key pieces of legislation, upcoming bill hearings, webinar announcements and contact information for Christine Ashburn and Candace Bunker.
- Appearances before legislative committees continue as the 2017 regular session started on March 7. Claims data and information is shared via presentations and at the request of legislators.

Media Outreach

- In the past several weeks, Citizens has met with Editorial Boards to increase awareness of the issues facing the Florida insurance market. Publications visited include the Palm Beach Post, Sun Sentinel, Miami Herald, Tampa Bay Times, Orlando Sentinel and the Wall Street Journal.
- Interviews have been taped with WFSU and WFTV for use on radio and television broadcasts.