You find a water leak in your kitchen and call a repair contractor. They promise to clean up the water and repair your home.

The repair contractor asks you to sign an assignment agreement (AOB) to begin repairs. They tell you they'll submit your insurance claim and handle everything with no out-of-pocket cost to you. The contractor submits your signed assignment agreement to Citizens and reports your claim, if it has not been reported already.

You can cancel your agreement within certain time frames without penalty. You will have to pay, however, for any contracted work performed before you cancel your agreement. To cancel your agreement, you must inform your contractor using the cancellation procedure outlined in your agreement. You also must inform Citizens, which must deal with, and make payment to, your contractor until notified of cancellation.

Your repair contractor dries the water and repairs the water damage. The contractor provides an invoice to Citizens, which will have its adjusters review the information submitted, evaluate your policy coverages, and pay the undisputed portion of the claim directly to your contractor within 90 days.

If a disagreement exists between Citizens and your repair contractor, the repair contractor must provide accurate estimates of the scope of work to support their invoice. The contractor may participate in mediation or appraisal with Citizens to resolve the dispute.

If the disagreement is not resolved between the repair company and Citizens, your contractor may sue Citizens for the disputed amount. The contractor must give you and Citizens notice of its intention to sue. Citizens can respond to this notice by making a presuit settlement offer or demanding appraisal.

If both parties are unable to reach a resolution, the case could go to trial. Your claim will remain open until a resolution or judgement is reached. This may make it difficult for you to change insurance companies or sell your home.

Reforms that took effect July 1, 2019, seek to bring balance to the AOB process. What commonly had been referred to as an AOB contract now is defined by law as an “assignment agreement.” If you have signed an assignment agreement, contact your adjuster or agent to get more details.

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