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Florida Association of Insurance Agents

Professional Insurance Agents of Florida

Steve Burgess, Former State Insurance Consumer Advocate

Citizens Property Insurance Corporation

National Association of Mutual Insurance Companies

Citizens Property Insurance Corp.'s proposed 2018 rates underscore need for Assignment of Benefits (AOB) reform

MIAMI (Aug. 23, 2017) – Citizens Property Insurance Corp.'s proposed 2018 rates that call for double-digit increases for many South Florida homeowners demonstrate, without a doubt, the need for state lawmakers to take action to end Assignment of Benefits abuse, the Consumer Protection Coalition said today.

In a hearing before the Florida Office of Insurance Regulation, Citizens CEO Barry Gilway said water claims abuse by water remediation companies and their attorneys is causing rates to jump significantly in South Florida and, without reform, will drive premiums higher for years to come. In Broward and Miami-Dade counties, homeowners face a more than 10 percent average increase in their annual premium.

Coalition members say unscrupulous AOB practices will continue to increase premiums and threaten the affordability of homeownership for all consumers, not just Citizens' policyholders.

"Florida has a great story to tell when it comes to job creation and record tourism. Unfortunately, we're making headlines for the Legislature's failure to enact Assignment of Benefits reform to protect consumers," said Mark Wilson, president and CEO of the Florida Chamber of Commerce, which spearheads the coalition. "It's time lawmakers address this AOB lawsuit hurricane and put Floridians first."

The coalition has been pushing for reform to stop shady home repair vendors and trial attorneys from using AOBs to take control of a homeowner's policy, inflate a claim and sue an insurance company that disputes the bill. It fought for legislation in 2016 and 2017 to protect consumers from AOB abuse but lost to anti-consumer special interests seeking to pad their profits.

Were it not for spiraling water claim costs, Citizens would have proposed rate decreases for three-quarters of its policyholders statewide. Instead, customers in several counties are facing increases. For example, without AOB reform, owners of a \$150,000 home in Miami-Dade County could see their rates go up from \$2,926 in 2016 to \$3,219 in 2018 and \$4,712 in 2022.

"More than ever, we are seeing homeowners reduce their coverage or, if their home is paid off, go without any insurance at all because the rates are so high," said

Dulce Suarez-Resnick, an independent insurance agent in Miami and member of the CPC and the Latin American Association of Insurance Agencies. “That’s a troubling trend that could have huge consequences should a major storm strike.”

AOB abuse is already impacting Citizens, which reported a net loss of more than \$27 million in 2016, its first annual loss in 11 years. In its presentation to the Office of Insurance Regulation, Citizens said 92 cents of every premium dollar collected in Miami-Dade went to water claims costs in 2016, compared with 74 cents in 2015. As a result, Citizens has had to increasingly dip into reserves set aside for future hurricane losses to cover the rising claims costs.

After state lawmakers failed to enact AOB reform during the last legislative session, Citizens adopted some new policies for handling claims to reduce abusive practices. In July, it started a new managed repair program that connects customers with a network of licensed, vetted service providers to handle claims.

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The Consumer Protection Coalition is a broad-based group of business leaders, consumer advocates, real estate agents, construction contractors, insurance agents and insurance trade groups pushing for reforms to end Assignment of Benefits (AOB) abuse. Learn more about the Coalition at www.FightFraud.Today or visit us on Twitter @CPC_FL.