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## Consumer Protection Coalition Opposes Senate Committee's Passage of SB 1168

### *CPC urges Senate to take up House Bill 7015 to stop AOB abuse*

TALLAHASSEE, Fla. (Feb. 6, 2018) – The Consumer Protection Coalition (CPC) said today Senate Bill 1168 is a shortsighted, special interest bill that would do little to protect consumers from skyrocketing Assignment of Benefits (AOB) abuse.

The Senate Judiciary Committee on Tuesday approved SB 1168 by Sen. Greg Steube, despite warnings from CPC members and industry leaders that it would not curb AOB abuse that is increasing homeowners' insurance rates and threatening the affordability of home ownership for many Floridians.

"We are extremely disappointed that the Senate Judiciary Committee chose to push forward this bad bill that fails to address the crux of the problem," said Edie Ousley, vice president of public affairs for the Florida Chamber of Commerce, which is spearheading the CPC. "At the end of the day, this bill doesn't do what it needs to do, and that's protect consumers from the onslaught of lawsuits that are burdening property owners and driving up insurance costs."

While SB 1168 contains certain consumer protections, it doesn't do anything at all to effectively deal with one-way attorney fees, which create incentives for shady home repair vendors and their attorneys to file lawsuits against insurers with little to no financial risk. The bill also gives vendors up to five days to notify an insurer after they've taken an AOB in a claim, which is an unnecessarily long and problematic time delay. Under that time frame, the vendor may have already ripped out "damaged" property and replaced it before the insurer can even conduct an inspection.

"The bill limits an insurer's ability to effectively adjust a claim by requiring the insurer to inspect the property within seven days of notice. It does not

Professional Insurance Agents of Florida

Steve Burgess, Former State Insurance  
Consumer Advocate

allow an exception for states of emergency or permit insurers to begin desk reviews, which allow adjusters to use photographic and other evidence to begin adjusting the claim quickly. This will only incentivize bad behavior by unscrupulous vendors,” said Michael Carlson, president of Personal Insurance Federation of Florida. “Most importantly, the bill is silent is on one-way attorney fees that are extorting higher payouts from insurance companies. It effectively sidesteps the issue.”

In order to achieve meaningful AOB reform, the CPC urges the Senate to reject SB 1168 and take up House Bill 7015 by Rep. Jay Trumbull. The bill includes commonsense consumer protections as well as modifications to one-way attorney fee rules in order to eliminate incentives for filing frivolous lawsuits over bogus claims.

This is the sixth consecutive year that state legislators have heard testimony on AOB abuses. The House overwhelming passed HB 7015 on an 82-20 vote the first week of session, sending a strong message to the Senate that AOB is a serious problem that must be addressed now. AOB abuse has grown into a large-scale crisis that, if left unchecked, promises to lead to rate increases for Floridians for years to come. More than 28,000 lawsuits involving an AOB were filed in 2016, up from 405 in 2006.

“AOB abuse was almost nonexistent 15 years ago, but has rapidly become widespread in Florida,” said Logan McFaddin, Florida Regional Manager for the Property Casualty Insurers Association of America. “The longer this issue goes unresolved, the longer Florida homeowners and motorists are vulnerable to falling victim to these schemes that are driving up insurance costs. PCI encourages Florida lawmakers to curb AOB by passing meaningful reforms before we approach another storm season and more Floridians fall victim to this type of abuse.”

The CPC has been pushing for AOB reform the last two legislative sessions. Two weeks ago, the CPC joined more than 125 members of the Florida Association of Insurance Agents (FAIA), members of the Latin American Association of Insurance Agencies, and others from across the state in a “March to the Capitol” for AOB reform.

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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](http://www.FightFraud.Today), follow the Coalition on Twitter [@CPC\\_FL](https://twitter.com/CPC_FL) and “like”*

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