

Contact: Edie Ousley
Florida Chamber of Commerce
Phone: (850) 521-1231
Cell: (850) 251-6261
eousley@flchamber.com
www.FloridaChamber.com



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Steve Burgess, Former State Insurance Consumer Advocate

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Consumer Protection Coalition praises House Judiciary Committee for passing Assignment of Benefits (AOB) bill

TALLAHASSEE, Fla. (Nov. 14, 2017) – The Consumer Protection Coalition praised the House Judiciary Committee today for passing a bill that would protect consumers from Assignment of Benefits (AOB) abuse related to homeowners' insurance.

The bill, PCB JDC 18-01, contains commonsense consumer protections that would curb abusive AOB practices that are driving up the cost of insurance and threatening the affordability of home ownership for many Floridians.

"It's important that we finally put a stop to the shady practices that are hurting consumers and driving up property insurance rates," said Carolyn Johnson, Director of Business, Economic Development and Innovation Policy for the Florida Chamber of Commerce, which is spearheading the coalition. "Today's legislation creates processes to prevent inflated claims, puts the homeowner back in control of their insurance claim and protects the homeowner from unscrupulous contractors."

The House Judiciary bill would add consumer protections that currently do not exist in state law. Among them are:

- Changing one-way attorney fees to eliminate incentives to sue.
- Giving consumers up to seven days to cancel an AOB without any penalty or fee.
- Mandating that repair vendors provide insurers with copy of an AOB within three days of it being signed.
- Requiring vendors to submit written, itemized cost estimates for their work.
- Requiring vendors to give insurers notice of their intent to initiate litigation before filing any lawsuit.

The bill would guard consumers against unscrupulous repair vendors who, working with trial attorneys, pressure homeowners into signing over all the rights and benefits of their policies, then inflate the cost and scope of repair work and file lawsuits against insurance companies if they deny the claims.

"The bill is a good step forward in addressing rising insurance rates caused by AOB abuse. In particular, the attorney fee reform provision should help remove the incentive for bad actors to sue insurance companies who have justifiably denied inflated claims," said Michael Carlson, president of the Personal Insurance

Federation of Florida (PIFF). “PIFF hopes that the Senate will see this bill as a good compromise on this issue and advance this consumer protection measure to the floor.”

The legislation is similar to last year’s House Bill 1421, co-sponsored by Reps. James “J.W” Grant and Rene Plasencia, that was approved by the full House but, unfortunately, never received a hearing in the Senate.

“It is well documented that property insurance rates in the state would be commensurate with risk if it were not for assignment of benefits abuse that has been allowed to run rampant through the lack of action by the Legislature,” said Liz Reynolds, Southeast state affairs director for NAMIC. “It is imperative that lawmakers pass strong AOB reform during this upcoming session for the benefit of all Floridians.”

State insurance officials and Citizens Property Insurance Corp. have provided clear evidence of the growing problem of AOB abuse and its financial impact on consumers. Unless the Florida Legislature approves meaningful reform, consumers can expect their insurance premiums to increase for years to come.

During the recent Florida Chamber of Commerce Insurance Summit in Orlando, Office of Insurance Regulation Commissioner David Altmaier said passing reform to end the abusive practices is his top legislative priority for 2018. Chief Financial Officer Jimmy Patronis said the data related to the growing problem of AOB lawsuits was impossible to deny.

Citizens has proposed double-digit rate increases in 2018 for many South Florida homeowners because of AOB litigation and soaring non-catastrophe water damage claims costs. In Broward County, for example, Citizens estimates the cost of insurance on an average \$150,000 home will increase from \$2,390 in 2017 to \$3,850 in 2022.

CPC members strongly encourage Florida lawmakers to pass AOB reform this legislative session and stop the abusive practices that are hurting consumers.

“AOB lawsuits have increased nearly 300 percent over the last seven years,” said Logan McFaddin, PCI regional manager. “Abuse of Florida’s one-way attorney fee statute has resulted in insurers being left to foot the bill for inflated claims, which ultimately impacts policyholder costs. With this hurricane season going down as one of the most active in more than 10 years, there is no better time than now to put an end to the bad actors that prey on Florida storm victims.”

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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, follow the Coalition on Twitter [@CPC_FL](https://twitter.com/CPC_FL) and “like” our page at [FB.com/consumerprotectioncoalition](https://Facebook.com/consumerprotectioncoalition).