



Assignment of Benefits Abuse in Auto Glass

“Myths versus Facts”

Opponents of reforming Assignment of Benefits (AOB) abuse and lawsuits involving auto glass claims are making a number of arguments that are misleading or flat-out false. Here are some of the “myths” reform opponents are perpetuating, followed by the facts.

Myth: Consumers are willing participants when AOB glass lawsuits are filed in their name against their own insurer.

Facts: False. In fact, many auto policyholders are solicited for windshield replacements in places like shopping center parking lots and car washes and have no idea they are signing an AOB when they agree to repairs. Subsequently, most policyholders have no idea a lawsuit has been filed in their name against their insurer and are often horrified to learn they are a party to litigation over their windshield repair. This happens because AOB language is embedded, in very small text, at the bottom of estimates or work authorizations.

Assignment of Benefits

I, the undersigned insured or as agent of the insured with express authority to sign this, hereby assign any and all insurance rights, benefits and proceeds under any applicable insurance policies to Mobile Auto Glass Repair, LLC. I make this assignment in consideration of Mobile Auto Glass Repair, LLC's agreement to perform services and supply materials and otherwise perform its obligations under this contract, including not requiring full payment at the time of service. Mobile Auto Glass Repair, LLC promises to release the insured from any obligation to pay the difference between the amounts the insurer pays, and prices charged by Mobile Auto Glass Repair, LLC. I hereby direct my insurance carrier to release any and all information requested by Mobile Auto Glass Repair, LLC and to accept notice of claim from Mobile Auto Glass Repair, LLC.

Myth: Consumers are not named in lawsuits and a legislative proposal to require disclosure that they may become party to a lawsuit if they sign an AOB is a scare tactic by reform supporters.

Facts: False. This is not a scare tactic, it's a fact. AOB lawsuits always include the policyholder's (driver's) name as plaintiff. Here are typical examples:

STERLING AUTO GLASS, LLC A/A/O ANGEL B ABREU,

Plaintiff,

v.

PROGRESSIVE SELECT INSURANCE COMPANY,

Defendant.

MOBILE AUTO GLASS REPAIR LLC
D/B/A MR. AUTO GLASS
A/A/O CHRISTOPHER LIETZ,

Plaintiff,

vs.

AUTO-OWNERS INSURANCE COMPANY,

Defendant.

Myth: Reform isn't needed because AOB lawsuits are declining.

Facts: False. AOB glass lawsuits are out-of-control. In 2006, there were 397 lawsuits, according to the Florida Department of Financial Services. Lawsuits steadily rose and then peaked in 2017, but in 2018, there were 17,399 lawsuits filed. These lawsuits entangle consumers in litigation they didn't seek and put upward pressure on insurance rates we all pay.

Myth: Reform is anti-small business and will kill small glass repair shops.

Facts: False. Most glass shops, large ones to small ones, do not take an AOB when making repairs. In fact, 60 percent of all lawsuits filed on behalf of glass shops come from just four law firms and about a dozen law firms file nearly 100 percent of all the lawsuits. These lawsuits are filed almost exclusively in Orange and Hillsborough counties. This is not a response to a widespread problem, nor is it organic. It's a very organized scheme.

Myth: Large glass repair shops monopolize the market by agreeing to negotiated, reduced prices with insurers that undercut Mom and Pop shops.

Facts: It is true that many glass shops work with insurers to negotiate reimbursement rates, as is true in almost every other insurance setting. But that's a good thing for consumers – insurers are negotiating to get the same quality glass repair or replacement at the best price. As consumers, we do it all the time when we shop for housewares at Target, groceries at Wal-Mart, and paint at home Depot. Why pay more for the same thing? Getting the best value for windshields helps keep insurance premiums lower.

Myth: Large companies pressure small glass shops out of business by paying a fraction of the windshield replacement prices recommended by the National Auto Glass Specifications (NAGS) guide.

Facts: NAGS is a book published by a private company named Mitchell. While no one has sanctioned them as the official pricing manual for glass, it is the only reference material available. NAGS itself has recognized its pricing manual is flawed and in need of serious revisions, announcing that they'd be undergoing an overhaul at a recent auto conference. That helps explain the hesitance of auto insurers to use it as the standard

bearer for pricing. In other words, there is no such thing as “arbitrary discounting of prices off of NAGS,” because NAGS itself is arbitrary.

Myth: Small glass shops are just billing what they think is fair, which they state to be either full NAGS or 10-20% off of NAGS.

Facts: False. Glass shops engaged in this scheme often submit bills with profit margins greater than 20 percent. Some examples:

- Mr. Auto Glass charged Christopher Lietz \$747.01 for a 2006 Kia Sportage 4 Door Utility. Full NAGS list price is between \$221-\$323 for this vehicle.
- At Home Auto Glass charged Eferenllovani Lucci \$3,476.45 for a 2012 Nissan Juke 4 Door Utility. Full NAGS price for this vehicle is \$248.60.
- At Home Auto Glass charged Ms. Angelica Estrada \$7,597.66 for a 2012 Chevrolet Camaro 2 Door Coupe. Full NAGS price is between \$450-\$1,007, depending on the model.

Note that the majority of “small glass shops” do not require consumers to surrender their insurance policy rights in order to get a windshield repair or replacement.

Myth: The Florida Independent Glass Association is primarily interested in protecting small glass shops, and not in maintaining the status quo of auto glass litigation.

- **Facts:** False. The association is incorporated by Robert Palmer, Jeff Searles and Charles Isaly. Searles and Isaly live and work in Scottsdale, Arizona and own glass shops across the country. This is publicly available information found in both the Florida Division of Corporations, as well as corporate records from Arizona. Records show their shops are responsible for most of the auto glass AOB litigation in the state of Florida. The Florida Independent Glass Association’s entire membership is not disclosed, but appears only to include the minority of glass shops actively engaged in the AOB litigation scheme.

Myth: Maintaining AOB in its current form helps “levels the playing field” for small glass repair shops and forces auto insurers to negotiate with them.

Fact: Leveling “the playing field level” should not mean extracting out-of-market prices from insurers using the leverage of the one-way attorney fee statute, which was intended only for policyholders. Paying more for the same windshield is a bad deal for consumers, who will ultimately bear the cost through higher insurance premiums.