

Contact:  
Michael Carlson  
President, Personal Insurance Federation of Florida  
PH: (850) 597-7425  
[michael.carlson@piff.net](mailto:michael.carlson@piff.net)



## FOR IMMEDIATE RELEASE

### SENATE WORKSHOP MAKES THE CASE FOR AOB REFORM

**TALLAHASSEE, FL, (January 10, 2017)** – The Personal Insurance Federation of Florida today applauded the Senate Committee on Banking and Insurance for holding a workshop on property insurance and the problem of non-catastrophe water claims and related “assignment of benefit” abuse. During today’s presentation, critical evidence of the growth in AOB claims’ costs and the resulting increase in insurance rates was provided to committee members.

During the meeting, Office of Insurance Regulation Commissioner David Altmaier made a strong case for the need for reform of Florida’s AOB law. Commissioner Altmaier showed senators how non-catastrophe water claims are rising, eating into insurer surplus, which is money that is used to pay claims. In addition, the Commissioner stated that insurers are now reconsidering whether to write insurance policies in some AOB-plagued areas of Florida. Finally, the Commissioner noted that property insurance companies are having to file for rate increases based on the increasing frequency and severity of water claims. The Commissioner described the approved rate filings as “legitimate,” underscoring the significant effect of AOB losses on the market.

“Commissioner Altmaier makes a compelling case for the need for AOB reform,” said Michael Carlson, president of the Personal Insurance Federation of Florida (PIFF). “Rate trends are going in the wrong direction, with consumers paying more because of the increase in water claims and AOB litigation.”

Barry Gilway, the president of Citizens Property Insurance Corp., also spoke during the workshop, presenting new data on the trends in non-catastrophe water claims. According to Citizens, the average severity, or cost, of an AOB claim has nearly doubled in six years, going from an average of just over \$10,000 in 2010 to nearly \$20,000 per claim in 2016. Importantly, litigation trends are increasing. In 2011, 12 percent of water claims resulted in litigation; in 2016, 45 percent of claims involved a lawsuit. These costs are passed on to consumers.

An “assignment of benefits” or “AOB” is a simple legal tool that allows a consumer to transfer the interest in an insurance claim to a third-party vendor who provides services to repair the loss. A cottage industry of unscrupulous vendors has used the AOB as a tool to leverage high claims payouts by asserting their right to sue the insurance company on behalf of the consumer and seek attorney fees under the “one-way” attorney fee statute, which is designed to protect individual insureds. The use of AOB and the one-way fee statute has spurred a rise in AOB claims’ costs.

“PIFF member companies are committed to supporting a legislative solution that is consumer-focused with the goal of reducing the frequency and severity of AOB claims,” said Carlson. “Consumers should not have to bear the cost of unscrupulous AOB claims and abusive litigation.”

PIFF is a member of the Consumer Protection Coalition, which is a grassroots organization whose goal is to educate policymakers on the problem of AOB abuse and to find sensible, pro-consumer solutions that will reduce costs. Learn more about the AOB problem and the Coalition at [www.fightfraud.today](http://www.fightfraud.today).

####