

## Call Citizens First

### Don't become a victim of AOB fraud and abuse!

- Report your claim to Citizens as soon as you become aware of a possible loss.
- Never sign anything related to a possible loss without first calling Citizens or your agent.

Filing a claim with Citizens is easy. Contact your agent, call Citizens at our toll-free, 24/7 claims reporting hotline, or report online via myPolicy at [citizensfla.com/mypolicy](http://citizensfla.com/mypolicy). The rest is easy.



Call Citizens First  
**866.411.2742**

Report your claim online via  
myPolicy at [citizensfla.com](http://citizensfla.com)

24 hours a day, seven days a week

Reporting your claim to Citizens as soon as you become aware of or suspect any damage puts you in control of your claim and ensures repairs are completed to your satisfaction. For certain covered losses, Citizens offers you the ability to connect with a network of vetted, licensed and insured local contractors who can make permanent repairs to your home

for covered damages. After January 1, 2019, any approved work is contractor-guaranteed for workmanship for five years. Your policy deductible applies for the covered permanent repairs.

La version en español esta disponible en <https://www.citizensfla.com/brochures>.

Some repair companies may try to convince you to begin repairs before reporting your claim to Citizens. **This could result in a loss of coverage and violate Florida law.**

After a covered loss, your policy requires that you take reasonable emergency measures to protect your covered property from further damage. Emergency measures include only what is reasonable and necessary to secure your home and prevent further damage.

If you have incurred damages due to the accidental discharge of water or steam, Citizens may offer free Emergency Water Removal Services. If offered and you choose not to use this program for a covered loss, emergency water mitigation services are limited to a maximum of \$3,000. Your adjuster will discuss the options available to you.

Loss reporting and repair requirements vary by policy. Failure to meet these requirements can result in loss of coverage.

Protect yourself by advising Citizens or your agent as soon as you become aware of a loss and before beginning any emergency or permanent repairs. Citizens' claims hotline and online claim filing are available 24/7, so we're here when you need us most.



### Need to report a claim?

Call Citizens First

**866.411.2742**

Report it online via myPolicy

at [www.citizensfla.com](http://www.citizensfla.com),

24 hours a day, seven days a week

*This brochure is for informational purposes only and is not intended to interpret or alter your Citizens policy. Your rights and responsibilities specifically are set forth in your Citizens policy.*

La version en Español esta disponible en [www.citizensfla.com/brochures](http://www.citizensfla.com/brochures).



Citizens Property Insurance Corporation

866.411.2742

[www.citizensfla.com](http://www.citizensfla.com)

# Assignment of Benefits: What You Need to Know





## What Is Assignment of Benefits?

An *assignment of benefits (AOB)* is a contract between you and a third party – typically a contractor, roofer or water mitigation company – giving them the right to deal directly with your insurance company and receive payment for your claim.



## The Pitch

You are most likely to be offered an AOB when requesting emergency repairs or when companies go door-to-door soliciting business.



## The Pitfalls

You're told repairs can't begin until you sign an assignment agreement allowing the repair company to submit your claim and be paid directly by your insurer.



## The Costs

At Citizens, the percentage of homeowners' claims involving an AOB contract has doubled since 2014. This trend is industrywide.

### Recent Changes

Reforms passed in 2019 were intended to bring balance to the AOB process. What commonly had been referred to as an AOB contract now is defined by law as an "assignment agreement." An assignment agreement must satisfy specified legal requirements to be valid and enforceable. For example, an assignment agreement must contain a provision requiring your assignee (generally the contractor) to provide the insurer with a copy of the assignment agreement within three business days of: (1) when the agreement is executed or (2) the date on which work begins, whichever is earlier.

### When You Sign an AOB

Under a valid and enforceable assignment agreement, your rights and benefits are transferred to the contractor, giving them the right to manage and directly receive payments for your claim as specified by the assignment.

- You still must allow Citizens to inspect the damages.
- You give up the right to manage your claim and ensure it is resolved timely and to your complete satisfaction.
- You have limited recourse if your contractor misrepresents your claim.
- In most cases, you cannot withhold payment of the applicable deductible or switch contractors if you are unhappy with their work.
- You cannot comparison shop for better quality or price.

### Common Scenarios

- Someone knocks on your door and tells you they suspect your roof sustained damage from a recent storm. Your roof is older, so you let them take a closer look. They quickly climb down and tell you there is damage and they'll get your insurance to pay for a new roof.
- It's 10 p.m. on Sunday, and you just got back from vacation. You walk into your kitchen and are greeted by water dripping from the ceiling light. A pipe burst, and water is leaking through the ceiling. You search for repair companies and call the top result. They promise to repair the damage right away and get your insurance to pay for a whole new kitchen.

While it's tempting to get repairs started right away, be aware of what signing an assignment agreement means:

- If you're unhappy with the repairs, you can't withhold payment of the applicable deductible or select another repair company.
- You have limited recourse if your claim is misrepresented by your contractor.
- If you rescind your assignment agreement, you must pay for any contracted work that is performed before the agreement is rescinded.

### Increased Premiums

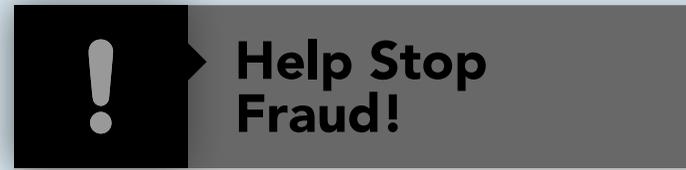
For every \$1 of premium earned in 2018, Citizens spent \$1.34 statewide and \$1.66 in Miami-Dade County. These results are attributed to AOB-driven water losses and hurricane losses. While large hurricane impacts are expected and inevitable in random years, the impact of AOB-driven water claims is not. Statewide, of the 34-cent loss per dollar, water claims account for 11 cents. For Miami-Dade, of the 66-cent loss per dollar, water claims account for 17 cents. The impact of the litigated water claims affects Citizens' ability to pay claims following a major catastrophe and is driving increased rates for Citizens and other Florida insurers.

### Increased Claims Resolution Times

AOB claims generally take longer to resolve and cost two to three times as much to resolve. These increased costs do not translate into higher claims payouts for customers.

### Increased Litigation

AOB-related lawsuits are on the rise, driving claims costs and contributing to rising rates. Late reporting and inflated repair costs are the most common causes.



The Coalition Against Insurance Fraud estimates that fraud costs every U.S. family \$950 per year. Most AOB is not fraud, but AOB fraud and abuse are on the rise.

### Red Flags

- Someone knocks on your door and tells you there is damage you didn't know about.
- You're promised something for nothing such as a free roof or kitchen renovation.
- Someone claims the damage is greater than it clearly is.
- Permanent repairs begin before your insurance company is notified or allowed to inspect damages.

If something sounds too good to be true, it probably is. Never sign a contract without consulting Citizens or your insurance agent.

To report suspected fraud, call the Florida Department of Financial Services (FLDFS) Consumer Helpline at 800.342.2762

