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Consumer Protection Coalition: Florida House passage of Assignment of Benefits (AOB) bill a win for consumers

TALLAHASSEE, Fla. (Jan. 12, 2018) – The Consumer Protection Coalition (CPC) today described the House’s passage of an Assignment of Benefits (AOB) bill as an important step in protecting consumers and urged the Senate to step up and follow suit.

The CPC applauded the House for approving House Bill 7015 by Rep. Jay Trumbull to curb AOB abuse that is driving up the cost of insurance and threatening the affordability of home ownership for many Floridians.

“Today’s action in the House is a huge win for consumer protection and our efforts to stop shady home repair vendors and their trial attorneys from using AOB to pad their profits,” said Edie Ousley, vice president of public affairs for the Florida Chamber of Commerce, which is spearheading the CPC. “This should be a wakeup call to the Senate that these abusive practices have no place in Florida.”

By taking up the bill during the first week of the 2018 legislative session, the House sent a strong message that AOB reform must be prioritized this year and can no longer be ignored. INCLUDE LINE ABOUT VOTE

“Insurers applaud the Florida House for taking yet another step to protect Florida insurance policyholders from these bad actors looking to take advantage of the system,” Logan McFaddin, Property Casualty Insurers Association of America (PCI) regional manager. “As we move through the next couple of weeks, we encourage the Florida Senate to discuss and pass meaningful reform to rid the system of AOB abuse.”

HB 7015 allows policyholders to rescind an AOB contract without any penalty or fee and requires cost estimates for work and notices that a vendor intends to file a lawsuit against an insurer. It also modifies how attorney fees are paid, a key provision for discouraging the filing of frivolous lawsuits against insurers over inflated, unreasonable claims.

AOB abuse has exploded in recent years as more vendors and attorneys have used AOB contracts to take control of a homeowner’s policy, inflate a claim, then sue an insurance company that disputes the bill. The number of lawsuits involving an AOB

grew from a scant 405 in 2006 to more than 28,000 in 2016 – an increase of more than 6,800 percent. Last year, 20,000 lawsuits were filed as of July.

The negative effects of this scam are reverberating statewide in the form of higher insurance rates for consumers. Without AOB reform, owners of a \$150,000 home can expect their premiums to rise an average of 29 percent by 2022, according to the Florida Office of Insurance Regulation. This year, customers of Citizens Property Insurance Corp., the state-run insurer of last resort, will see an average increase of 6.6 percent statewide and a nearly 10 percent hike in the South Florida tri-county area.

“The Legislature’s failure to take action has allowed a localized problem to fester into a full-blown state crisis,” said Cam Fentriss, legislative counsel for the Florida Roofing and Sheet Metal Contractors association. “To continue to look away in the face of rising insurance costs is short-sighted and shows blatant disregard for Florida’s hardworking families and respectable contractors trying to make an honest living.”

The CPC pushed for the House’s passage of a similar bill during the 2017 session, but the measure died in the Senate amid pressure from anti-consumer special interests. The CPC hopes the House’s quick and decisive action on HB 7015 prompts the Senate to take up that measure or Senate Bill 62 by Sen. Dorothy Hukill, which also calls for desperately needed commonsense consumer protections.

“Assignment of Benefits abuse has been an ever-increasing burden on Florida consumers,” said Liz Reynolds, NAMIC’s regional vice president, Southeast region. “NAMIC appreciates the House of Representatives for its creative efforts in balancing the interest of all stakeholders and moving this issue forward. We urge the Senate to take up HB 7015 or SB 62 and continue to work on this important issue.”

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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://www.facebook.com/consumerprotectioncoalition).