



ONLINE SPECIAL: Insurance carriers can solve the “AOB crisis” on their own

Opinion Editorial by Richard Diaz
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Restoration companies have seen a dramatic drop in the amount insurance companies are paying.

In response to the Daytona Beach News-Journal Online’s February 19 post, [**“FLORIDA CHAMBER: Florida lawmakers must close insurance loophole,”**](#) by Harold Kim and Mark Wilson, the insurance industry could take measures immediately to solve the so-called AOB crisis by taking better care of their policyholders, having properly trained staff and field adjusters, and stop steering homeowners to their preferred vendors.

Don’t be misled by the insurance industry’s numbers. One look at the Florida Chief Financial Officer’s website for civil remedy notices will bring up tens of thousands of complaints against insurance companies for violating state law in their claims handling practices. These complaints have grown exponentially over the last five years.

Furthermore, the current proposed legislation, Senate Bill 122 (filed by Republican Senator Doug Broxson, who works in real estate and insurance sales) does nothing to address the real issues of increased litigation. The measure would simply place the burden of litigation onto the homeowner while not addressing the root issue: the underpayment or flat out denial of valid claims.

The Restoration Association of Florida (RAF), a non-profit organization focused on protecting the rights of homeowners and independent contractors, agrees with Republican Senator Tom Lee, as he voted against the legislation, stating that it would be “killing the patient to cure the problem.” Over the last five years, restoration companies have seen a dramatic drop in the amount insurance companies are paying homeowners for damages to their properties.

In 2013, one Central Florida contractor was receiving almost 80 percent of the homeowner’s claim amount and rarely had to file suit against insurance carriers. Today, this same contractor is receiving an average of 23 percent of their claim amount which is leading to an increased number of lawsuits. Insurance carriers are overwhelmingly losing these legal battles and wasting millions in legal fees. Another major issue that has led to increased litigation is the aggressive steering tactics insurance carriers are using to pressure homeowners into using repair companies that work for them, instead of the homeowner. This type of conflict of interest is leaving homeowners at serious risk.

A Tallahassee homeowner recently experienced this risk first hand when she reported mold growth and a water leak to her insurance carrier who sent their preferred vendor to make repairs. The preferred

vendor told her the job was complete, but shortly after, she learned there was black mold growing behind her cabinets. Her daughter ended up suffering from mold-related respiratory issues and had to receive treatment at UF Health Shands Hospital in Gainesville.

These are the real issues affecting Florida homeowners and small businesses that are leading to increasing levels of litigation.

RAF has advocated for licensure of our industry and allowing the Department of Business and Professional Regulation to issue standards of practice to hold water restoration companies accountable, but the insurance industry has not supported these measures.

Our industry has repeatedly requested, and deserves, a seat at the table in making sure homeowners and small businesses are protected from bad insurance practices.

— Diaz is a board member of the Restoration Association of Florida (RAF) and president of Cutler Cleaning Restoration, a restoration company specializing in restoring household items damaged by smoke, water, or mold

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