



Floridians need all the facts before AOB reform can begin

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The Florida Legislature should review Assignment of Benefits (AOB) claims data, so they may clearly understand the property insurance carriers are to blame for much of the increased litigation, says a restoration company owner. (AFP/Getty Images)

In response to the Sun-Sentinel's Jan. 15 post, "[State can start insurance reform by getting the right numbers](#)," by Randy Schultz, we could not agree more that the rising cost of insurance involves almost every Floridian. Which is why the [Restoration Association of Florida](#) (RAF) recently submitted a public records request to Citizens Property Insurance Corporation for their official claims data to secure a broader picture of their claims handling practices.

RAF exists to protect the rights of homeowners and independent contractors specializing in water, fire, and mold restoration. Our goal is to advocate for our members, to build a strong network of professionally trained restoration companies, and to educate homeowners regarding Assignment of Benefits (AOB) and their ability to hire an independent contractor of their choice.

Citizens Property is the leading voice against AOBs, providing incomplete data showing an increased number of lawsuits for claims with an AOB. Surprisingly, Citizens Property is maintaining that they cannot determine how much of said money is being spent on AOB lawsuits and attorney fees when they lose in litigation. Our request specifically asks Citizens Property to provide a comparison for the number of claims that they are sued for, and how much is paid to attorney's fees when Citizens is found to have wrongfully denied or underpaid claims.

It is our experience that homeowner claims are significantly underpaid on a regular basis which causes the increase in these lawsuits. We heard first-hand from homeowners affected by Hurricane Michael at a January town hall meeting in Panama City when even claims without an AOB are systematically underpaid, which is leading to increased litigation.

We know this small sample is emblematic of a much larger problem which is why we need a complete set of data before making any far-reaching policy decisions that will impact homeowners and small businesses throughout the state.

The Florida Legislature should be given the opportunity to review the claims data, so they may clearly understand the property insurance carriers are to blame for much of the increased litigation. Senator

Doug Broxson, a Republican from Gulf Breeze who works in real estate and insurance sales, has already filed [Senate Bill 122](#) that would make changes to the way AOB claims and attorney fees are handled. This is yet another reason why securing a full representation of the Citizens Property data is so important. How can the Legislature make changes without seeing the whole picture?

Poor claims handling practices such as underpaying and delayed payments should not be used as justification to raise insurance rates for homeowners.

Restoration contractors and homeowners would not be winning lawsuits if their claims were inflated or illegitimate. In fact, restoration contractors are required to provide documentation and evidence with each claim submitted. Furthermore, restoration professionals use a pricing program that the insurance industry themselves developed.

We have a strong feeling the Citizens Property data released through our public records request will show a clear and consistent pattern of insurance carriers underpaying legitimate claims, getting sued, losing, and then having to make massive payouts in attorney fees. Citizens CEO stated in a 2017 Florida Senate Banking and Insurance Committee meeting that they paid \$56 million for their own legal fees in 2016. Insurance companies could save themselves—and taxpayers—millions of dollars by simply paying claims submitted in a timely manner.

At the end of the day, the taxpayers of Florida who subsidize Citizens Property deserve to know the truth. If insurance companies improved their claims handling practices, litigation would decrease significantly, and we believe the data being requested will prove that very clearly.

The Restoration Association of Florida strongly encourages the Florida Legislature and Office of Insurance Regulation to join us in seeking complete and comprehensive data before making sweeping changes that will only serve to benefit insurance companies who are already taking advantage of homeowners and small businesses.

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