

Property Insurance Policy Changes Challenged

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By Jim Saunders
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TALLAHASSEE — As Florida property insurers blame litigation over claims for many of the industry’s problems, state Insurance Commissioner David Altmaier and two insurers face a lawsuit challenging policy changes that target lawsuits and contractors.

The Restoration Association of Florida and Air Quality Assessors, LLC, an Orange County-based firm that does work such as mold and leak detection, filed the lawsuit Monday in Leon County circuit court against Altmaier, American Integrity Insurance Company of Florida and Heritage Property & Casualty Insurance Co.

In part, the lawsuit alleges that Altmaier violated the constitutional separation of powers by approving policy changes for the companies that conflict with state law.

“By approving the policies, Commissioner Altmaier infringed upon the public policies of the state of Florida as enacted by the Legislature, which will result in injury to plaintiffs if the changes are not rescinded,” the lawsuit said.

The lawsuit was filed a week before the start of a special legislative session that Gov. Ron DeSantis called to address widespread problems in the property-insurance system that include homeowners losing coverage and seeing soaring premiums.

Insurers have long argued that a major cause of the problems is contractors and attorneys driving litigation over claims. As part of that, they blame a requirement that, in many cases, requires insurers to pay attorney fees for the plaintiffs.

The lawsuit targets policy changes that the state Office of Insurance Regulation, headed by Altmaier, approved for the companies in recent months.

The American Integrity changes involve an effort to shift claims disputes to mediation and arbitration. The changes offer a premium reduction to policyholders for agreement to use mediation and, if that doesn't resolve the disputes, to go to binding arbitration.

Also, the lawsuit said, customers would have to pay their attorney fees in disputes that go to mediation and arbitration. It said that would raise legal costs for homeowners and contractors, which are often assigned benefits under homeowners' policies.

“While the policy text states insureds have a right to be represented by counsel both during mediation and arbitration, it strips away the right to recover those (attorney) fees otherwise codified by the Florida Legislature as set forth in ... Florida law,” the lawsuit said.

The Heritage policy changes involve excluding payment for people such as appraisers, inspectors, engineers and contractors to estimate losses, unless Heritage requests or approves the work.

The lawsuit alleges that the changes prevent homeowners from choosing contractors and effectively prevents assigning benefits to contractors. In assignment of benefits, contractors pursue payment of claims from insurers — a practice that insurers have long argued leads to more litigation.

The plaintiffs argue that the Heritage policy changes would strip policyholders of legal rights and would lead to delays in home repairs after incidents such as hurricanes.

In addition to challenging the legality of the policy changes, the lawsuit seeks an injunction. It has been assigned to Leon County Circuit Judge Angela Dempsey, according to a court docket.

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