

Contact: Carolyn Johnson
Florida Chamber of Commerce
Phone: (850) 521-1235
Cell: (407) 913-3400
cjohnson@flchamber.com
www.FloridaChamber.com



FOR IMMEDIATE RELEASE

Partner List:

Florida Chamber of Commerce

Property Casualty Insurers Association of America

Florida Roofing & Sheet Metal Contractors Association

Personal Insurance Federation of Florida

Safelite Group Inc.

Florida Property and Casualty Association

Consumer Federation of the Southeast

Associated Builders and Contractors

Florida Justice Reform Institute

Florida Realtors

Florida Bankers Association

Florida Retail Federation

Latin American Association of Insurance Agencies

Council of Property Claims Professionals

Florida Insurance Council

Florida Association of Insurance Agents

Professional Insurance Agents of Florida

Steve Burgess, Former State Insurance Consumer Advocate

Citizens Property Insurance Corporation

National Association of Mutual Insurance Companies

New FJRI Report Shows One-Way Attorney Fees Are Driving Explosion of AOB Lawsuits; Coalition Warns Of Threat To Home Ownership

TALLAHASSEE, Fla. (Feb. 14, 2017) – A new report documents how one-way attorney fees are driving an explosion in Assignment of Benefits (AOB) lawsuits involving both home and auto glass repairs. This misuse of the attorney fee provision, and the accompanying litigation, is driving up the cost of insurance and threatening the affordability of home ownership for some, the Consumer Protection Coalition said.

The report, issued by the Florida Justice Reform Institute (FJRI), found that between 2010 and 2016, the total number of AOB lawsuits skyrocketed from 25,214 to 100,087, an increase of nearly 300 percent. Likewise, the overall percentage of insurance lawsuits involving AOB is climbing. In 2010, about 40 percent of all lawsuits involved AOB; in 2016, more than 54 percent did.

Restoring the one-way attorney fee statute to its original intent of protecting the consumer is critical to stopping AOB fraud and abuse and assuring that home ownership remains affordable, the Consumer Protection Coalition said.

“For most Floridians, their home is their biggest investment. But AOB fraud and abuse – and the high insurance rate increases it is causing – is quickly making home ownership more expensive for many working families,” said Carolyn Johnson, a spokeswoman for the Consumer Protection Coalition. “For some low-income families, AOB abuse may even put home ownership out of reach. This report clearly documents that state legislators must reign in the AOB lawsuits, and fix the problem with the one-way attorney fee statute.”

One-way attorney fees were intended to apply to policyholders who were forced to sue their insurance companies, and were meant to level the playing field between the consumer and these companies. But when these one-way attorney fee rights are instead transferred through an AOB to a third-party, such as a repair vendor, it serves as an incentive to sue – because the vendor isn’t on the hook for paying legal fees, even if they lose.

“This report confirms that AOB abuse is a true threat to homeownership here in Florida,” said Property Casualty Insurers Association of America Regional Manager of State Government Relations Logan McFaddin. “With the continued increase of AOB claims and lawsuits, it is imperative that we work to address the cost-drivers

plaguing the system head on this session so hardworking Floridians can have some relief. Now is the time to protect our Florida homeowners from AOB abuse.”

The FJRI report documents that AOB abuse involves a cottage industry of attorneys and vendors, and that it extends beyond home owners to include schemes to replace auto glass. For example, the report found that between 2013 and 2016, nearly 25 percent of all AOB lawsuits, including auto glass, property and PIP, were filed by just 12 attorneys. A total of 21 restoration, water mitigation and plumbing vendors filed a combined 6,657 AOB property lawsuits in 2014-2016. Meanwhile, just 14 auto glass vendors filed a combined 32,736 AOB lawsuits in that same two-year period.

“Florida’s consumers are paying more while AOB abuse goes unchecked,” said Michael Carlson, President of the Personal Insurance Federation of Florida. “We’re seeing that the same kind of AOB abuse that drives up costs and threatens home ownership is also a growing issue in replacing auto glass that is alleged to be cracked or damaged. We need reforms that keep policyholders in control of the policies they bought and paid for. The time for legislative action to protect consumers is now.”

###

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.