

HOW ASSIGNMENT OF BENEFITS DRIVES UP THE COST OF RESIDENTIAL INSURANCE

LITIGATION BOOSTS COSTS

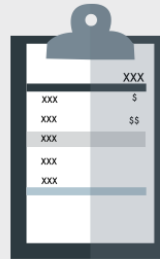
BY FPCA



Insured calls plumber who then calls or refers an emergency mitigation services provider.

Service provider arrives on scene and has insured sign an Assignment of Benefits (AOB)

Service provider then treats walls, carpets and cabinets



Law firm that specializes in AOB litigation sues Insurer because it can collect legal fees if it prevails

Insurer disputes inflated invoice

Service provider sends insurer a grossly inflated bill for services



Insurer must pay service provider demand plus fees to AOB law firm to avoid facing much higher litigation costs

Service Providers and Specialized Law firms collect inflated loss payments and legal fees

Higher settlement costs are reflected in higher premiums for homeowners

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