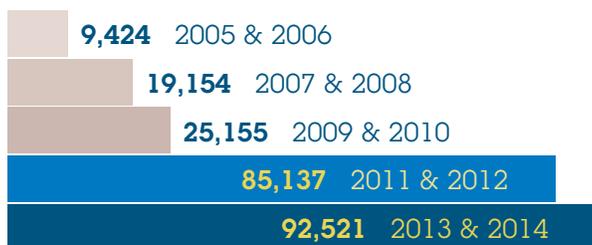


A GROWING SCAM ON CONSUMERS

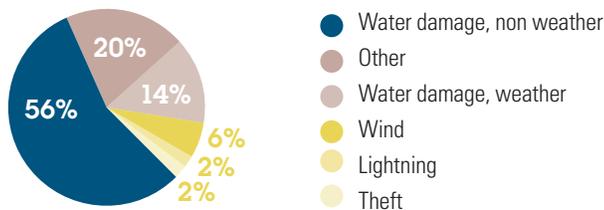
The issue: Assignment of Benefits was intended to allow vendors to get paid promptly by home insurers for performing emergency remediation or repair work without requiring the insurance policyholder to get directly involved in the payment. But in recent years, unscrupulous trial lawyers and vendors have used AOBs as a way of getting consumers to sign over all of their benefits under their homeowners' policies – leaving the consumer with no rights under their own claim. This rapidly growing scam has led to wildly inflated claims, thousands of lawsuits against Citizens and other insurers, and huge legal fees for trial lawyers – all of which drive up rates for all Florida policyholders. **Here are five things you need to know about the issue.**

- 1.** AOB lawsuits skyrocketed nearly 1,000 percent between 2005 and 2014.



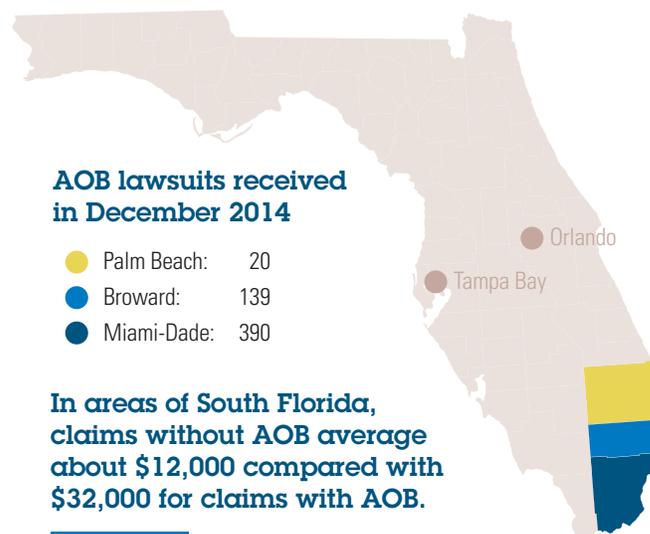
AOB lawsuits involving just homeowner property claims jumped from 70 in 2009 to 2,014 last year, an increase of more than 2,700 percent in five years.

- 2.** The problem is having an impact on Citizens Property Insurance Corp., the state-run insurer. Citizens was slapped with 1,397 AOB-related lawsuits in 2013 and 1,526 in 2014. Last year, water damage claims not related to weather accounted for the majority of Citizens' claims.



- 3.** Fueling the problem are “one-way attorney fees” which allow trial lawyers representing vendors – not consumers – to collect legal fees in claim disputes with insurers, but don't allow the insurers to collect legal fees if they win.

- 4.** AOB fraud is rampant in South Florida and spreading quickly to the Orlando and Tampa Bay areas. In December 2014 alone, Citizens received 562 new lawsuits, 98 percent of them from South Florida and nearly all involving water damage.



- 5.** Lawmakers have filed three bills in the 2015 legislative session to address AOB fraud and abuse. House Bill 669 would allow policyholders to assign their benefits for claims up to \$3,000 only. Customers also could assign their benefits when paying a public adjuster or attorney for services rendered in adjusting a claim. Senate Bill 1064 would allow insurance policies to be assignable or non-assignable. Senate Bill 1210 would address one-way attorney fees.