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LMA NEWSLETTER

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More Than Half of Florida Insurance Litigation in 2017 Involved AOBs **New report chronicles growing Assignment of Benefits abuse in Florida**

A new report out by the Florida Justice Reform Institute provides the latest evidence that Florida's Assignment of Benefits (AOB) system is broken and pins the blame squarely on a system that incentivizes vendors and trial lawyers to strip rights away from policyholders in order to make a buck, which is inflating insurance premiums for Florida's consumers. Those AOB lawsuits filed last year represented more than half of all insurance litigation on the dockets – and it's growing.

[The Institute \(FJRI\) report](#) states that lawsuits against insurance companies involving an AOB increased 58% between 2015 and 2017 (from 82,263 to 129,781). And it's not just homeowners property claims suits. Automobile windshield claims suits have grown from 397 in 2006 to 19,513 in 2017, according to the state Department of Financial Services. The report blames aptly-named "no-risk proposition of attorney fees" as the culprit. Think about it. If you were a lawyer and knew you could get attorney fees awarded if you won just \$1 more than the insurance company's initial settlement offer, wouldn't you take the case? Various bills in the Florida Legislature to reform this abuse are stalled (see this edition's *Bill Watch*).

The report is very revealing in linking the 2012 reform of Florida's Personal Injury Protection (PIP) auto insurance with the not-so coincidental growth of AOB abuse. The FJRI writes that "...we know that many PIP lawyers took their business model and developed relationships with other vendors, such as water remediators and auto glass shops, then applied the PIP template—assignments that transfer the one-way attorney fee—to property and auto glass coverages."

FJRI found that about a dozen lawyers contribute to a quarter of all AOB litigation statewide. The report also provides insight into why insurers have been unsuccessful using the offer of judgment/proposal of settlement statute to control these rising litigation costs.

"Litigation reform is necessary to prevent policyholders from losing their rights to proper repair and to stop the double-digit premium increases that we will all pay for," said William Large, FJRI President.

Folks, there's one thing that's clear to me after reading the FJRI report. AOB in Florida, in its current form, has become a weapon harming consumers who pay for this insanity. In private conversations with lawyers, many agree that what is happening is wrong and if the problem is that insurance companies "just don't pay," then it just makes sense to use the Department of Financial Services FREE helpline and consumer assistance specialists to mediate the claim dispute to avoid the lawsuits and the lawyers who perpetrate them.

If you have been a victim of an AOB scam where a vendor took your policy rights and you feel helpless or feel like your insurance company did you wrong, please call me at 850-528-9229 and I can guide you to free help from insurance regulators.