

First District Court of Appeals' Ruling Strikes a Blow Against Florida Home Insurance Consumers

Court Upholds Office of Insurance Regulation's Decision to Prevent Ormond Beach-Based Home Insurance Company from Amending Policy Language to Better Protect Policyholders

Ormond Beach, Fla. (June 24, 2015) – The First District Court of Appeals has issued a ruling against a filing that would have reduced the abusive use of Assignment of Benefits (AOBs) – a problem highlighted by [the media](#) and one that will lead to rate increases.

In June 2013, Security First Insurance requested the Florida Office of Insurance Regulation (OIR) allow it to use new policy language that would reduce abusive practices. The OIR denied the request and the company's subsequent administrative hearing. This led Security First Insurance to file an appeal with the First District Court of Appeals. The court recently upheld the OIR's decision and denied Security First Insurance's request to amend its policy language.

In its ruling, the court stated that Security First Insurance provided evidence "that a 'cottage industry' of 'vendors, contractors, and attorneys' exists that use the 'assignments of benefits and the threat of litigation' to 'extract higher payments from insurers.' These concerns, however, are matters of policy that we are ill-suited to address."

"We're doing the best we can to lower the cost of homeowners insurance and protect our customers from the exploitation of assignment of benefits," said Locke Burt, Security First Insurance chairman and president. "We are disappointed with the [court's ruling](#) and the lack of action from the Chief Financial Officer, the Florida OIR, and the legislature," Burt continued.

"We're going to keep our options open and continue to combat the issue," said Burt. "We need to put a stop to what's become one of the largest and fastest growing cost-drivers our industry has seen."

Abuse of AOBs hurts consumers; raises rates

Security First Insurance has seen the use of abusive AOBs skyrocket and is now averaging one AOB-related lawsuit a day or approximately 350 AOB-related claims per year.

On average, a claim containing an AOB costs \$3,500 - \$7,500 more than a claim without AOB. The abuse of AOBs costs roughly \$50 million a year. This increase in costs is passed directly to consumers in the form of higher homeowners insurance premiums.

What can consumers do? They can protect themselves by contacting their insurance company first to file their claim before signing any documentation.

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About Security First Insurance Company

As a [Florida homeowners insurance company](#), Security First Insurance provides homeowners, renters, condo unit owners, and dwelling fire insurance to nearly 240,000 customers located throughout Florida. The company is nationally recognized for developing award-winning innovative technology designed to improve the customer experience and streamline catastrophe response. Security First Insurance has been assigned a [Financial Stability](#) Rating[®] (FSR) of A, *Exceptional*, from Demotech, Inc. and is strongly committed to improving Florida's homeowners insurance market and supporting initiatives that protect residents and communities of the Sunshine State. For more Security First Insurance, follow us on [Facebook](#) or [Twitter](#) (@SecurityFirstFL), or visit [SecurityFirstFlorida.com](#).