



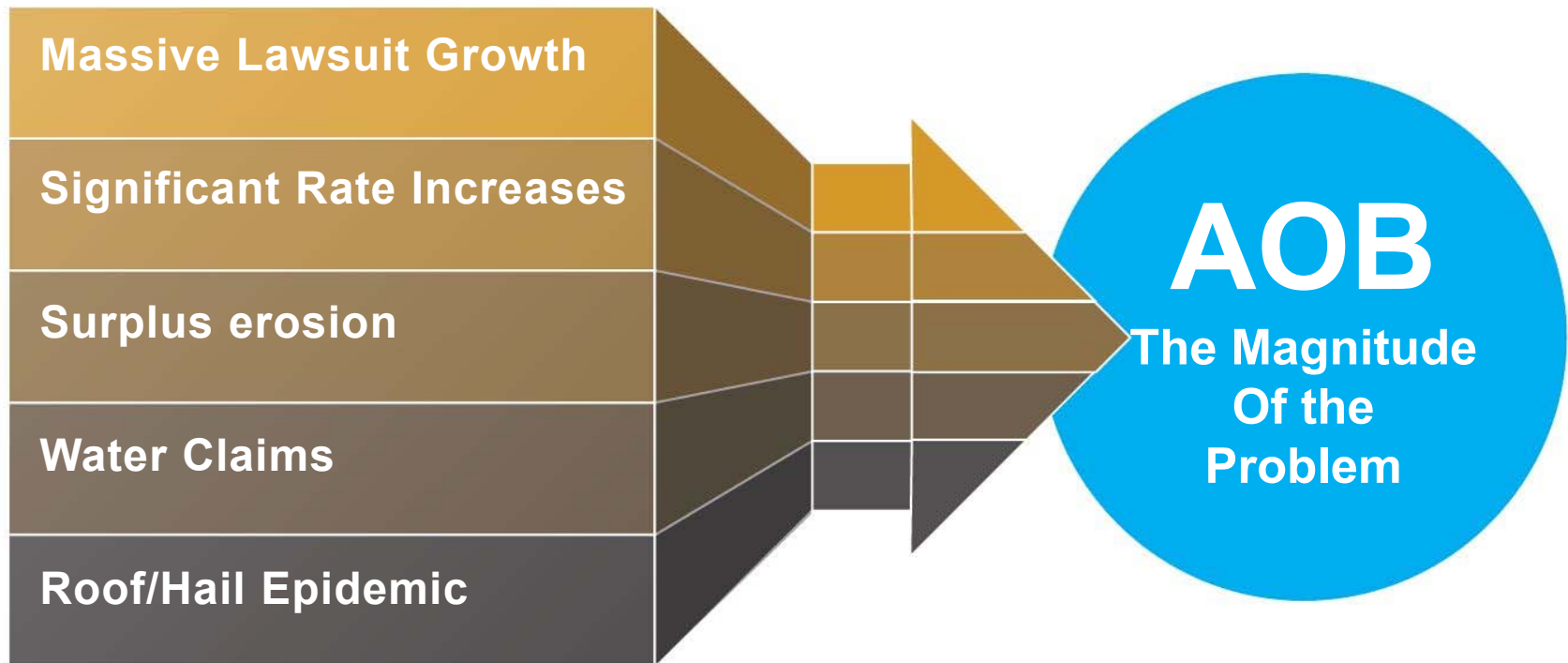
Florida Chamber Insurance Summit

Miami

Presented by Bob Ritchie


February 2, 2017

The AOB Problem



Assignment of Benefits

'I transfer and assign any and all insurance rights, benefits, and causes of action under my property insurance policy'

<ul style="list-style-type: none">• Debris Removal• Fire Restoration• Home Improvement• Mold Remediation• Water Mitigation• Water, Smoke, Fire		752 Cresting Oak Cir. Orlando, FL, 32824 321-277-0149 phone 321-279-3143 fax
Florida Emergency Mitigation Agency, Inc. Assignment of Insurance Benefits		
Client/Insured	[REDACTED]	
Policy Number	[REDACTED]	
Claim Number	[REDACTED]	
Insurer	[REDACTED]	
Date of Loss	01/21/2014	
<p>I hereby assign any and all insurance rights, benefits, and proceeds under the above referenced policy to my repair facility, <u>Florida Emergency Mitigation Agency, Inc.</u> I hereby authorize direct payment of any benefits or proceeds to my repair facility, <u>Florida Emergency Mitigation Agency, Inc.</u>, as consideration for any repairs made by <u>Florida Emergency Mitigation Agency, Inc.</u> I hereby direct my insurance carrier [REDACTED] release any and all information requested by my repair facility, <u>Florida Emergency Mitigation Agency, Inc.</u>, its representative, or its Attorney for the direct purpose of obtaining actual benefits to be paid by my insurance carrier to my repair facility for services rendered or to be rendered for my appropriate property damage. In this regard, I waive my privacy rights.</p>		
DATED THIS <u>21</u> DAY OF <u>January</u> , 20 <u>14</u> .		
CLIENT/INSURED	[REDACTED]	
(Signature)	[REDACTED]	
Prices are based upon BLUE BOOK of Cleaning, Reconstruction & Repair.		

AOB – The Storm After the Storm

AOB: THE STORM AFTER THE STORM

Life back to normal. We know that's all you want after you've experienced loss or damage to your home. Contractors know that, too - and some will take advantage of this difficult time for you by inflating your repair costs and having you sign a contract that includes an assignment of benefits (AOB) clause. Even if you inadvertently sign this paperwork, you've just assigned control of your claim to your contractor. At this point, we may no longer be able to provide you with a claim check - EVERYTHING would go through the contractor. Losing control of your claim could result in more than a headache for you - it could ultimately cause you to lose the very home you simply want to get back to normal.



ASSIGNMENT OF BENEFITS (AOB) CONTRACT What does it mean?

Unscrupulous contractors pressure unsuspecting homeowners into signing contracts that include Assignment of Benefits (AOB) clauses - words to the effect of, "I transfer and assign any and all insurance rights, benefits and causes of action under my property insurance policy to the contractor."

→ WHAT DO YOU STAND TO LOSE? ←

Now that your contractor is in control, he can bill your insurance company for work he hasn't done, overcharge your insurer, or simply take your proceeds and never even begin working on your home.

The contractor could take the money and run, leaving your home unrepaired or partially repaired.

Either way, you may be on the hook to pay for your contractor's scams.

If an inflated bill from your contractor exceeds what is covered by your homeowners insurance policy, you may have to pay the difference. The contractor could place a lien your home, and contractor liens in Florida can be enforced by foreclosure. This type of fraud, while extremely costly to individual homeowners who've fallen victim to the scam, affects all Florida homeowners. Fraud is currently one of the primary drivers in home insurance premium costs.

AOB fraud is far from a victimless crime!

HOW TO PREVENT FROM BECOMING A VICTIM

- Following a loss, the first call should be to your homeowners insurance company. They can refer a licensed, experienced and reputable contractor. This will also help expedite your claims process.
- Never partner with a contractor who requires you to sign an assignment of benefits document.
- Ask the contractor for proof of liability insurance.
- Never sign a document you don't fully understand. When in doubt, call your homeowners insurance company for help.
- In the event of a family member's home emergency, make sure to tell them not to sign anything that requires them to assign their benefits to a contractor.

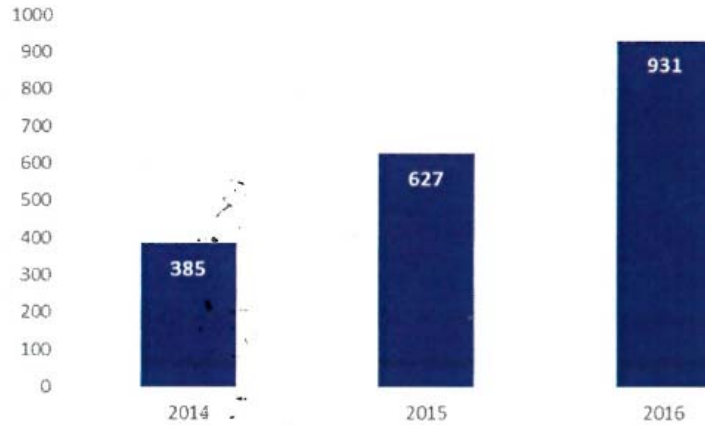


Be sure to call in your claim to your insurance company right away to help avoid scams like this.

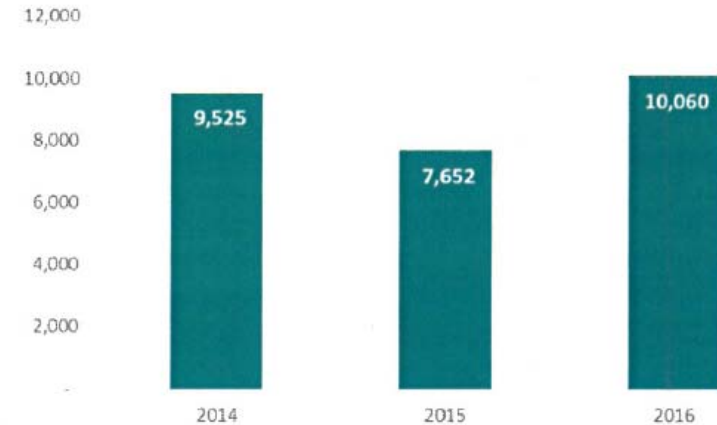
If you have tropical storm or hurricane-related damage, please call 1-844-MY-AIIC-1 so we can quickly help you begin the recovery process.

AOB Lawsuits are up 186% from 2014 to 2016 (excl. Citizens)

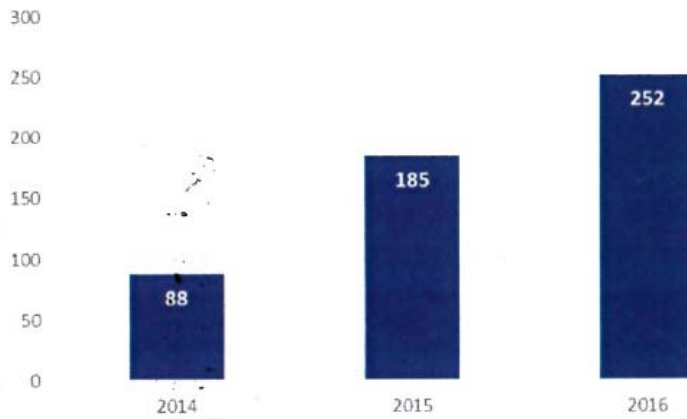
Number of Lawsuits - Average Top 25



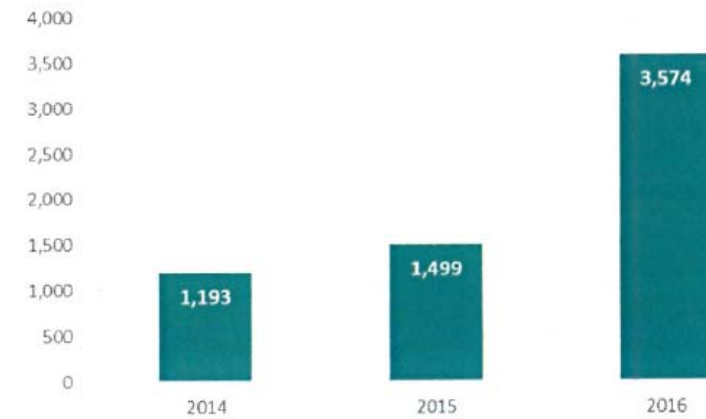
Number of Lawsuits - Citizens



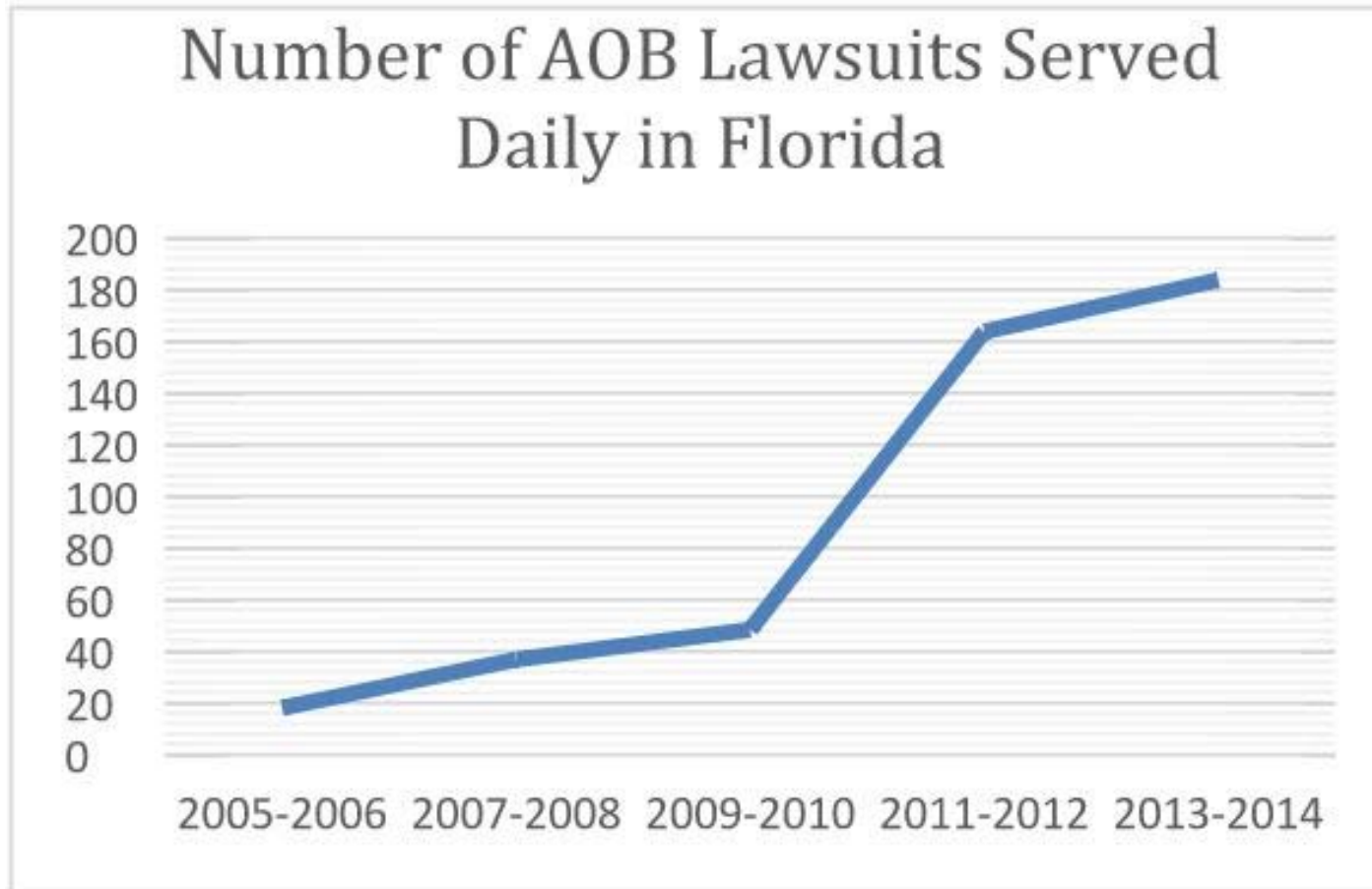
Number of AOB Lawsuits - Average Top 25



Number of AOB Lawsuits - Citizens



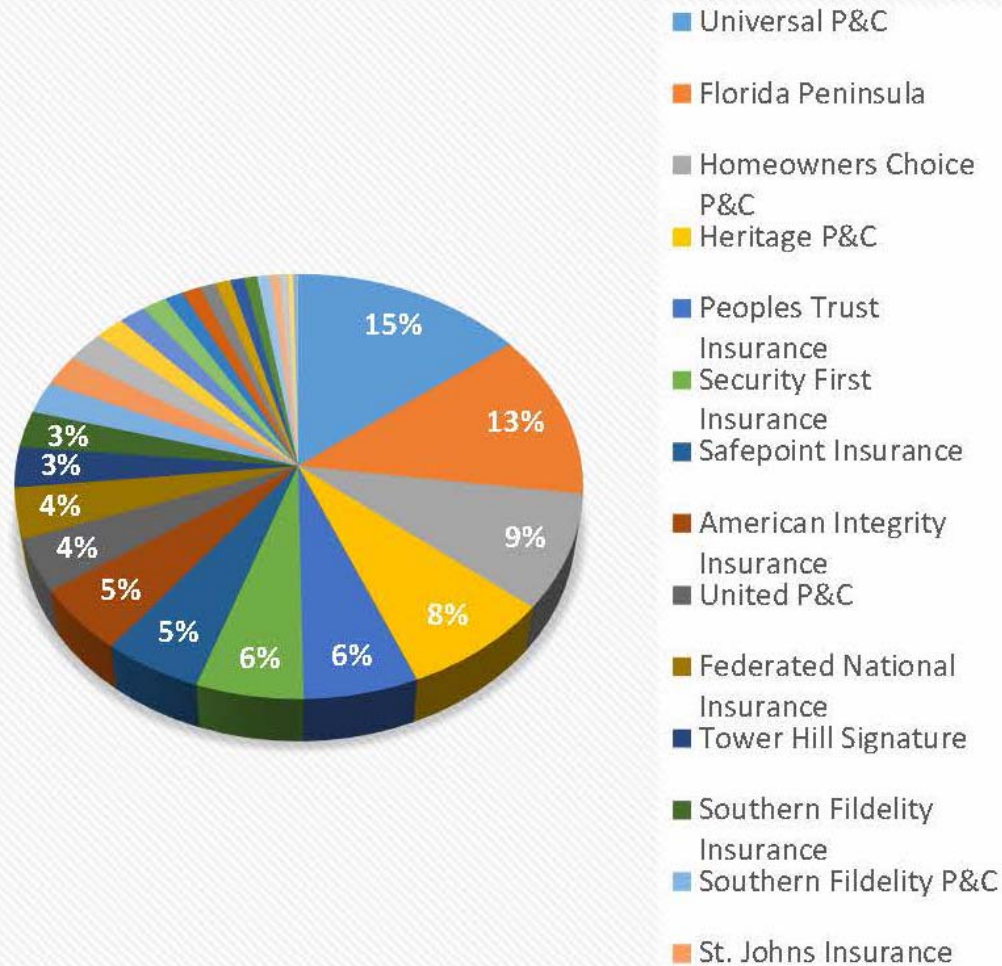
A Growing Problem



Industry Impact

It's affecting everyone

Share of Total 2015 Lawsuits



Rate Increases

- At Q3 2016, 14 companies implemented rate increases largely driven by AOB and Roof/Hail
- Over 870,000 homeowners insurance customers are experiencing rate increases. This number will likely double in 2017
- This doesn't include dwelling fire or mobile home
- There are 6-8 more companies that will be showing rate indications in the double digits in the next several months

Increased non-cat losses are stressing Florida surplus

- Q3 2016 Net Income for the industry decreased year over year (YOY) by approximately 64.3% (-\$295.3m).
- Florida domestic companies were responsible for most of the decrease, -88.6% (-\$259.8m)
- Q3 Net Income for the FL domestics was \$33.3m in 2016 compared to \$293.1m in 2015.
- 20 Florida domestics experienced remarkable surplus reductions year over year at Q3 2016. More will follow at Q4 2016.

Increased non-cat losses are stressing Florida surplus

- Net Combined Ratio for FL domestics increased from 92.1% to 105.1% (+13%) while Net Loss and LAE Ratio increased from 53.2% to 63.8% (+10.6%).
- To serve as a comparison, in the prior Q3 YOY results (2015 Q3 vs 2014 Q3), we saw Net Income *increase* 6.5% (+\$17.8m) while the Combined and Net Loss and LAE ratios increased only 1.9% and 3.2%, respectively.

-

Net Income Erosion

- Net Income for the industry is *down* 64.3% YOY (-21.4% for ANTS vs -88.6% other companies)
- Gross Loss Ratio for the industry is up 17.5% YOY (+0.04% for ANTS vs +19.3% other companies)
- Net Loss & LAE Ratio for the industry is up 17.7% YOY (+0.6% for ANTS vs +20.0% other companies)
- Net Combined Ratio for the industry is up 13.0% YOY (+0.6% for ANTS vs +14.2% other companies)

Water Claims are an Epidemic

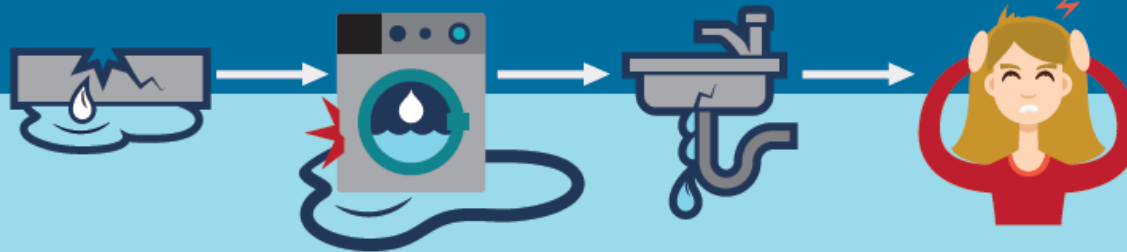
- In the last six years: (OIR Data Call Report February 2016)
- *frequency* of water damage claims increased **by 46%**
- *severity* of water claims increased **by 28%.**

An AOB Could Put Floridians in Hot Water

WATER DAMAGE:

Signing an AOB contract could put your home in hot water.

Accidents happen. Pipes break and washing machines leak, but stay in control of what you can and don't sign an Assignment of Benefits (AOB) contract from a water restoration company. You could lose control over your insurance claim, and potentially make your situation worse - and even put your home at risk.



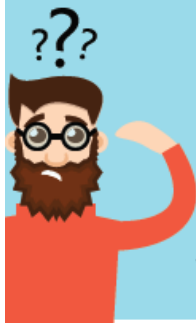
ASSIGNMENT OF BENEFITS (AOB) CONTRACT

What does it mean?

Unscrupulous contractors are pressuring unsuspecting homeowners into signing contracts, often for water damage restoration, with the term Assignment of Benefits (AOB) - words to the effect of "I transfer and assign any and all insurance rights, benefits and causes of action under my property insurance policy to the contractor."

When you sign this type of contract, you may:

- Give up your rights to your claim under your homeowner's policy
- Give up your right to any money for your damage to that contractor
- No longer have control or a legal right to your claim




WHAT DO YOU STAND TO LOSE?

If the contractor receives the payment directly from the insurance company, they can take the check and never perform any repair work on your home. Or they could submit an inflated claim to your insurance company, leaving you to cover the difference.

What The Hail Is Going On?

Free Inspection Repair Payment
Due to a recent storm, many homes in your area were affected. Call today for your free roof inspection.
Insurance claims are welcomed.



Check out what your neighbors have to say about us at JasperRoof.com/testimonials

Jasper's process is timely & hassle free. Most roof replacements are completed in 1 day, including clean-up!

Wind and Hail Damage. Call Kevin @ 813-892-3309. 80% Approval Rating
Full Roof Replacement at the cost of your deductible.

Licensed and Insured
www.JasperRoof.com

While You Were Out...
We inspected your roof and found you have

Wind & Hail Damage.
Your Insurance Company May Pay For A New Roof.
- CALL FOR DETAILS -
Please Have Address & Name Available For Our Records.
 Date: 12/13
 Inspector: Paul

CHARLIE'S ROOFING
813-621-6347
 Tampa, Florida

4 days to left to make a claim

YOUR PROPERTY HAS BEEN IN A STORM DAMAGED AREA

Your Insurance Company May Pay For A New Roof.
- CALL FOR DETAILS -
Please Have Address & Name Available For Our Records.
 Date: 12/29
 Inspector: Paul

CHARLIE'S ROOFING
CCC1327673
 Bonded & Insured
813-621-6347
 Tampa, Florida

ATTENTION HOMEOWNERS
It's Not Too Late To File A Hail Claim.
FREE HAIL INSPECTION BY LOCAL COMPANY
 On May 25th of 2014 Citrus County suffered one of the worst hail storms in the history of weather tracking for this area. Residents in Sugarmill Woods, Pine Ridge, Citrus Springs and Riverhaven have suffered many roofs damaged by this storm. It contained hail of various sizes with winds of up to 60 MPH. Call a local Citrus County Roofing Company that has over 30 years of dealing with roofing issues including wind and hail damage. Our Haag trained staff of roofing consultants and engineers will meet personally with you and your adjuster on the job site at time of inspection to insure you get a fair and honest evaluation.
 We offer lifetime 30/50 year fully transferrable warranty on all shingles and a 10 year workmanship warranty. Also, we can replace your damaged screen and gutters. Homeowner is responsible for deductible only on all insurance claims.
For a Free Inspection Call Today!
If you have been denied an insurance claim or for hail damage, we can help you file an appeal and help overturn denied claims at no cost to you. MANY REFERENCES UPON REQUEST
CALL THE HAIL BUSTERS

AAA ROOFING
563-0411 • 726-8917

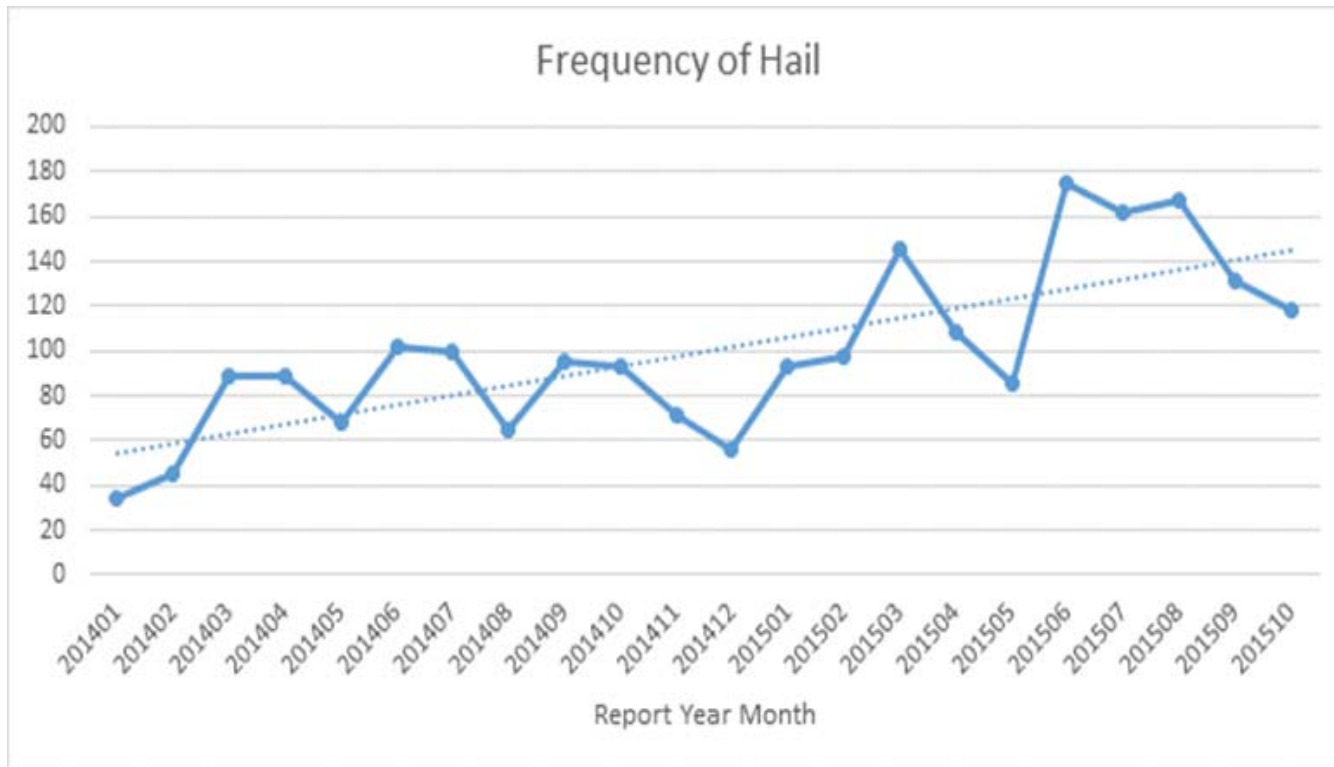


www.JasperRoof.com
- You may qualify for a new roof -
A damaged roof is a risky roof. Avoid costly repairs, call today for your free roof inspection.

- NO MONEY DOWN
- IMMEDIATE INSTALLATION
- CALL TODAY FOR FREE INSPECTION


813-867-7898
License # CCC1327673

2014-2015 Hail Frequency



How Large Does a Hailstone Have to be to Cause Roof Damage?



Numerous tests have shown NO shingle damage occurs from $\frac{3}{4}$ " hail. Some 11 year old shingles can be damaged by 1" hail and some new shingles can be damaged by 1.25" hail. Tests show it takes 1.25" to 1.5 " hail to possibly damage 30 year laminated shingles. The hailstone speed, size, trajectory, and density are all factors that can vary the potential for damage. (as well as the pitch of the roof and the material or lack of material supporting the roofing material).

Hail Myth: I have damage to my A/C fins or roof vents. My roof must also be damaged?



Very thin AC fins (.006 to .008" thick) and relatively thin aluminum heater flue vents (.018" thick) are generally unsupported materials and easily damaged by small hail.

Hail Myth: My roofer measured the width of the dents on my roof vents and told me since the dents were 2" wide that at least 2" hailstones hit my roof



This is not always a reliable method to determine the size of hailstones that hit the roof. A study revealed that the dent diameters can exceed the size of ice sphere diameters by factors as high as three times.

Hail Myth: My gutters have a lot of roof granules in them after the last storm
– my roofer told me the roof has to have been damaged



A study revealed the small amount of granules lost during a hailstorm does not shorten the life of a roof or adversely affect its water shedding ability.

Roof – Splatter from non-dense hail – not damage



Roof – **Not** Hail Damage

Typical shingle wear due to age



Roof – **Not** Hail Damage

Typical shingle blistering



Roof – **Not** Hail Damage

Man-created – consistent size and away from the dangerous roof edge!



Where's the Collateral Damage??



So, If There is Actual Hail Damage...What's Next?



Repairs

Is the roof repairable? What does the code say about repairing the roof?



Damage Investigation

- Each claim is handled on its merits
- Panel of licensed professional engineer firms
- ISO Claim Search
- Weather Verification
- Repair vs. replacement

AOB: Greed is not good

Drivers of AOB in Florida:

- One-way attorney fee shifting statute. Incentivizes attorneys to sue for \$1 dispute because they can make thousands. Fee statute applies to AOBs as well as insureds.
- Sharp decline in hurricane and sinkhole claims in 2011
- Rise of water extraction and repair contractors who educate themselves in how to make money from homeowner insurers.
 - **Harvey Cohen** of Cohen Grossman law firm: Frequent seminars in Florida for AOB
 - **Anthony Delmedico**, “Win The Storm” Conference, Miami, February 2017

Attorney Fee Statute


- AOB Litigation: Most AOBs seek less than \$5,000
- The money is in the attorney fees
- What amount goes into the pockets of the plaintiff attorneys?

Insurance Deception 101

WIN THE GAME

**SUCCEEDING BIG
IN THE INSURANCE
RESTORATION INDUSTRY**

· BIG REVENUES · BIG PROFITS · BIG COMMISSIONS ·



By Anthony Delmedico
CEO of Several Multi-Million Dollar Companies

Insurance Decption 201



You are invited to attend

Attend this class and
earn 1 IICRC CE/C



Creative Sales & Marketing Tactics for a Changing Restoration Industry



February 28th
9:00am- 4:00pm



ARAMSCO
1035 W Amelia St.
Orlando, FL 32805



Chris Niles

9:00am - 11:00am

Marketing and Communications

Interested in growing your business and brand recognition through social media? The marketing portion of this seminar will give you simple ideas on how to effectively use Facebook, LinkedIn, YouTube, Twitter, Instagram and Google+ to grow your company. This is an opportunity to pick an entrepreneur's brain with any marketing strategies and ideas you've had for

your company.

Break 11:00am - 11:10am; Including Lunch: 12:00pm - 1:00pm



Harvey V. Cohen

Cohen Grossman Attorneys at Law

11:10am- 2:00pm

Legal Issues and Contracts

This course provides legal insights about the contracting industry in Florida. Attorney Harvey Cohen will talk about the importance of Assignment of Benefits, keeping the insured on your side, legal contracts and service agreements, documentation before, during and after a job. Learn about getting paid on claims that have been reduced or denied, overhead and profit information to make sure you are not acting like a public adjuster if you're not licensed to do so.