

Don't worry. We will take care of everything with your insurance company. Just sign here...

by Amanda Richter | August 28, 2014 |

Should you do it? If something sounds too good to be true, it usually is. So, "Just say no!"

A recent story on [Action 9 in Orlando](#) highlighted a problem we see all too often at American Integrity Insurance – customers who unknowingly sign away their rights to their insurance benefits. The story varies from person to person, but it follows a similar pattern:

You come home to a burst pipe. There is water all over the floor. You are frantic and call a plumber as you try to mop up the floor. The plumber comes and fixes the pipe and recommends a company to come over and clean up the mess.

Good so far? Yes, the pipe is fixed and the water damage needs to be contained as quickly as possible.

But the water mitigation contractor who comes out, first puts a piece of paper in your hands and won't start work until it is signed. You, the frantic and stressed-out homeowner sign. And the [possibility of trouble starts](#).

Within that contract is the term **"Assignment of Benefits"** (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 does this mean? You have just signed the rights to your claim under your homeowner's policy and any monies for your damage to that contractor in exchange for the contractor fixing the problem.

In many cases the water mitigation company charges an amount inconsistent with the amount of work performed, sometimes far in excess of the insurance adjuster's estimate or the industry standard. If the insurance company challenges the expenses submitted, the policyholder is caught between a rock and a hard place. You no longer have the right to try to resolve the issue with the company. You have signed that right away. Many times the damaged area is left in disrepair by the contractor during the dispute, which can take months and sometimes even years to settle, as was the case in the [Action 9 Orlando](#) story. If the contractor has already completed the work and the insurance company doesn't agree to the amount, the contractor can file a lien and foreclose on your house, unless you pay!

Unfortunately, it's the homeowner who is caught in the middle and pays the price. – if the insurance company fights the inaccurate charges the contractor could decide not to finish the work or even put a lien on the house, if the insurance company decides to back down and just pay the higher price this contributes to premiums rising for all customers. It's a real problem. Here at American Integrity, 20% of the water damage claims have come with an assignment of benefit this year and those claims, on average, are 34% higher than claims submitted without this

assignment. When disasters like this strike, just remember, don't sign anything until you talk to your insurance company.

How can you prevent this from happening to you?

1. **Call your insurance company first when you have a claim:** they can help you partner with a reputable contractor and help explain what an “Assignment of Benefit” really means.
2. **Read any document you’re asked to sign:** a contractor should only require you to sign a work authorization so if you see the phrase “Assignment of Benefit” do not sign.
3. **Beware of plumber referrals:** Ask if your plumber receives any compensation for referring you to the water damage company. Reputable plumbers refer based on quality of work, not [referral fees](#).

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