

# DAYTONA BEACH NEWS-JOURNAL

## OUR VIEW:

### In storm's aftermath, protect consumers

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State officials and insurers should be vigilant for all signs of abuse.

Bashed-in roofs. Flooded living rooms. Destroyed electronics. Across Volusia and Flagler counties, property owners are assessing the aftermath of Hurricane Matthew. For those who sustained severe damage, the process may be frustrating, intimidating — even heartbreaking, as they ponder the loss of irreplaceable items like photographs and heirlooms. Looming before them: The daunting task of filing insurance claims, recruiting contractors and dealing with the toll of repairs on daily life.

And that's when everything goes right. Unfortunately, as Florida has learned time and again, things can go so wrong. Because even before the winds died down, the predators were on the move.

So-called “storm chasers” will flood into this area, looking to fill the demand that overwhelmed local roofing, plumbing and construction companies can't meet. Many will be honest craftspeople who see a chance to make good money doing good work. But others will arrive armed with a battery of scams — including doing shoddy work, demanding exorbitant fees up front and gouging on materials and labor costs. And they will find vulnerable marks. They always do.

That puts an increased burden on state and local officials, along with insurance companies, to be on the lookout for signs of fraud and stand ready to wage battles on behalf of consumers. It's a task made tougher by the fact that Florida hasn't been hit by a storm of Matthew's magnitude in more than a decade. Florida Attorney General Pam Bondi would do well to study the actions of her predecessors Bob Butterworth and Charlie Crist, who both came out swinging against price-gougers and dishonest contractors in the aftermath of major storms. (To their credit, Volusia County emergency management officials were firing out scam warnings by Saturday morning, and Daytona Beach posted signs warning about unlicensed contractors.)

But Bondi and state lawmakers should also keep a watchful eye on a relatively new practice — one that doesn't always rise to the level of fraud, but one that Florida's insurance industry is increasingly concerned about. In so-called “assignment of benefits” agreements, property owners sign away the task of negotiating with insurance adjusters and collecting payment to the contractors who are doing the repairs. The deals can seem attractive to homeowners, who are freed from the stressful back-and-forth of the claims process. But they've opened the door to

inflated claims, unauthorized upgrades and, at times, blatant rip-offs, insurance professionals claim.

Sen. Dorothy Hukill, R-Port Orange, filed a bill that would put a stop to these types of contracts, but it died during the 2016 session. A review of claims after Matthew could add to the growing evidence that legislative changes are needed to protect consumers.

Ormond Beach-based Security First, one of the largest property insurance companies in the state, looked at water-damage claims it handled in 2015. While only 15 percent had assigned-benefits agreements, or AOBs, those claims cost an average of twice as much as normal water-damage claims. In Florida's highly regulated insurance market, more expensive claims translate into higher premiums — for everyone. The practice has become so costly that the state-backed Citizens Property Insurance cited it as a major factor behind an average 6.4 percent rate hike approved in September.

And the number of cases of suspected fraud continues to increase. Some contractors aren't fully explaining what they are asking homeowners to sign, or refusing to work unless the property owners sign AOB agreements, state officials say. In the pressure-cooker aftermath of a major storm like Matthew, the potential for trickery increases dramatically.

In the coming weeks, state officials and insurers should be vigilant for all signs of abuse, to protect consumers and keep insurance rates as low as possible. That mandate will be more difficult because many of today's state leaders have had little experience with major calamities. For the sake of Florida's consumers and the stability of its insurance market, they will have to step up.

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