

FLORIDA POLITICS

Senate committee considers sending AOB disputes to mandatory arbitration



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Alternative dispute resolution emerged as a possible solution to the political dispute over assignment of benefits, or AOB, agreements during a [hearing](#) Tuesday before the Senate Banking & Insurance Committee.

Sha’Ron James, Florida’s insurance consumer advocate, raised the possibility as the committee members questioned representatives of the trial bar, the insurers, contractors and other parties.

“I’m definitely a proponent of encouraging alternative dispute resolution, arbitration or mediation,” James said.

Disputes between AOB holders and insurers center not on broad principles but on dollar amounts that arbitrators are well-positioned to sort through, James said.

“If we encourage alternative dispute resolution, it would deter litigation, which is where a lot of the exorbitant legal fees are coming from,” she said.

Committee members, including chairwoman **Anitere Flores**, seemed open to the idea, although Flores said the details would have to be worked out.

“What would an alternative dispute resolution (system) look like? What would mediation look like? Are there precedents for other arenas where there is a formal mediation (system)?” she said.

It was the second time the committee [invited](#) the antagonists, plus Insurance Commissioner **David Altmaier**, to seek consensus. A similar process produced legislation that passed the House during the spring Regular Session. The issue never reached the floor of the Senate.

One key sticking issue is fees for plaintiffs attorneys in disputes against carriers. [SB 62](#), filed by Sen. **Dorothy Hukill**, would eliminate attorney-fee awards to parties suing insurers under those AOB agreements. Altmaier, the carriers and other observers blame abuse of such litigation for escalating property insurance rates.

“I expect that, before the bill-filing deadline, there might be a couple more pieces of legislation,” Flores said, adding that Senate President **Joe Negron** has been discouraging the filing of committee bills.

“This might be an example where what we’re trying to come up with is a consensus product that a majority of the committee members can get behind. Procedurally, what that would look like, I think we’re not 100 percent sure of,” she said.

“But my goal is certainly for there to be in this committee a bill that incorporates the ideas and the alternatives that we’ve heard here.”

Flores believed the hearing produced progress.

“While it was painful at times and certainly frustrating, there were some things that came out,” Flores said. The task now, she continued, is to settle the details.

“Other chairmen have sat in this chair, much smarter than me. And more experts have said they want to find a solution to this issue. We’re going to give it our best shot. Whether or not we get it right, guess we’ll find out at the end of Session.”

Flores wanted assurances that, whatever the committee does, rates will go down.

“I would be hard-pressed to support some of the more extreme solutions unless there is an actual result that would be beneficial to our constituents,” she said.

Sen. **Oscar Braynon** concurred, saying he’s been assured in the past that legislation would fix high insurance rates only to see a fresh scapegoat emerge.

“I don’t want to sit here and go through this exercise without us actually looking at how we solve the problem, which is higher rates for consumers,” he said.

Christine Ashburn, chief lobbyist for [Citizens Property Insurance Corp.](#), sought to assure committee members that cracking down on inflated water mitigation claims and related lawsuits would produce results.

“If we could get back to the averages we have seen for many, many years, the majority of our customers would stop seeing rate increases, and many of them would begin to see rate decreases,” she said.

Flores said that high insurance premiums have been her constituents’ top concern through the 16 years she’s served in the Legislature.

“How do we address this issue in a way that it doesn’t bubble up to become another issue somewhere else?” Flores said. “That might be biting off more than we can chew, but I’d like for us to at least try.”