

SunSentinel

Politicians and the Assignment of Benefits insurance Scam / OPINION

A recent report by the American Tort Reform Foundation ranks Florida as the [worst judicial hellhole](#). Along with a need for comprehensive tort reform, as the report points out, Florida has become the poster child for an insurance scam that enriches some attorneys and home repair companies at a big cost to insurance consumers.

Here is how it works.

By signing over to contractors the right to deal directly with the insurance company — called assignment of benefits (AOB). The idea of AOB is to speed repairs and cut the red tape for consumers, but unscrupulous attorneys and contractors have found ways to enrich themselves, by running up the costs, making unnecessary repairs and billing insurance companies for work never completed.

If an insurance company balks at a contractor's padding the bill, the contractor can have his attorney sue the insurance company. Because under a Florida [law from the 1950s](#), if the insurance company loses the case, it must pay both its own legal costs and the plaintiff's costs. However, if the insurance company wins, it must still pay its own legal costs, setting up an unfair one-way reimbursement of legal fees in favor of the plaintiff's attorney.

These one-way attorney fees encourage a cabal of lawyers and contractors to sue, and it encourages insurance companies to settle, which means more claims are made and paid, more costs are incurred, and consumers ultimately pay higher premiums. AOB property claims have increased from [405 in 2006 to 28,000 in 2016](#).

So lucrative is the scam that some plumbers are receiving up to [\\$2,500 in kickbacks](#) per claim just to get the homeowner to sign the AOB form, according to public testimony. In Miami-Dade County, home insurance costs are expected to jump by [\\$6,000 in five years](#) unless the Florida Legislature halts AOB fraud. While this all jacks up homeowners insurance, now the problem is creeping to [auto insurance claims](#).

AOB scams are well known to Florida attorneys, especially to those in the Legislature where each year some of the most brazen scammers find ways to halt legislation that would reduce Floridians' insurance costs. Last year, legislators were handed an easy fix for the problem with [Senate Bill 1038](#), but some politicians shamefully they let the bill die.

Floridians deserve more faithful attention be paid to their needs, rather than the needs of unscrupulous contractors and trial attorneys. Consumers don't want legislators who ignore the AOB problem and then ask for support to get elected, and consumers don't need one-way reimbursement rules to enrich a handful of dishonest attorneys and contractors on the backs of

insurance consumers. Consumers pay enough for insurance. It is time for the Florida Legislature to get this problem fixed.

That is what consumers want.

Steve Pociask and Alan Daley, who lives in Florida, both write for the American Consumer Institute. For more information, visit www.TheAmericanConsumer.org.