

Bad Politics Blocks AOB Reform in Florida

By

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November 28, 2018 - 6:00am



Now that the elections are behind us, it is time for the Legislature to address the fraud that has increasingly pushed homeowner insurance rates higher each year. Florida is the nation's top "[judicial hellhole](#)," according to the American Tort Reform Foundation, and Assignment of Benefits (AOB) abuse is playing a big role in the dysfunction.

Consumers who sign AOB forms to get home repair work done are losing control of their insurance policies and being charged excessive bills. In many cases, dishonest contractors and their attorneys are filing lawsuits against insurance companies, without homeowners' knowledge, and demanding reimbursement for inflated bills.

Legislative proposals -- including, most recently, [HB 7015](#) -- have tried to amend Florida's "one-way attorney fee" statute, which has been the main source of abuse. The statute, designed to level the playing field between a policyholder and an insurance company, mandates that the plaintiff's attorney fees be paid by the insurer if a court rules that a claim has been underpaid by any amount. Trial lawyers and vendors have exploited this loophole to litigate frivolous cases and negotiate substantial pay-outs.

If nothing is done to rein in the AOB crisis, the average homeowner insurance premium for a standard HO-3 policy on a new \$150,000 home is expected to [rise from \\$1,232 last year to \\$1,595 in 2022](#) -- an increase of 29.5 percent in five years.

In the face of such clear harm to consumers, one would think the people's representatives in the Florida Legislature would move quickly to stop the abuse. But politically powerful personal injury lawyers have intensively lobbied the legislature to stymie any attempt to pass significant reforms.

Over the last six years, several bills have been introduced to address AOB abuse, but a few key legislators have consistently opposed efforts to pass common-sense reforms that would restore fairness and stability to Florida's property insurance market.

Despite overwhelming bipartisan support in the Florida House, which [passed HB 7015 by 82-20 margin](#) earlier this year, a small group of senators led by Senate President Joe Negron and

Insurance and Banking Committee Chair Anitere Flores, both attorneys, succeeded in derailing the bill in the Senate.

Consumers deserve better, and obstructionist legislators must be held accountable. With Sen. Doug Broxson replacing Sen. Flores as Chair of the Insurance and Banking Committee, could this be the year consumers get the relief they deserve?

Steve Pociask is president and CEO of the American Consumer Institute, a nonprofit educational and research organization. For more information about the Institute, visit www.TheAmericanConsumer.Org.