

FLORIDA POLITICS

Insurance Office going after one-way attorney fees in AOB fight



[Michael Moline](#)

Insurance Commissioner **David Altmaier** laid out his office's solution to the insurance assignment-of-benefits problem to Gov. **Rick Scott** and the Cabinet Tuesday, and it includes limiting contractors' ability to recover attorney fees in litigation against insurance companies.

Florida's one-way attorney fee [statute](#) is intended to shield policyholders against legal bills if they want to sue their insurers for failure to pay or lowballing claims. Critics, including Altmaier, argue that unscrupulous contractors, armed with assignment of benefits agreements, or AOBs, exploit the law to file lawsuits, knowing they won't be on the hook for legal costs.

Draft legislation circulating within the Office of Insurance Regulation would specify that only policyholders can take advantage of the law — not third parties, such as contractors, Altmaier said.

“It would clarify that, if you're a homeowner, and you own the policy, it's your name on the policy, you have the benefit of the one-way attorney fee,” Altmaier told reporters following his presentation.

“If your name is not on the policy, then you don't. It's just as simple as that.”

Policyholders would remain free to assign their benefits and choose contractors.

“For all the folks that are doing this the right way and not abusing the system, their day-to-day operations shouldn't change at all as a result of this legislation,” Altmaier said.

“It's the folks that are abusing the system and causing the fraud that might see the change.”

The draft bill also would bar contractors from filing liens against policyholders to recover repair costs above what insurers pay; policyholders would need to inform insurers when executing an AOB.

In 2012, [AOB-related claims](#) accounted for 10 percent of litigation against Citizens Property Insurance Corp., Florida's insurer of last resort, Altmaier said. By 2015, they accounted for 55 percent.

Altmaier approved a 6.4 percent premium increase for Citizens policyholders last year. Unless the Legislature solves the problem, he said, policyholders would face 10 percent increases into the foreseen future. Private insurers would leave the market. And consumers could get hit with additional assessments by Citizens to pay for repairs following a catastrophic storm.

Chief Financial Officer **Jeff Atwater** said he's seen no increase in consumer complaints to his office suggesting massive wrongdoing by insurers.

"They (consumers) would be reaching out to us," he said. "The evidence seems to be that that is not happening."

"There's no other explanation other than the one-way attorney fees," Altmaier said.