

Grant: Big insurance companies protecting their bottom lines

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Big insurance carriers throughout Florida and even the state-run property insurer, Citizens, are in Tallahassee trying to convince lawmakers that water damage claims by property owners are jeopardizing the insurance market and driving up insurance rates. Their claim: Fraudulent actors are causing an increase in water claim payouts.

However, insurance carriers across the board are routinely shorting contractors who have completed restoration work resulting from legitimate claims, paying them 50 to 75 percent less than what the work actually costs. The result: thousands of unnecessary lawsuits that are costing dramatically more than the original claims themselves.

When insurers lose these lawsuits, they have to pay attorney's fees, a cost they are passing on to consumers in the form of higher premiums. The "crisis" insurers claim is driving up costs, is something they have created.

Questions need to be asked of insurance carriers to determine how much they are paying in legal fees, and why they are losing the majority of these cases. Why are they continuing to deny legitimate claims, resulting in lawsuits and legal fees that are often double and triple the cost of the original claim?

Instead, insurance lobbyists in the Capitol are asking lawmakers to make a big change by proposing a new law to change the "assignment of benefits" in property claims.

An assignment of benefits requires the insurance company to pay insurance benefits to your chosen contractor directly for the work property owners have approved as a result of an insurance claim. Later, if there is a dispute or disagreement over payment for your claim, the contractor and insurance company deal with it, not the property owners.

However, these legislative proposals will force homeowners to pay out of pocket for repairs despite having insurance.

The reality is most businesses that do damage repair or restoration for property owners are certified in the field that they do work in, and are licensed contractors who are invested in the local community and want to take care of their customers, especially after they've experienced a disaster.

They do legitimate work, use nationally recognized standards to complete their repairs and use software that was created by the insurance industry called "Exactimate" to determine pricing for the repairs. So why are insurers continuing to deny claims and end up in court?

A better solution would be for insurers to deploy properly trained adjusters familiar with the standards and pricing system for acceptable claims, resulting in fewer discrepancies with these claims and dramatically fewer lawsuits.

Additionally, insurance companies need to make sure adjusters are coming to survey damage within a day or two of the loss, not several weeks later, putting undue stress on the homeowner.

It is absolutely disgraceful and disrespectful for insurance companies to ignore homeowners in their biggest time of need.

Practical changes that would be a win-win-win for homeowners, contractors and insurance companies need to be considered, rather than upending a system that has protected consumers for over 100 years.

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