



FLARS 2.0

SB122 Presentation to Senator Broxson

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AOB Abuse

- FLARS recognizes that there is a major AOB abuse problem.
- And we fully support efforts to reign in AOB abuse.
- SB122 is a step in the right direction but is not perfect.

What SB122 Does Not Do

AOB Abuse

- SB 122 does not curtail either AOBs for mold remediation or mold assessment.
- It curtails emergency dry-out services.
- But mold is permanent damage. And mold is always present.
- The Contractor only has to find the mold, and so long as they are mold licensed they can perform the remediation work without the \$3K cap.

SB122 Lacks Consumer Protection

Poor Consumer Protection

- SB122 requires that only Independent Restoration contractors comply with industry standards.
- Carrier Managed Repair Program or Preferred Vendor contractors do not.
- Consumers are not protected.

Easy Fix With Bill In Place

- There is one very simple thing that can be done to protect consumers. See SB122 line items 334 – 336. 334-336 states that the form that allows Carriers to restrict AOBs must include the following:
 - **YOU ARE ELECTING TO PURCHASE AN INSURANCE POLICY THAT RESTRICTS THE ASSIGNMENT OF BENEFITS UNDER THE POLICY IN WHOLE OR IN PART. PLEASE READ CAREFULLY.**

Easy Fix With Bill In Place

- All that needs to be done here to level the playing field is to have OIR mandate the inclusion of the following additional policy language:
- **“KEEP IN MIND THAT WHILE THE INDEPENDENT CONTRACTOR WORKING UNDER AN AOB IS REQUIRED BY FLA LAW TO COMPLY WITH INDUSTRY STANDARDS OF CARE, THE CARRIER MANAGED REPAIR OR PREFERRED VENDOR CONTRACTOR DOES NOT HAVE TO COMPLY WITH INDUSTRY STANDARDS.”**

OIR Has

- OIR has the ability and authority to fix this major flaw in the bill.
- FLARS' goal is to have all water damage contracting meet industry standards.

The Expected Outcome ...

- The expected outcome will be that Carriers will have to require that their MRP and Preferred Vendor Contractors also comply with industry standards.
- Yes doing it right costs more, but everyone should be doing quality work and Carriers should not be cutting corners at the Consumer's expense.

Still a Challenge for Carriers!

Are Carriers Ready For The Additional Due Diligence ...

230 materials, and supplies, the number of labor hours; and, in the
231 case of work performed, proof that the work has been performed
232 in accordance with accepted industry standards.

- Will Carriers have the ability to evaluate the Assignee's written proof that the work has been properly performed?
- That would include ANSI-Approved IICRC S500-2015 and ANSI-Approved IICRC S520-2015 and also FLA Mold Law.
- An adjuster is not in any way trained to do so. This will be a challenge for Carriers.

Prompt Investigation/Eval.

235 paragraph (a) by making a prompt settlement offer or requiring
236 the assignee to participate in appraisal or other method of
237 alternative dispute resolution under the policy. An insurer must
238 have a procedure for the prompt investigation, review, and
239 evaluation of the dispute stated in the notice and must
240 investigate each claim contained in the notice in accordance
241 with the Florida Insurance Code.

242 (10) Notwithstanding any other provision of law, in a suit

- Will Carriers have a suitable and effective procedure for the “prompt investigation [inspection], review and evaluation of the dispute”?
- An adjuster is not in any way trained to do so. This will be a challenge for Carriers.

7 Day Clause

253 tees.
254 3. At least 50 percent of the disputed amount, the assignee
255 is entitled to an award of reasonable attorney fees.
256 (b) If the insurer fails to inspect the property or provide
257 written or oral authorization for repairs within 7 calendar days
258 after the first notice of loss, the insurer waives its right to
259 an award of attorney fees under this subsection. If the failure
260 to inspect the property or provide written or oral authorization

- Will Carriers have a suitable and effective program to not only “inspect” the property given that the contractor must now perform all water damage mitigation per ANSI-Approved IICRC S500-2015 (current industry standard) but also ...
- Determine if the pricing is in line for industry standard compliant work? Again, a challenge ...

The Cost of Compliance

- Will Carriers be able to hire MRP contractors/ Preferred Vendor contractors that do not comply with industry standards when they are in lawsuits for not paying Independents because Carrier found that Contractor did not comply with industry standards?
- Keeping in mind, that it is not possible to mitigate water damage for \$3K and comply with Industry Standards.

**BAD Contractors Will
Not Go Out of
Business Easily**

BAD Contractors & BAD Attorneys

- Carriers are all giddy that SB122 will solve all their problems.
- But the ability for Carriers to comply with SB122 will be challenging.
- BAD Contractors and especially BAD Attorneys will exploit the inability of Carriers to promptly and properly comply with the SB122 requirements.

FLARS 2.0

- FLARS 2.0 is in place to help Carriers meet the requirements/challenges Carriers will face when implementing SB122 by:
 - Proper training.
 - Providing out-sourced services as required.

Warning to Carriers

Non-Compliance With Industry Standards

- Carriers that do not require that their MRP or Preferred Vendor contractors comply with industry standards and then pay for the [sub-standard] work ...
- Risk personal injury lawsuits.
- Why?

Non-Compliance With Industry Standards

- Once mold is found as a result of non-compliance with industry standards ...
- The home is no longer habitable.
- The home is no longer safe.
- At that point Carriers will be creating a whole new industry for Attorneys to sue carriers for personal injury to family members.

Sick Homes

- Defense attorneys will try to prove to a jury that Carrier's policy of cutting corners and paying for sub-standard work that resulted in sick homes ...
- Did not for instance cause or exacerbate their child's autism.
- Or exacerbate Grandma's COPD.
- Etc.

Litigation Nightmare

- Non-compliance with industry standards for Carriers will be a Litigation Armageddon.
- Don't say we did not provide a warning.