



ASSIGNMENT OF BENEFITS



1. What is an Assignment of Benefits (AOB)?



An AOB is an agreement that, once signed, transfers the insurance claims rights or benefits of the policy to a third-party.

An AOB gives the third-party authority to file a claim, make repair decisions, and collect insurance payments without the involvement of the homeowner.

AOBs have been used with life and health insurance policies for many years. However, it is now also being commonly used in homeowners' insurance claims by restoration companies and contractors.

Signing an AOB can be helpful with navigating the claims process, but if misused, it can lead to harmful consequences for the homeowner.

2. What indicators can I look for to determine if I am signing an AOB?

- You are asked to sign over your benefits in order to start the repair process.
- The document includes language that is similar to a power of attorney for the handling of the claim - this power gives the third-party the right to negotiate and endorse checks or hire an attorney or public adjuster on your behalf.
- The language requires that all claim proceeds be made payable to an entity or individual other than you or your mortgage company.
- The language prevents your insurance company from communicating directly with you about your claim.

You should also be aware of contracts or companies offering "free" services or offering to reduce or waive your policy deductible. Florida law prohibits contractors from paying, waiving, or rebating all or any part of an insurance deductible for repairs to property covered by an insurance policy.

3. As a homeowner, how does an AOB impact me?

An AOB can be helpful with navigating the claims process, but if misused it can lead to harmful consequences.

Below are a few things to keep in mind:

- You are signing over the rights and benefits of your insurance policy to a third-party.
- Depending on the language in the AOB, the insurance company may only be permitted to communicate directly with the third-party and you may lose all rights to the insurance claim, including the right to mediate the claim, or to make any decisions regarding the claim, including repairs.
- Depending on the language in the AOB, the third-party may be able to endorse checks on your behalf.
- Once you have signed an AOB, the third-party may file suit against your insurance company.



4. An Assignment of Benefits Must:

- The AOB must contain a written, itemized, per-unit cost estimate of the services to be performed by the third-party assignee and it must only relate to the work to be performed for services to protect, repair, restore, or replace a dwelling or structure or to mitigate against further damage to such property.
- The AOB must contain a notification in 18-point, uppercase, boldfaced font that advises you that you are giving up certain rights under your insurance policy to a third-party. The notification must also include the rescission terms.
- The AOB must contain a provision that requires the third-party assignee to indemnify and hold you harmless from all liabilities, damages, losses, and costs (including attorney fees) if the policy prohibits an AOB. The execution of the AOB constitutes a waiver by the third-party assignee and its subcontractors of claims against you for payment arising from the AOB. The third-party assignee and its subcontractors may not collect, or attempt to collect money from you, maintain any action of law against you, file a lien against your property or report you to a credit reporting agency.

The AOB prohibits the third-party assignee from seeking payment from you in any amount in excess of the applicable policy deductible unless you have agreed to have additional work performed at your own expense.

Florida law prohibits a third-party assignee from including the following charges/fees in an AOB:

- A penalty or fee for rescission of the AOB during the time frames outlined in the AOB.
- A check or mortgage processing fee.
- A penalty or fee for cancellation of the AOB.
- An administrative fee.

If you are concerned with the language or terms of the contract, you should seek legal advice prior to signing the AOB. If you have questions as to whether the AOB incorporates the provisions required by Florida law, you may contact the Florida Department of Financial Services toll-free Insurance Consumer Helpline at **1-877-MY-FL-CFO (693-5236)**.

If the AOB complies with all requirements stipulated by law, once the AOB has been signed, if the third-party assignee will not agree to release you from the contract, the only recourse is to pursue resolution in a court of law.

5. Is an AOB a Legal Contract? How can I get out of the contract?

Yes. An AOB is a legal contract and it must contain three specific cancellation provisions.

1. The AOB must provide you with an option to rescind the AOB contract within 14 days following its execution by submitting written notice to the third-party.
2. The AOB must provide you with the option to rescind the AOB at least 30 days following its execution if the AOB does not contain a commencement date, and the third-party has not begun substantial work on the property.
3. The AOB must provide you with the option to rescind the AOB if the third-party has not “substantially performed” at least 30 days following the scheduled commencement date.



Report Insurance Fraud

Florida Department of Financial Services
Division of Investigative and Forensic Services
Report Insurance Fraud
Phone: **1.800.378.0445**
www.MyFloridaCFO.com/FraudFreeFlorida

Contractor License Verification

Florida Department of Business and Professional Regulation
License Verification Database
Phone: **850.487.1395**
www.MyFloridaLicense.com

Workers' Compensation Verification

Florida Department of Financial Services
Division of Workers' Compensation
Proof of Coverage Database
Phone: **850.413.1609**
www.MyFloridaCFO.com/Division/WC

Insurance Questions & Concerns

Florida Department of Financial Services
Division of Consumer Services

INSURANCE CONSUMER HELPLINE
1-877-MY-FL-CFO (693-5236)