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 claimant.

AOBs have been used with life and health insurance policies for many years. It has been used in homeowners’ insurance claims by restoration companies and contractors in recent years as well as for repair shops for automobile glass claims.

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 any lienholder who has a collateral interest.

- 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?

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.
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.

An AOB cannot assign the right to recover attorney fees to the third-party assignee. In a suit related to an assignment agreement for claims arising under a residential or commercial property damage, the right to recover attorney fees stays with the assignor.

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 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.

If you have questions about your insurance claim, including if it involves an assignment of benefits, you may contact the Florida Department of Financial Services online by visiting the Get Insurance Help page.

Yes. An AOB is a legal contract and it must contain three specific cancellation provisions when it is signed for a residential or commercial property policy:

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.

If you are concerned with the language or terms of the contract, you should seek legal advice prior to signing an AOB.