

ASSIGNMENT OF BENEFITS

CONSUMER PROTECTION TIPS



SENATE BILL 2A (2022) UPDATE:

Any policy that was issued **prior to** January 1, 2023, provides a policyholder with the right to assign insurance benefits to a 3rd party as long as you have not chosen to give up that right in order to receive a premium discount.

WHAT IS AN ASSIGNMENT OF BENEFITS (AOB)?

An assignment of benefits (AOB) is a legal contract that allows you, as the policyholder to transfer your insurance rights to a third-party (assignee), such as a contractor. The assignee then has rights to the insurance claim and can stand in your shoes as the policyholder. The assignee can be paid directly for services; endorse checks on your behalf; communicate directly with the insurance company without your consent or involvement; and file a lawsuit against your insurance company.

An AOB is commonly used when a homeowner has an insurance claim and contacts a third-party such as a roofer, plumber, contractor or water remediation company for assistance.

AN ASSIGNMENT OF BENEFITS AGREEMENT **MUST:**

- ✔ Be in writing.
- ✔ Contain a notification in 18-point, uppercase, boldfaced font that advises you that you are giving up certain rights under your policy to a third-party.
- ✔ Contain a provision that allows you to rescind the assignment agreement without a penalty or fee by submitting a written notice within:
 - 14 days after signing the agreement, or
 - At least 30 days after work is scheduled to start if substantial work is not yet performed, or
 - At least 30 days after the agreement is signed (if there is no established start date) and the assignee has not begun substantial work.
- ✔ Contain a provision requiring the assignee to provide a copy of the signed agreement to the insurance company within 3 business days after the agreement is signed or when work begins, whichever is earlier.
- ✔ Contain a written, itemized, per-unit cost estimate of the services to be performed by the assignee.
- ✔ Relate only to work to be performed by the assignee.
- ✔ Contain a provision that requires the assignee to hold you harmless from all liabilities, damages, losses and costs, including attorney fees, if your insurance policy prohibits an AOB. The execution of the AOB constitutes a waiver by the assignee and its subcontractors of claims against you for payment arising from the AOB. The 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.

AN ASSIGNMENT OF BENEFITS **CANNOT** INCLUDE:

A penalty or fee for rescission of the AOB during the timeframes outlined in the AOB

Check or mortgage processing fees



Administrative fees

A penalty or fee for cancellation of the AOB

PRIOR TO SIGNING AN ASSIGNMENT OF BENEFITS AGREEMENT, TAKE THE FOLLOWING STEPS:

- Make emergency repairs to mitigate further damage.
- File a claim with your insurance company directly and ensure you are following the repair policy provisions or using preferred vendors if required by your policy.
- Ensure contractors have proper liability and workers' compensation insurance by visiting the Florida Department of Financial Services' Division of Workers' Compensation website at www.MyFloridaCFO.com/Division/WC.
- Verify a contractor's license by visiting the Florida Department of Business and Professional Regulation's website at www.MyFloridaLicense.com.
- Obtain multiple estimates, check references and then give final payment after the work is finished.
- Be sure you understand the terms, and all required language and rescission options that are included in the agreement. You are not required to sign an AOB in order to have your property repaired or insurance claim processed.



You should seek legal advice prior to signing the AOB if you are concerned with the language or terms of the agreement presented to you. 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)**.

  @YourFLVoice

YourFLVoice@MyFloridaCFO.com

www.MyFloridaCFO.com/Division/ICA

FLORIDA'S INSURANCE CONSUMER
ADVOCATE
FLORIDA DEPARTMENT OF FINANCIAL SERVICES

— *Tasha Carter* —