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# Florida's assignment of benefits crisis

Runaway litigation is spreading, and consumers are paying the price

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# Florida's legal environment drives abuse

## One-way attorney's fee statute

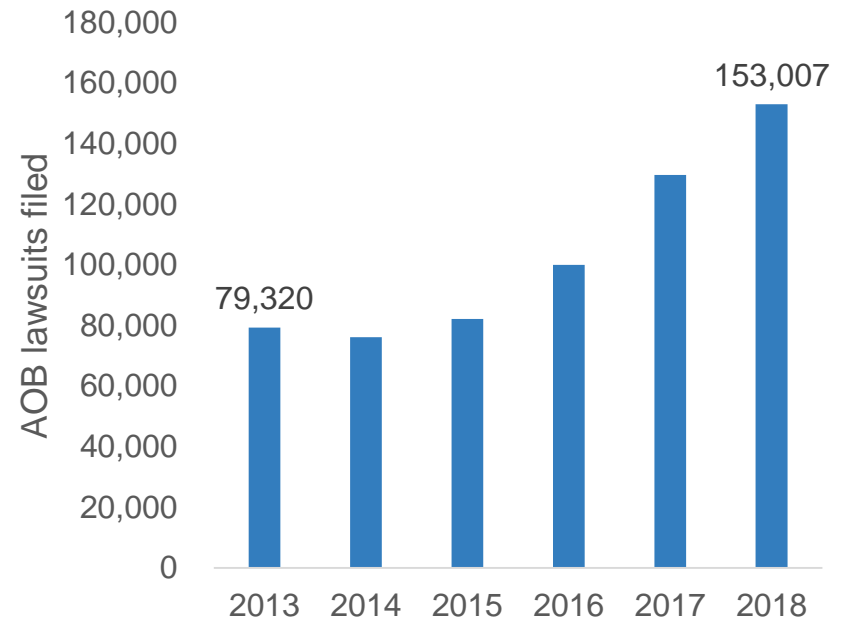
If plaintiff wins lawsuit, insurer pays their attorney's fees – but if plaintiff loses, they don't pay insurer's fees

## No insurer consent needed

Insureds can assign their benefits to a third-party without insurer consent or knowledge

## AOB lawsuits are increasing

AOB lawsuits statewide

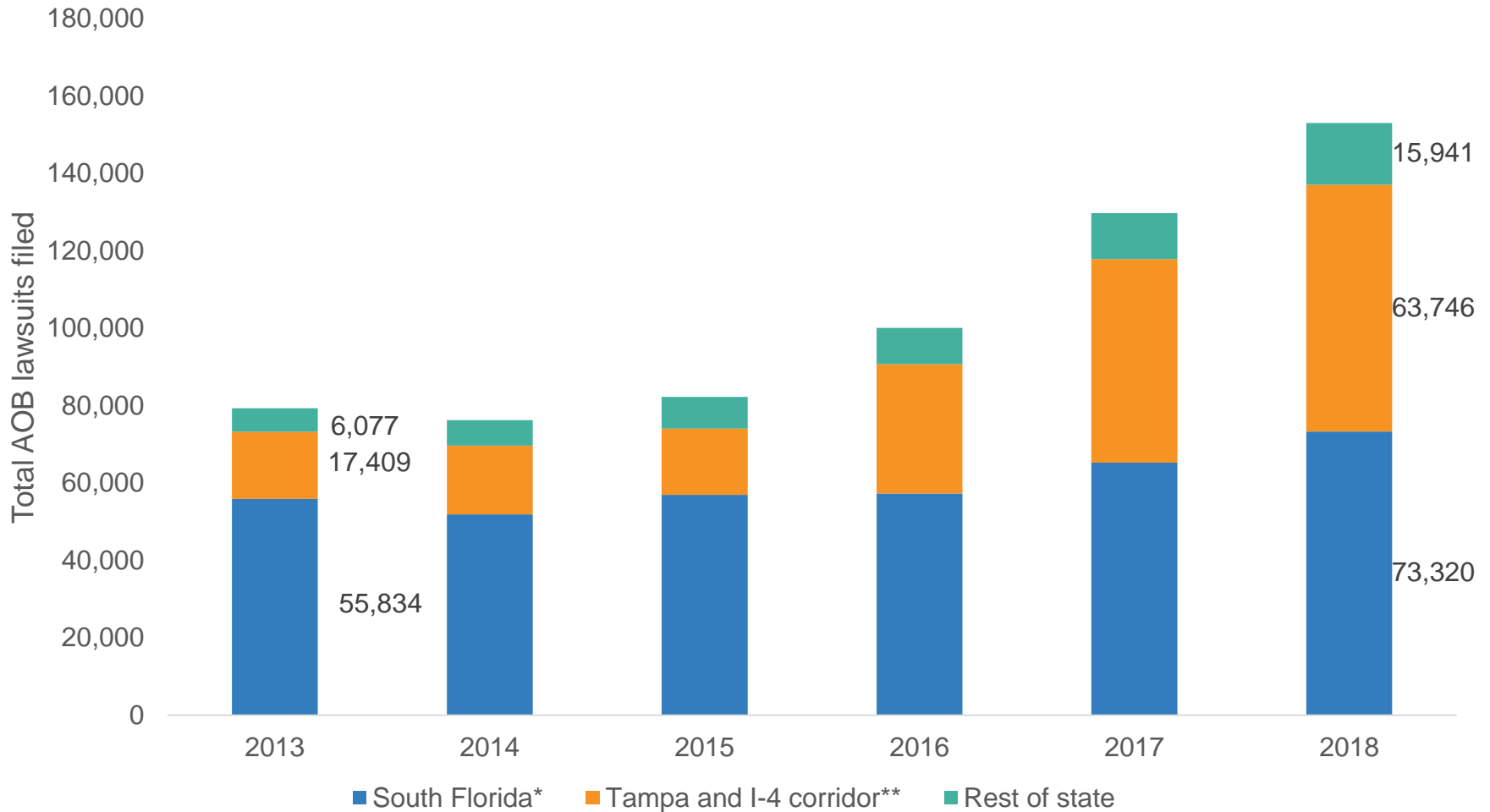


Source: Florida Department of Financial Services Service of Process Database, Insurance Information Institute.



# The abuse is spreading across Florida

## AOB lawsuits by region



\*Miami-Dade, Broward, and Palm Beach Counties.

\*\*Pinellas, Hillsborough, Orange, Volusia, Osceola, Polk and Seminole Counties.

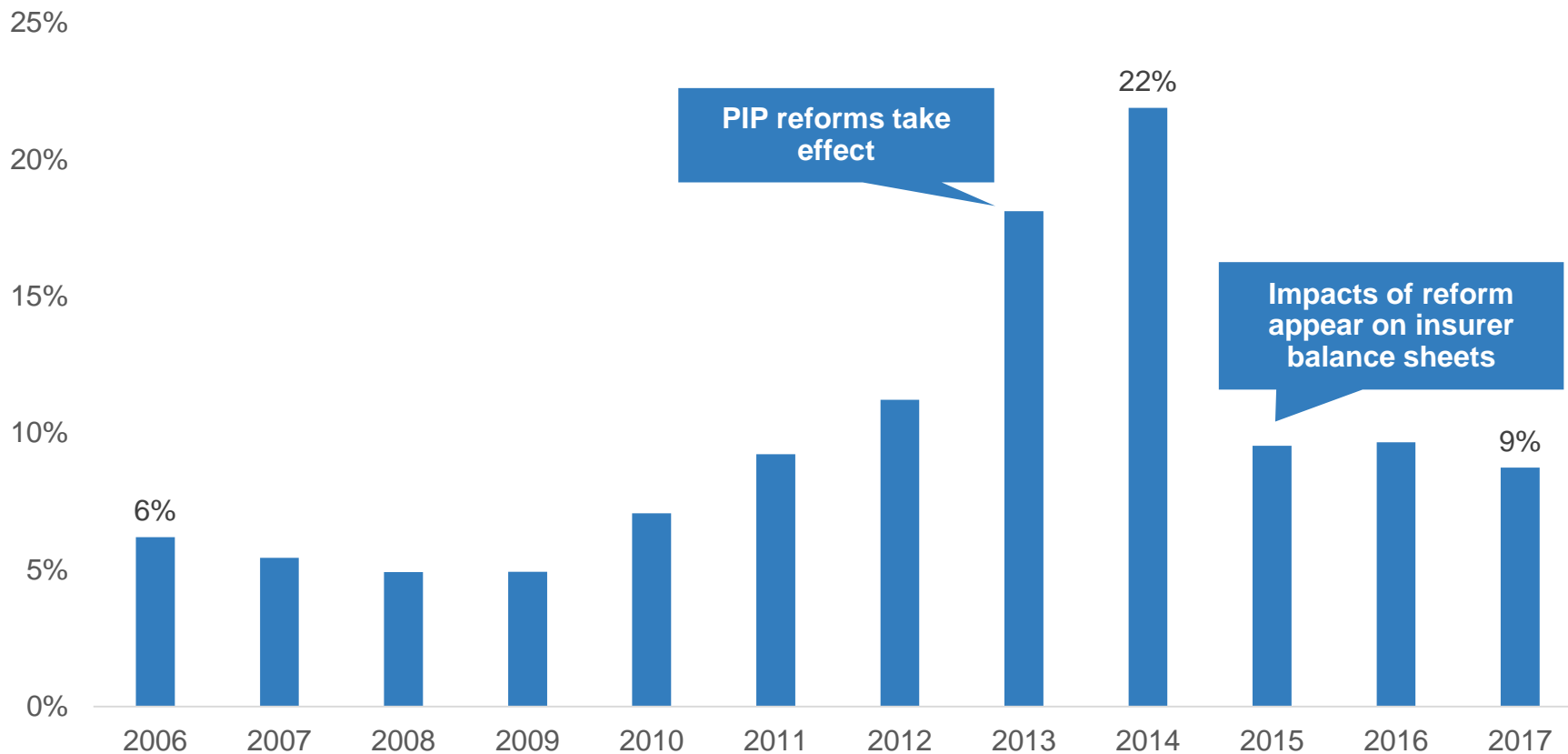
Source: Florida Department of Financial Services Service of Process Database, Insurance Information Institute.



# AOB abuse and impacts on PIP legal costs

**The cost of settling claims** grew in Florida, but subsided after legislative reforms.

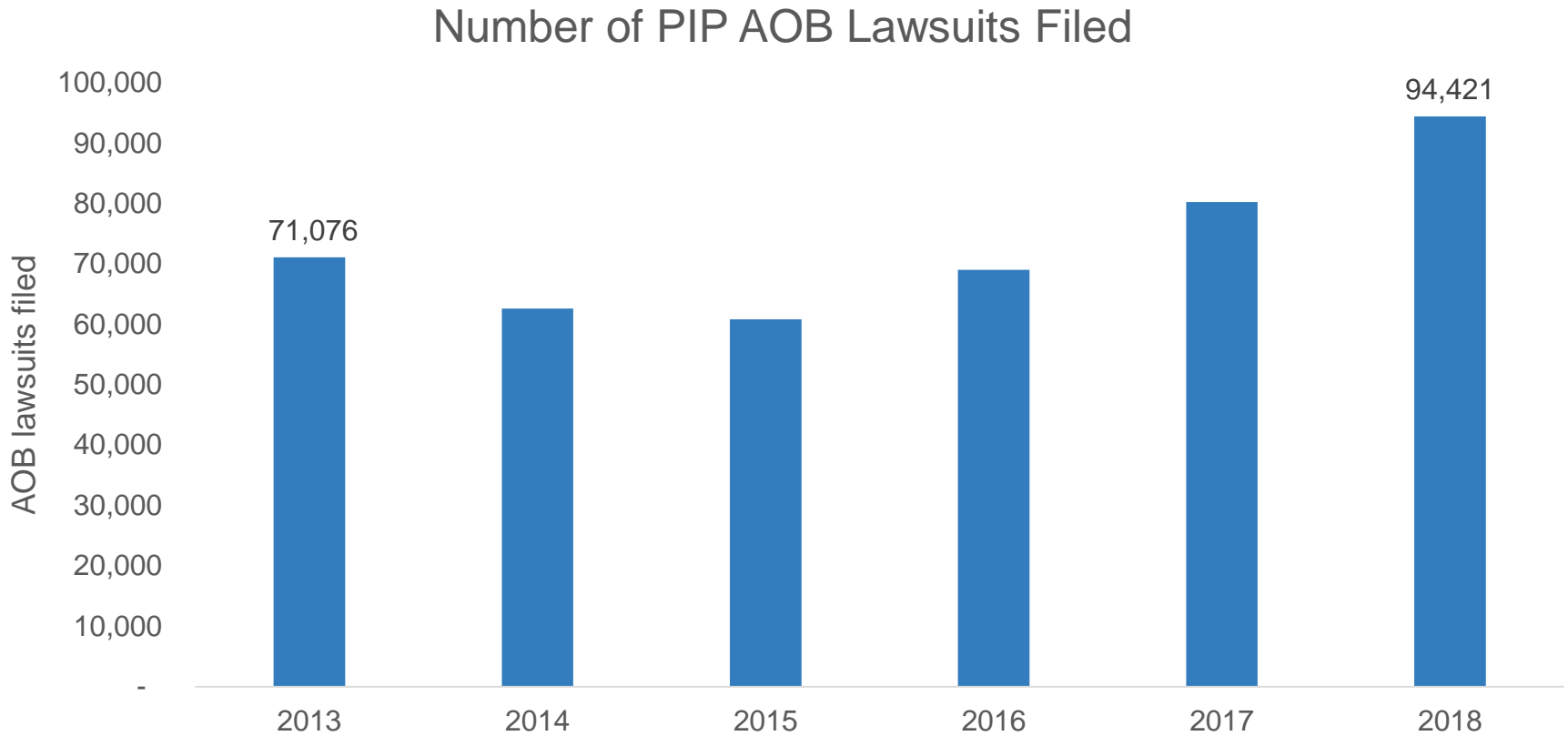
Adjustment expenses as a percentage of incurred claims



Source: NAIC data, sourced from S&P Global Market Intelligence, Insurance Information Institute.

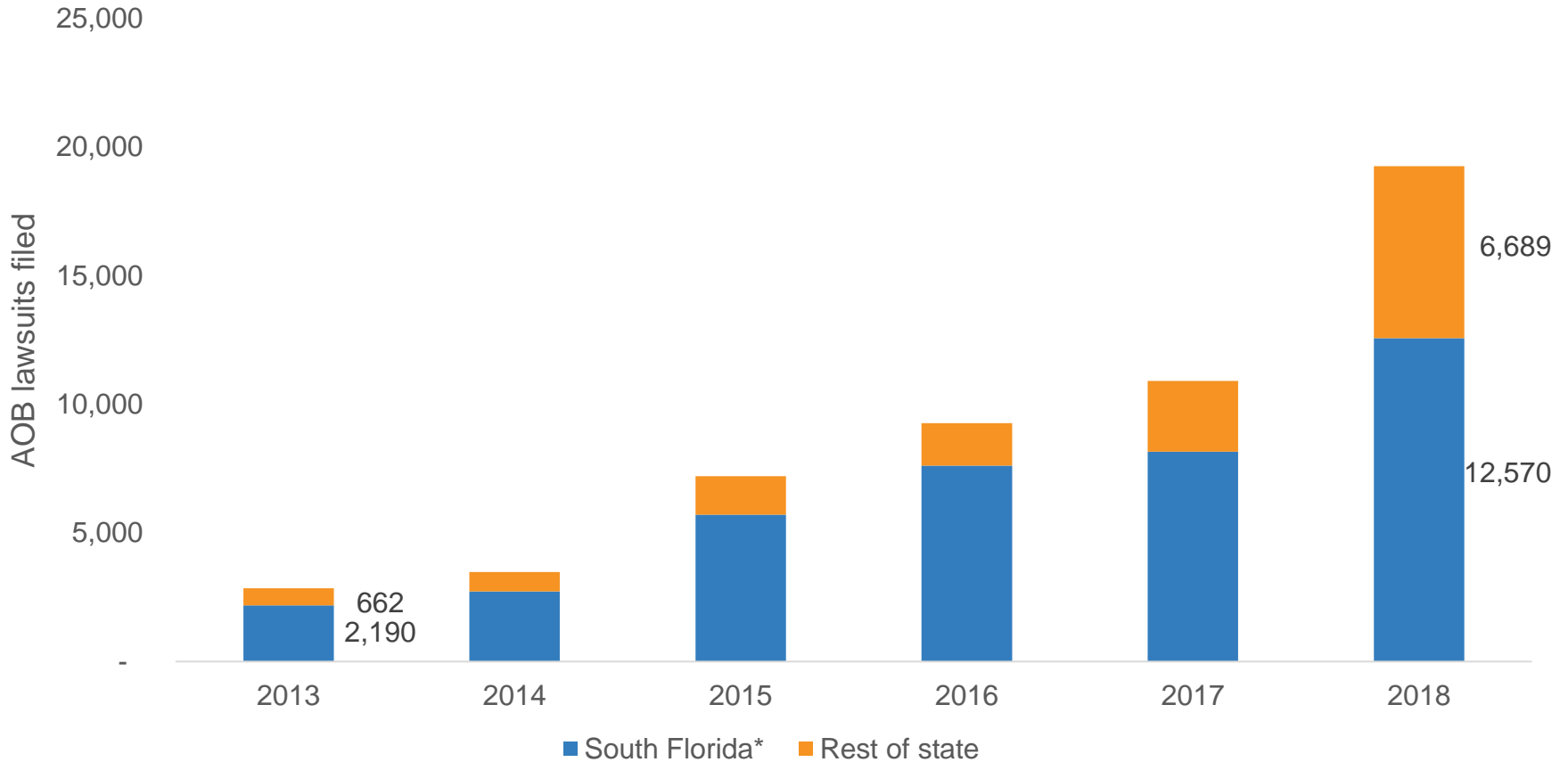
# No-fault AOB lawsuits are ticking back up

We can expect legal costs – and premiums – to increase soon



# AOB abuse increases – and spreads beyond South Florida

Number of homeowners property lawsuits filed

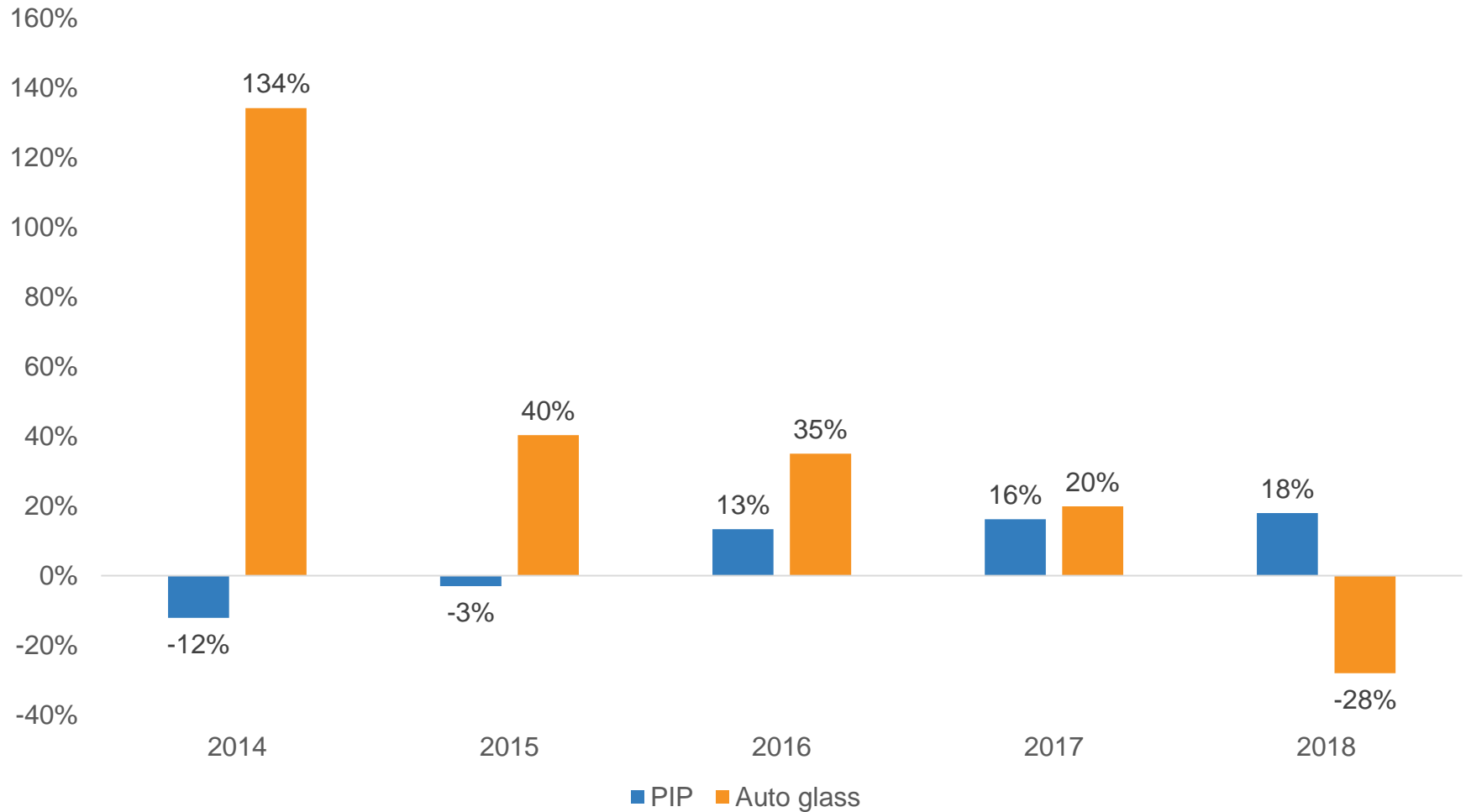


\*Miami-Dade, Broward, and Palm Beach Counties.

Source: Florida Department of Financial Services Service of Process Database, Insurance Information Institute.

# Abuse spread to auto glass virtually overnight

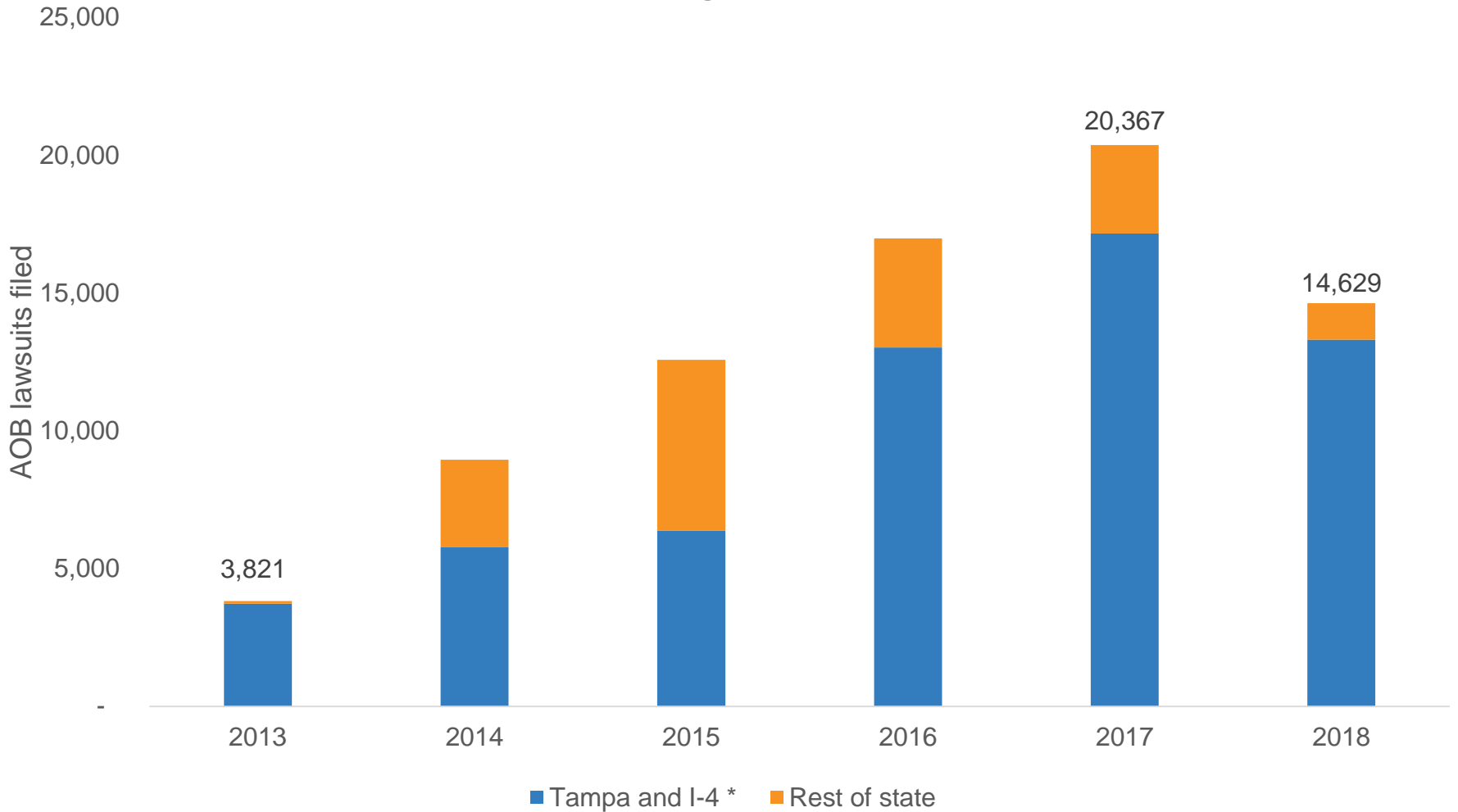
AOB lawsuits filed, percent change from prior year



Source: Florida Department of Financial Services Service of Process Database, Insurance Information Institute.

# Has the problem been addressed?

## Statewide auto glass AOB lawsuits



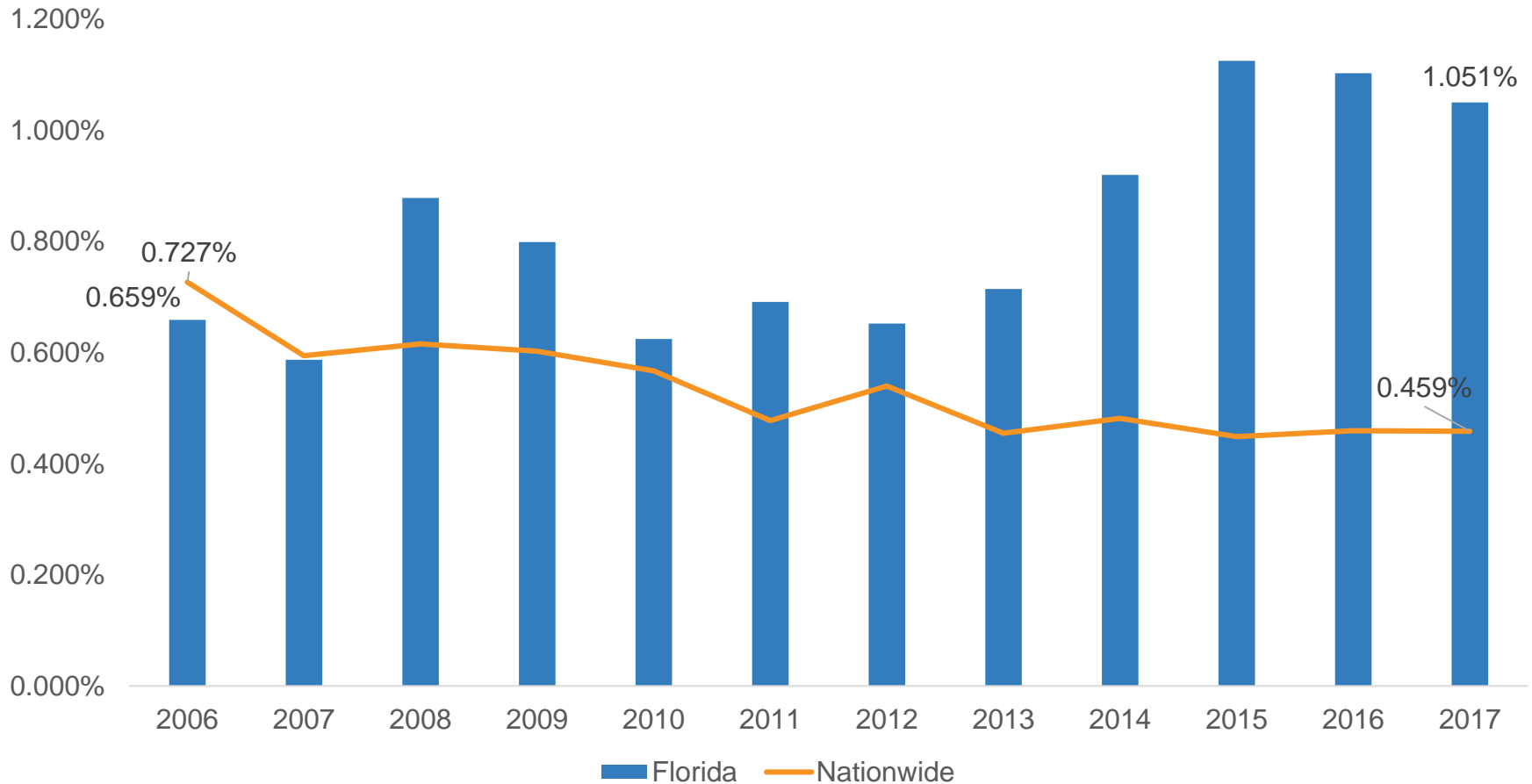
\*Pinellas, Hillsborough, Orange, Volusia, Osceola, Polk and Seminole Counties.

Source: Florida Department of Financial Services Service of Process Database, Insurance Information Institute.



# Is auto glass abuse impacting legal costs?

Adjustment expenses as a percentage of incurred losses, physical damage



Source: NAIC data, sourced from S&P Global Market Intelligence, Insurance Information Institute.

# Can This Happen Elsewhere?

## Questions to Ask

- ▲ Can benefits be assigned to a third party?
- ▲ Must insurers and others (spouse, lender) approve or be made aware that the assignment has taken place?
- ▲ Does the beneficiary of the legal benefit also get the right to sue?
- ▲ Is there a one-way, insurer-pays provision?





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Thank you!

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