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Editorial: Lawmakers ignore insurance mess



WILL VRAGOVIC | Times

Assignment of benefits, which can lead to costly court battles, is driving up rates for thousands of homeowners across Florida, and drivers are starting to feel the pinch too.

Florida's badly broken system for filing and settling insurance claims, which is wreaking havoc in the property insurance market, is creeping into auto policies with Tampa Bay at ground zero. Assignment of benefits, which can lead to costly court battles, is driving up rates for thousands of homeowners across Florida, and drivers are starting to feel the pinch too. Lawmakers have done nothing about this mess, so it's up to consumers to be on guard and know what they're signing.

Here's how assignment of benefits works and why it's broken. A homeowner finds a water leak and calls a repair company, which has the homeowner sign a form allowing the company to deal directly with the homeowner's insurance provider. The work gets done and the homeowner avoids the hassle of time-consuming and confusing insurance claims. All good, right?

Wrong. The insurance company doesn't get to inspect the damage before the repairs are done, or even have a say in what repairs are needed. It just gets a bill — a process ripe for fraud. If the insurance company fights the claim, it's on the hook for all legal fees if it loses in court, which is good for plaintiffs' attorneys but no one else. Water damage claims for the state-run Citizens Property Insurance Corp. have exploded by more than 50 percent since 2010, the size of the claims has doubled to nearly \$20,000 and nearly half of them go to court. This just adds up to higher premiums for homeowners.

Now the assignment of benefits scheme and all its attendant problems are seeping into the car insurance realm. It starts with a cracked windshield. A driver contacts an auto glass company, which offers to deal directly with the driver's insurance company. The driver signs the assignment of benefits form and the windshield is fixed. Similar to the property insurance scenario, if the insurance company fights the

amount of the windshield repair, the two sides end up in court and the insurer can get saddled with all the legal fees. The mess can land back in policyholders' laps if they are listed as a plaintiff in a lawsuit, even unknowingly. Some drivers say that when they become entangled in a lawsuit, their premiums soon spike.

The assignment of benefits scourge in the homeowners' market has been mostly concentrated in South Florida but is quickly spreading to Tampa Bay. We're already the No. 1 hot spot for auto glass lawsuits, according to *Tampa Bay Times* staff writer Malena Carollo, and the numbers keep growing. Hillsborough County alone accounted for 35 percent of cases statewide in 2016. That's not a list the region should want to be atop, and the only current remedy is for drivers to be informed and careful. If you have a cracked windshield, contact your insurance company directly to start the claim process, then follow the claim to conclusion. If you do allow a repair company to negotiate with insurance on your behalf, understand that a lawsuit could eventually be filed in your name.

On a larger scale, however, the costly repercussions in property insurance of Florida's terrible assignment of benefits scheme should serve as a cautionary tale for the auto market. Changes to the law are needed to fix this expensive problem, but lawmakers ignored it again this spring. How much longer can they do nothing?