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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

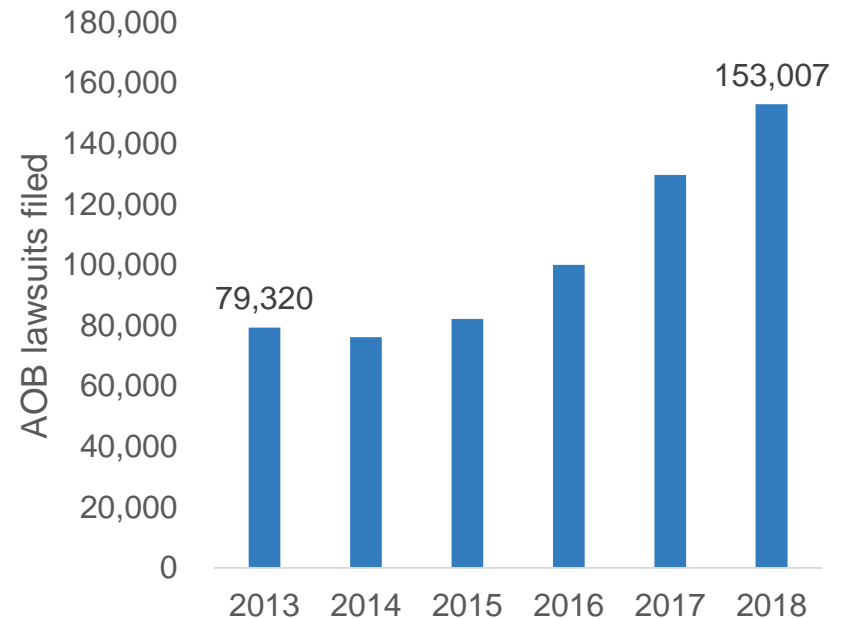
If plaintiff wins lawsuit, insurer pays their attorney's fees – but if plaintiff loses, they don't pay insurer's fees

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

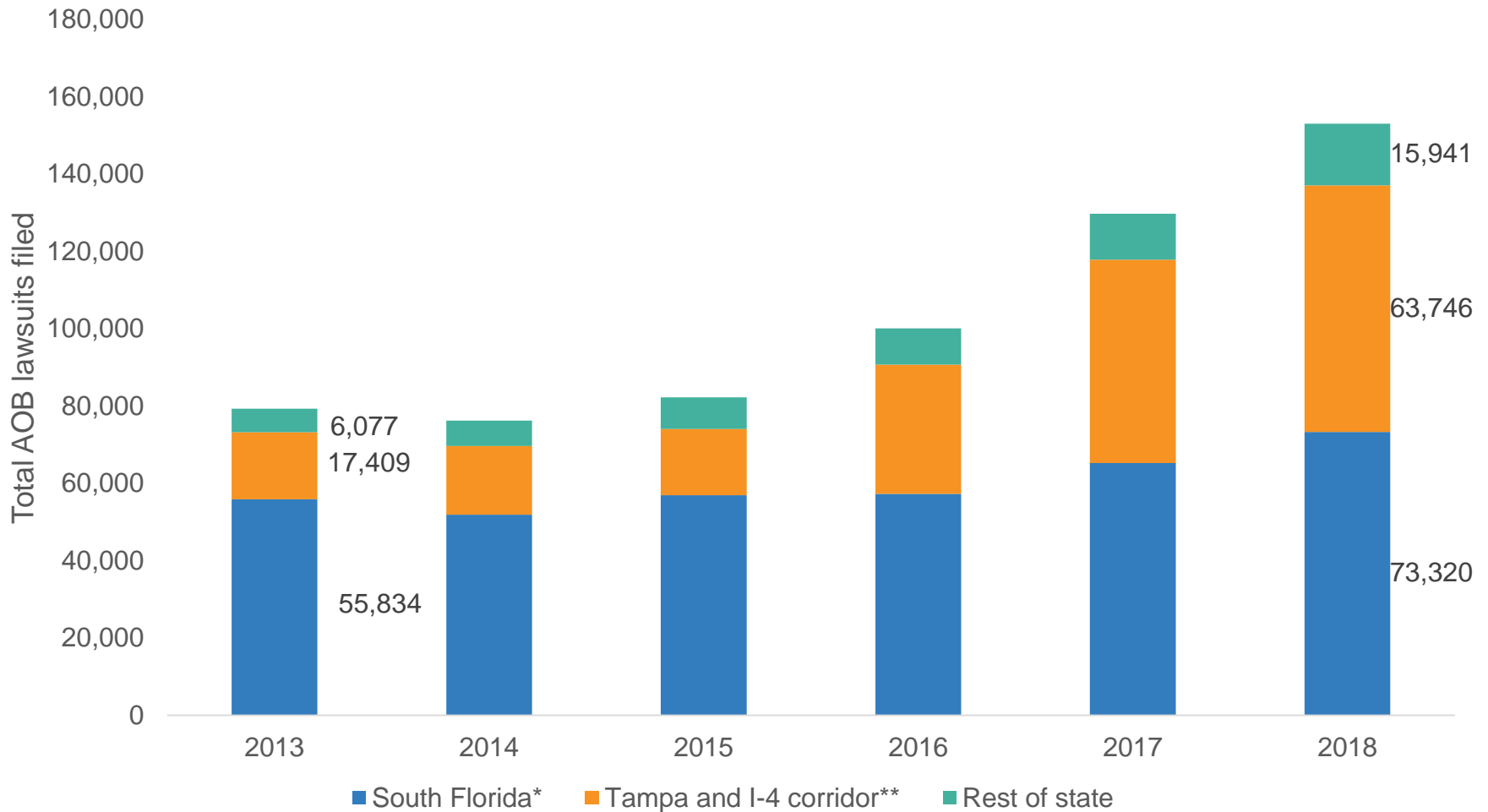


Source: Florida Department of Financial Services Service of Process Database, Insurance Information Institute.



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.

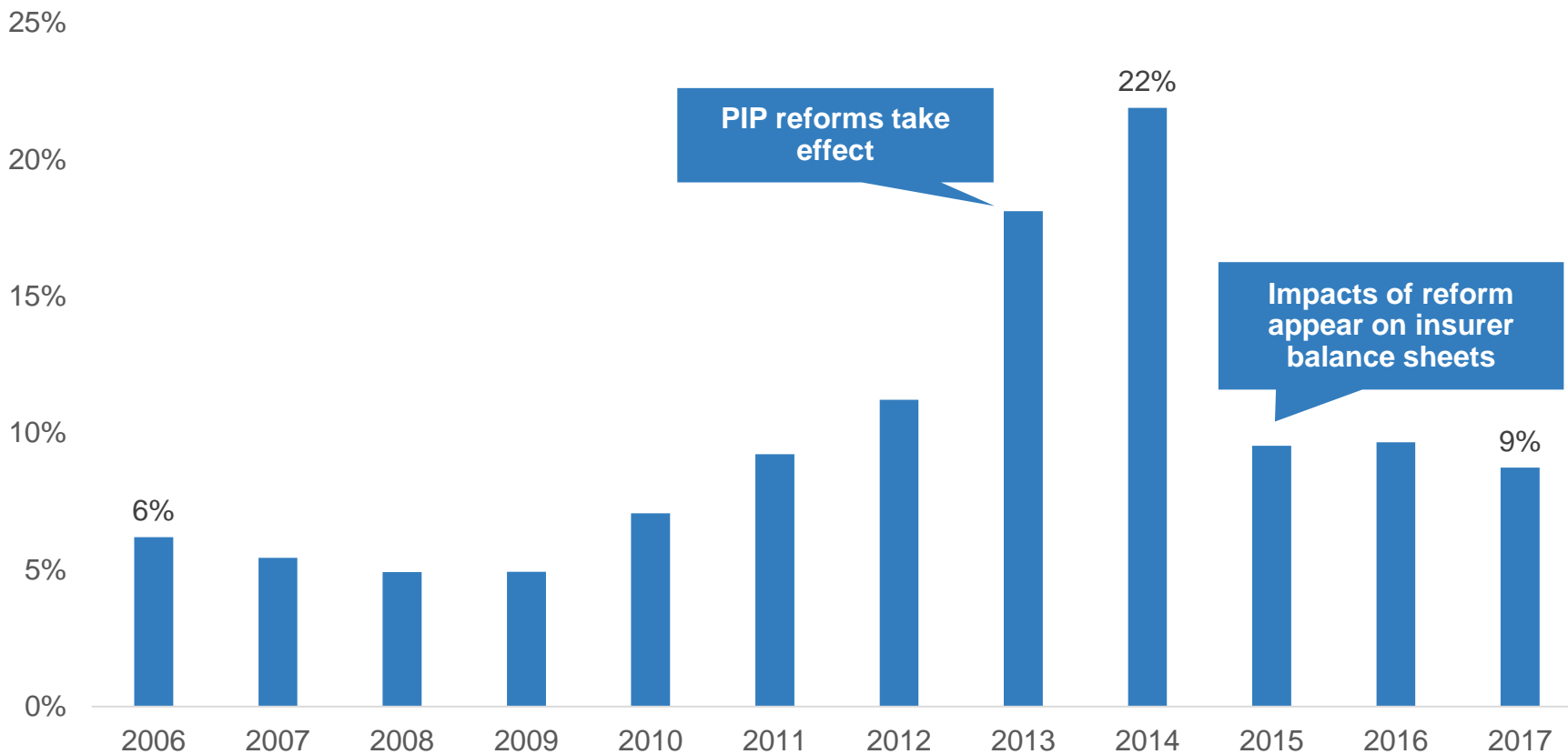
Source: Florida Department of Financial Services Service of Process Database, Insurance Information Institute.



AOB abuse and impacts on PIP legal costs

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

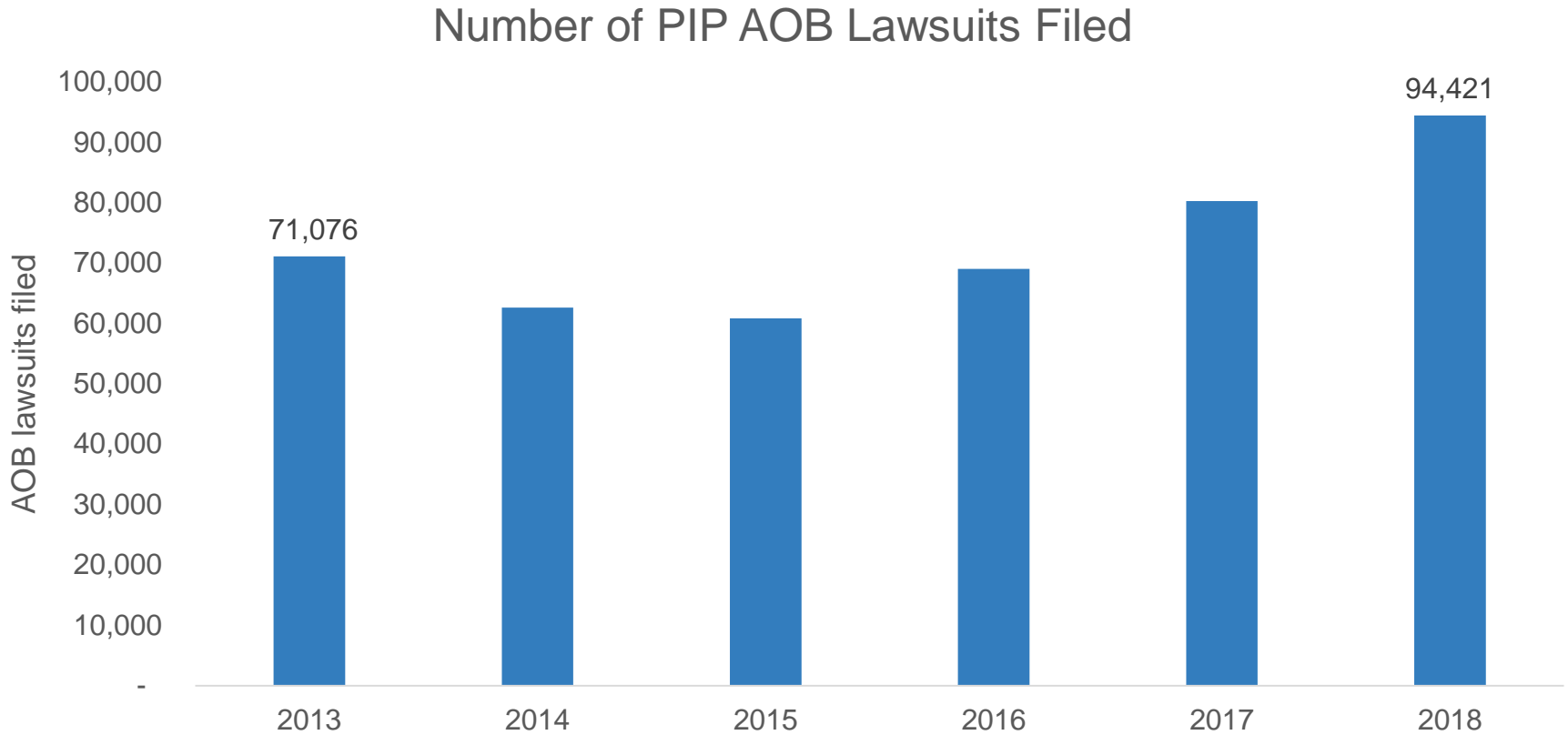
Adjustment expenses as a percentage of incurred claims



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

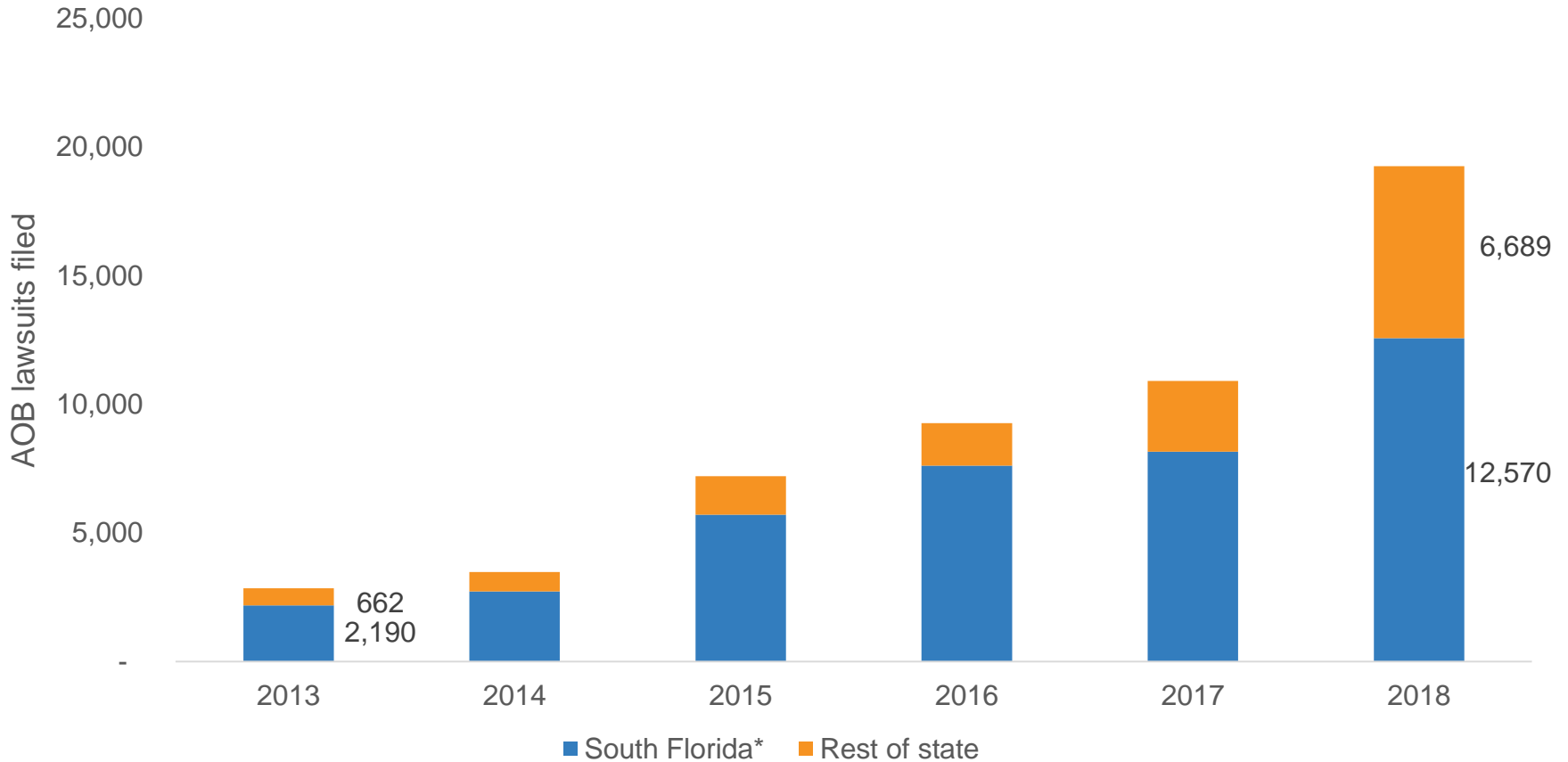
No-fault AOB lawsuits are ticking back up

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



AOB abuse increases – and spreads beyond South Florida

Number of homeowners property lawsuits filed

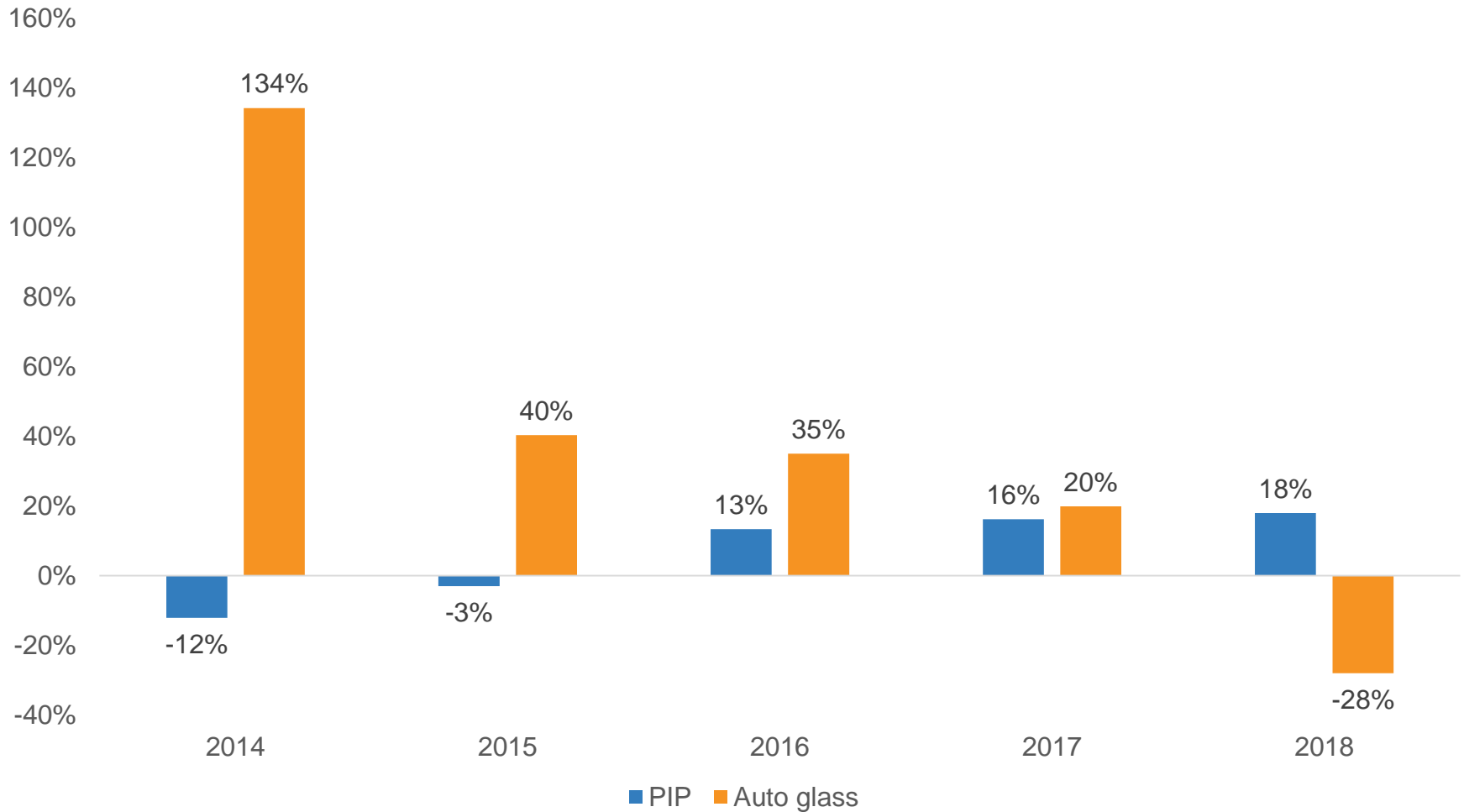


*Miami-Dade, Broward, and Palm Beach Counties.

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

Abuse spread to auto glass virtually overnight

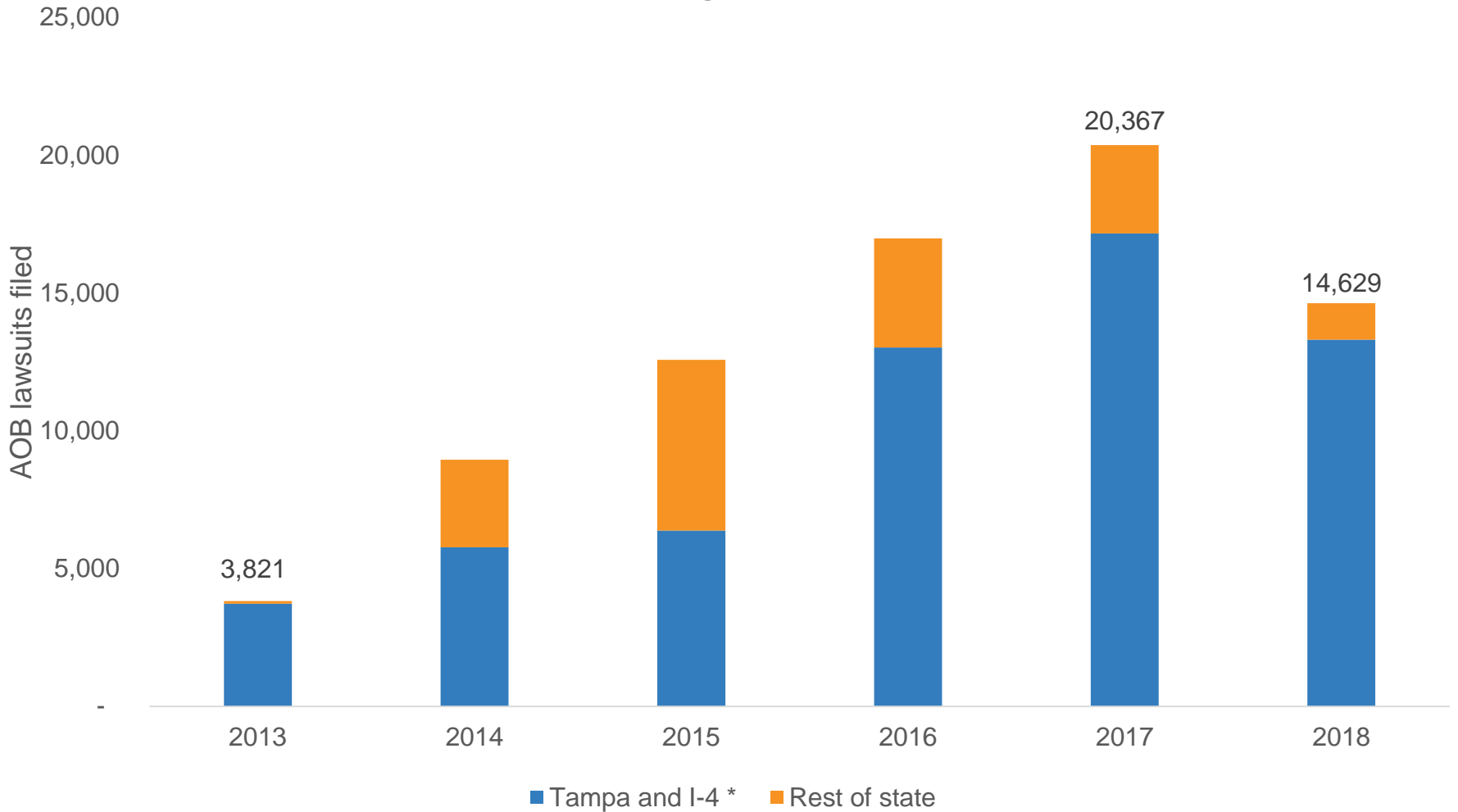
AOB lawsuits filed, percent change from prior year



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

Has the problem been addressed?

Statewide auto glass AOB lawsuits

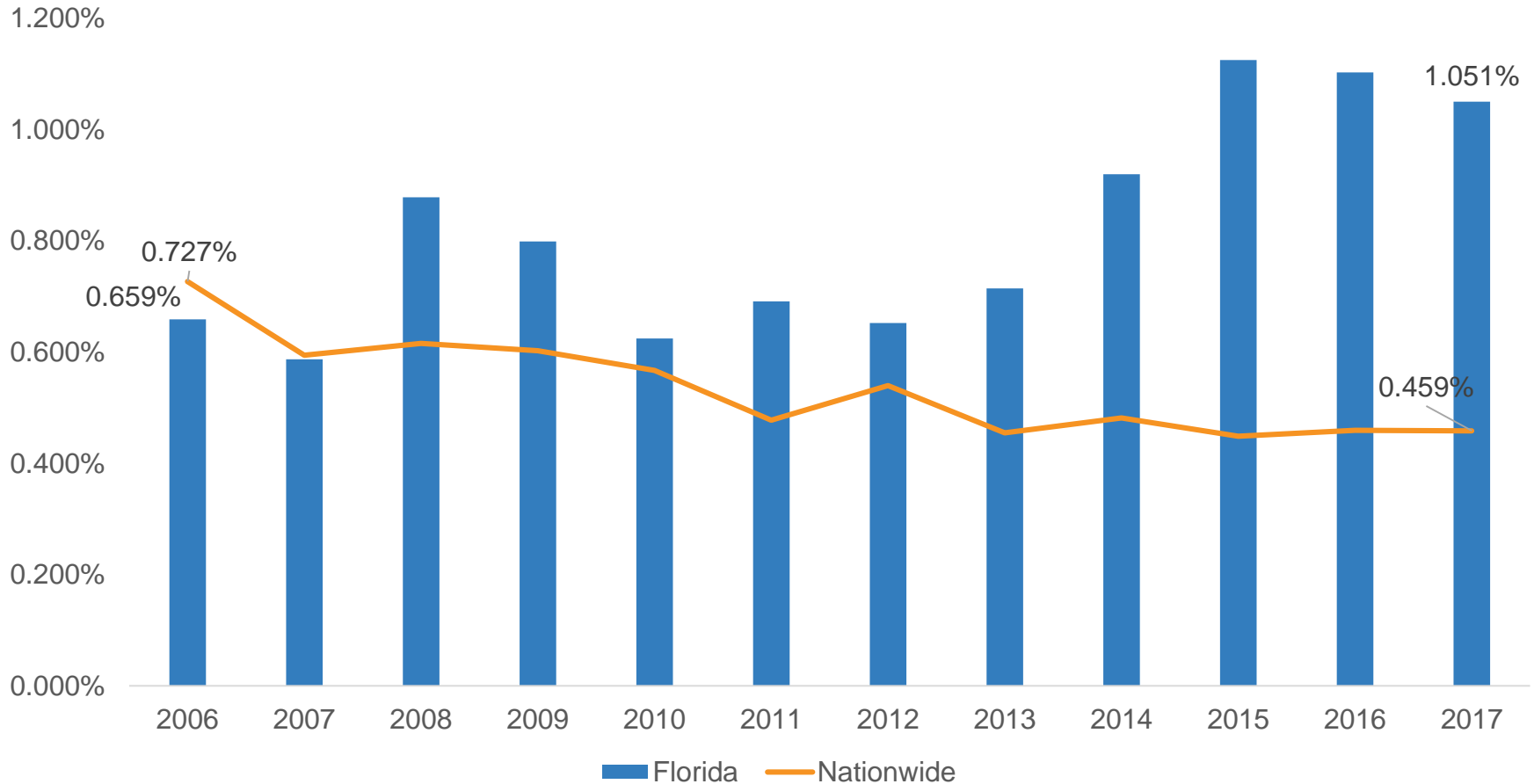


*Pinellas, Hillsborough, Orange, Volusia, Osceola, Polk and Seminole Counties.

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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