

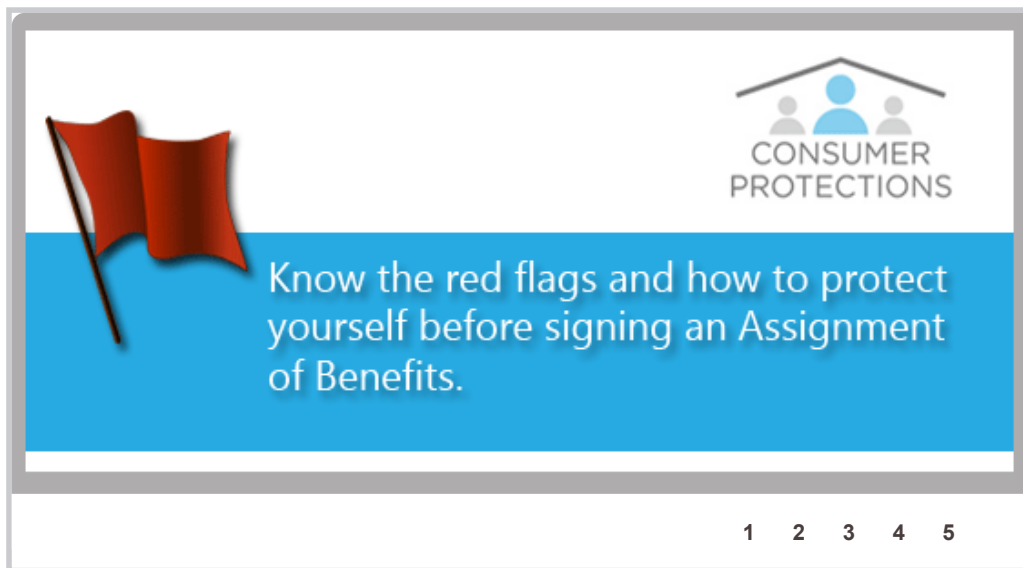


Assignment of Benefits (AOB)

Have you heard the term **Assignment of Benefits**? Do you know how it impacts you? An AOB is an agreement that, once signed, transfers the insurance claims rights or benefits of your insurance policy to a third party.

An AOB gives the third party authority to file a claim, make repair decisions and collect insurance payments without your involvement.

Review the resources below to better understand how transferring your insurance claims rights can impact you and your family.

[FAQS](#)[GLOSSARY](#)[EDUCATIONAL MATERIALS](#)

What is an Assignment of Benefits?

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 homeowner. AOBs have been used with life and health insurance policies for many years. However, it is now also being commonly used in homeowners insurance claims by restoration companies and contractors. Signing an AOB can be helpful with navigating the claims

process, but if misused, it can lead to harmful consequences for the homeowner.

For example, you have a pipe leak in your home that causes water damage. If you call a restoration company to make repairs and sign an AOB that transfers your insurance rights to the company, the company can file a claim on your behalf and be paid directly.

Is an Assignment of Benefits contract legal? How can I get out of the contract?

Yes. An AOB is a legal contract. If you sign an AOB, it is legally-binding and there is no “right of rescission” or “cooling off period.” Once the contract is signed, it becomes a valid contract. The company or person you signed the contract with has the right to hold you to the terms of the contract. If you are concerned with the language or terms of the contract, you should seek legal advice prior to signing the AOB. If the third party will not agree to release you from the contract, the only recourse is in a court of law.

If I have suffered damage to my insured property, what should I do first?

If you have damage, you should take the necessary steps to mitigate the damages and prevent any additional damage from occurring. This would include any temporary repairs such as covering the roof or removing standing water. You should also immediately contact your insurance company to inform them of the damage and file a claim.

Do not allow a third party, such as a water remediation firm or contractor, to contact your insurance company for you. You should be the one to make the first contact with your insurance company. You do not need to sign an AOB in order to get your insurance claim processed or your residence repaired.

How does an Assignment of Benefits impact me, as a homeowner?

An AOB can be helpful with navigating the claims process, but if misused it can lead to harmful consequences. 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 able to communicate directly with the third party. The insurance company may not communicate with you regarding the claim.
- Depending on the language in the AOB, 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.
- There is no right of rescission or cancellation provision with an AOB and once signed, the AOB is a valid contract and you are bound by the provisions of the contract.
- 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, with or without your knowledge.
- You may be subject to property liens, or other financial fees or penalties for failure to comply with the terms and conditions in the AOB.

Tips to remember before and after you have suffered damage:

- Thoroughly review your insurance policy to ensure you understand the policy, including your coverage, deductibles and responsibilities after damage has occurred.
- Immediately following a loss, mitigate your damages and make any temporary repairs to prevent further damage from occurring. Remember not to make permanent repairs prior to contacting your insurance company or completion of an inspection by the company adjuster. The company has a right to inspect the damage prior to repair.
- Make sure you thoroughly review and understand any contracts you sign with repair companies, including an AOB. If you do not agree with the provisions of the AOB, you may be able to negotiate the provisions of the contract. You do not need to sign an AOB in order to get your insurance claim processed or your residence repaired. If you are asked to sign an AOB, make sure you read it carefully and understand clearly what rights and benefits under your insurance policy you may be signing away. Remember, this is a legally binding contract with no right to cancel after it is executed. Verify the license (if one is required) of any contractor or vendor that you hire to make repairs to your property. You should also verify the company or person's general liability and workers' compensation insurance coverage.
- Verify the license (if one is required) of any contractor or vendor that you hire to make repairs to your property. You should also verify the company or person's general liability and workers' compensation insurance coverage.

Below is a checklist that may be helpful when reporting a claim:

- Contact your insurance company directly to report the damage and set up a time for the adjuster to inspect the damages. Do not allow a third party, such as a water remediation firm or contractor, to contact your insurance company for you. You should be the one to make the first contact with your insurance company - as soon as possible.
- Take photos of the damage.
- Make emergency or temporary repairs.
- Make an inventory of any damaged items.
- Save receipts for any repairs
- Do not discard any damaged items without prior approval from the insurance company.
- Make a list of any questions you would like to ask the insurance adjuster.
- Request a copy of the fire or police report, if applicable.

Assignment of Benefits (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 homeowner. AOBs are commonly used in homeowners insurance claims by water remediation companies and contractors.

Contract for Repair is a legal agreement for repairs that outlines the scope and cost of repairs to be completed. A Contract for Repair may state a certain amount is due up front before repairs can be started. If an initial payment is required, it will be listed on the contract and state the remaining balance is to be paid upon completion of the work. Most insurance companies will honor a

contract for repair and make the check for outstanding amounts payable to the policyholder and the contractor.

Direct Payment Authorization Clause provides authorization for the direct payment of any benefits or proceeds to the company that is performing the work. This clause is found in an AOB and a Contract for Repair. Depending on the language in the AOB or the Contract for Repair, the third party may be able to endorse checks received from the insurance company on behalf of the policyholder for services provided by them. Also, the policyholder is responsible for payment of their deductible and any additional work requested by the policyholder not covered by the insurance policy.

Power of Attorney is a legal document by which one person authorizes another person to take specific actions on behalf of that person, as stated in the document.

Hold Harmless Agreement is an agreement that releases and holds a company harmless against all liability claims in the event the work is halted prior to completion.

Third Party or assignee is not an insured under the insurance contract, but stands in the shoes of the policyholder through an AOB and has the authority to file a claim with the insurance company, make repair decisions and collect insurance payments without the involvement of the homeowner.



Video

View this scenario-based video to understand how signing an Assignment of Benefits may impact you as a policyholder.

[Watch Video](#)

Brochure

This downloadable brochure includes definitions, tips and information on Assignment of Benefits.

[English](#) or [Spanish](#)

ASSIGNMENT of BENEFITS



Assignment of Benefits

What is it?

An Assignment of Benefits is a legal contract which transfers the rights or benefits of your insurance policy to a third party.

The third party you've transferred your insurance benefits to, stands in your shoes and has the authority to file a claim, make repair decisions and collect insurance payments.

Can I cancel it?

The Assignment of Benefits contract is legally binding. There is no "cooling off period" and consumers are typically unable to cancel it.

What do I look for?

There are some key indicators to help determine if you are signing an AOB:

- You are required to sign an AOB to start the repair process.
- Language that prevents your insurance company from communicating with you about your claim.
- Language that gives the third party the right to negotiate and endorse checks on your behalf.

The other indicator to look for is "Free Services" or a third party offering to waive any portion of your deductible.

Florida law prohibits contractors from paying, waiving or rebating any part of an insurance deductible for repairs to property covered by an insurance policy.

March 2017

Infographics

View these infographics for quick tips and information on Assignment of Benefits.

[English](#) or [Spanish](#)

Assignment of Benefits: Red Flag Checklist

Know what to look for to determine if you are being misled into signing an AOB. As a policyholder, you must perform your obligations under the policy and understand your repair responsibilities. All homeowner policies are different. Determine your responsibilities by reviewing the Conditions, Duties After a Loss Section of your policy. If you have questions, contact your insurance agent or insurance company.

Red Flags to Look for:

- You feel pressured to sign a contract or other documents.
- You are asked to sign over your benefits in order to initiate the repair process.
- The language in the contract/document is similar to a power of attorney for the handling of the claim - this power gives the company the right to negotiate and endorse checks and/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 (the policyholder) or your mortgage company.
- The language prevents your insurance company from communicating directly with you about your claim.
- The document looks unprofessional and contains grammatical errors, misspelled words or blank spaces.

March 2017

Red Flag Checklist

Know the red flags and how to protect yourself before signing an Assignment of Benefits.

[English](#) or [Spanish](#)

Consumer Tips

**Assignment of Benefits:
Consumer Tips**

File a Claim

If you have damage, contact your insurance company as soon as possible to file a claim.

Contact Your Insurance Company Directly

Do not allow a third party, such as a water remediation firm or contractor, to contact your insurance company for you. You should be the one to make the first contact with your insurance company.

Know Your Rights

You do not need to sign an Assignment of Benefits form in order to get your insurance claim processed or your residence repaired, even for emergency repairs.

Read Forms Carefully

If you are asked to sign an Assignment of Benefits form, make sure you read it carefully and understand clearly what rights and benefits under your insurance policy you may be signing away.

Stay In Control

Signing over your insurance benefits to a contractor or other vendor may be helpful to you, or it may cause an increase in costs for which you could be responsible. Make sure that you stay in control of the insurance policy you purchased and paid for.

 March 2017

Review these consumer tips on filing an insurance claim and transferring your insurance claims rights.

[English](#) or [Spanish](#)

What to Expect After Filing a Homeowners Claim
(All timelines are an estimate.)

IMMEDIATELY

- Report the claim to your insurance company or agent.
- Make emergency temporary repairs. Take photos before and after temporary repairs are made and keep receipts.
- Make a list of damaged items along with specific product description information.
- Take photos or a video of damaged items before discarding them. Dispose of damaged items that present a health risk.
- Your insurance company will assign an adjuster to inspect the damaged property. Follow up with your insurance company if the adjuster has not contacted you within one week.

WEEK 2 - 6

- If needed, other professional experts are hired and scheduled to determine the exact cause of loss, the scope of damage or the actual cost to repair or replace and will submit a report to the adjuster within approximately 30 days.

WEEK 2

- Within 14 days of reporting your claim, your insurance company should acknowledge your claim and send you a Homeowner Claims Bill of Rights Notice (HCBRN).
- Adjuster will inspect the damage, take photos and measurements, provide instructions on submitting receipts for emergency repairs and reimbursements and discuss the claims process with you.
- Adjuster will complete an itemized estimate and provide it to you.

BY DAY 90

- The final determination is communicated to you with a notice of your right to request Residential Property Mediation through the Department of Financial Services, in the event you don't reach an agreement.
- You should receive a written denial or payment for the undisputed claim amount within 90 days of reporting your claim.
- If you disagree with the final determination, you should obtain estimates from contractors of your choice to submit to the adjuster.

WITHIN 30 DAYS OF AGREEMENT

- Once you reach an agreement with the insurance company you will sign and return a release and the insurance company will issue payment.

Please do not sign a release or a bill of sale for a damaged item until you have received your final payment from your insurance company. If you do not receive your final payment from your insurance company, you may be responsible for the cost of the damaged item. Please do not sign a release or a bill of sale for a damaged item until you have received your final payment from your insurance company. If you do not receive your final payment from your insurance company, you may be responsible for the cost of the damaged item.

What to Expect After Filing a Homeowners Claim

Learn more about what to expect after reporting a claim to your insurance company or agent.

[English](#) or [Spanish](#)

What to Expect After Filing a Homeowners Claim Related to a Hurricane
(All timelines are an estimate.)

IMMEDIATELY

- Report the claim to your insurance company or agent.
- Make emergency temporary repairs. Take photos before and after temporary repairs are made and keep receipts.
- Make a list of damaged items along with specific product description information.
- Take photos or a video of damaged items before discarding them. Dispose of damaged items that present a health risk.
- Your insurance company will assign an adjuster to inspect the damaged property. Follow up with your insurance company if the adjuster has not contacted you within one week.

WEEK 2 - 12

- If needed, other professional experts are hired and scheduled to determine the exact cause of loss, the scope of damage or the actual cost to repair or replace and will submit a report to the adjuster within approximately 30 - 90 days.

WEEK 2

- Within 14 days of reporting your claim, your insurance company should acknowledge your claim and send you a Homeowner Claims Bill of Rights Notice (HCBRN).
- Adjuster will inspect the damage, take photos and measurements, provide instructions on submitting receipts for emergency repairs and reimbursements and discuss the claims process with you.
- Adjuster will complete an itemized estimate and provide it to you.

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- The final determination is communicated to you with a notice of your right to request Residential Property Mediation through the Department of Financial Services, in the event you don't reach an agreement.
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What to Expect After Filing a Homeowners Claim Related to a Hurricane

Learn more about what to expect after reporting a hurricane-related claim to your insurance company or agent.

[English](#), [Spanish](#) or [Creole](#)

The Flood Claims Process

Learn more about what to expect after reporting a flood claim to your insurance company or agent.

[English](#) or [Spanish](#)

- You will need to meet deadlines every step of the way, so work with your adjuster and your insurance company to stay informed and on track throughout the claims process.

- Figure 1

Typically, your adjuster will usually contact you within 24 to 48 hours. The adjuster will coordinate with you to schedule a time to evaluate your flood damage. Please do not leave that your adjuster after you speak with your insurance company.

STEP 4 *Count the number of times the word "and" appears in the text.*

STEP 2

THINK: It is your responsibility to submit the signed and dated Proof of Loss document to your insurance company within 60 days of the date of the flood loss, unless THH's National Flood Insurance Program has already waived its 60-day limit.

STEP 3

STEP 4

Timeline: The time frame for the adjustment is usually 60 to 90 days from the date of the inspection. However, this time may be longer depending on the job or circumstances of the Road user.

STEP 4.