

ASSIGNMENT OF BENEFITS

CONSUMER TIPS

An assignment of benefits, if permitted by your insurance contract, can be a useful tool if used properly. Here are a few tips that could help ensure a smooth process for you:

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—as soon as possible.

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. Ask questions until you understand and be wary of any vendor who is not willing to help you understand their paperwork.



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RED FLAGS

Look for these red flags to determine if a contractor, repair or remediation company is trying to mislead you into signing an assignment of benefits:

- You feel pressured or rushed to sign an assignment of benefits or other documents.
- You are asked to sign over your benefits in order to start the repair process.
- The language in the contract or 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 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 or your mortgage company.
- The language prevents your insurance company from communicating directly with you about your claim.

NOTE: AOBs are prohibited for any claims made on property insurance contracts issued or renewed on or after January 1, 2023.

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