



WRITTEN TESTIMONY

Office of Insurance Regulation Rate Hearing
Regarding Citizens Property's Proposed Managed Repair Contractor Network Program
Wednesday, August 23, 2017
4-7 p.m.

Mark Wilson, President and CEO, Florida Chamber of Commerce

Commissioner Altmaier and Consumer Advocate James, thank you for the opportunity to share our concerns with you. I am Mark Wilson, and I'm CEO of the Florida Chamber of Commerce.

This is a tough issue and we are all Floridians but sometimes you just have to call fraud, fraud. To be clear, many things are going right in Florida. Businesses are adding jobs, we are growing by over 1,000 residents every day and visitor numbers to Florida are at record levels.

But unfortunately, Florida, especially right here in Miami-Dade, is ground-zero for an exploding problem called "assignment of benefits" or AOB. I call it scam. It's fraud and it needs to stop. In fact, this scam has made headlines across Florida and in national publications like the Wall Street Journal.

The legislature's failure to stop Assignment of Benefit abuse has created a cottage industry of lawsuits often filed by **lawyers who advertise on TV** and why we're standing here today.

In fact, the Wall Street Journal editorial board said, and I quote, "taxpayers will get whacked with Category 5 bills if Tallahassee doesn't shut down the state's latest plaintiff attorney's get rich quick scheme".

And sadly, consumers are the ones left holding the bill – **literally**.

Just 10 years ago, there were only 405 AOB-related lawsuits in Florida. **TODAY**, there are **more than 28,000**...a startling number that doesn't bode well for Florida's reputation as a "judicial hellhole".

Here is what is happening and everyone knows it. What is really happening is that a small group of bad actors have teamed up with trial lawyers to file these lawsuits and are driving rates through the roof. That is why Florida's Chief Financial Officer Jimmy Patronis last week called AOB abuse a "Category 5 Hurricane."

Even worse, and here's why this matters, the average property insurance rates for a \$150,000 home right here in Miami-Dade County will jump from \$2,926 this year, to \$3,219 next year, and to \$4,712 by 2022. That is ridiculous!

Consumers deserve better. That is why the Florida Chamber established the **Florida Consumer Protection Coalition** several years ago to shine a light on the fraud.

You have the unenviable task of setting rate increases to reflect rates that are actuarially sound, and reflect the true nature of the fraud and abuse taking place across Florida.

Commissioner Altmaier, on behalf of both the Florida Chamber of Commerce and the Consumer Protection Coalition, today I encourage you to continue to put consumers ahead of special interests; protect Floridians from those looking to get rich quick off the backs of all Floridians; and never give up the fight for legislative and regulatory reforms that address the AOB issue.

This fraud and abuse is hurting Floridians. We already have an affordable housing problem in Florida. If the Legislature does not put an end to AOB fraud, they're hurting the very people who need their help the most.

On behalf of consumers and job creators in Florida, thank you.