

I. ASSIGNMENT AGREEMENT REQUIREMENTS

To be valid, an assignment agreement must:

- Be in writing and be signed by both assignor and assignee
- Provide for a minimum 14-day non-penalty rescission period
- Require the assignee to provide to insurer a copy of the executed assignment agreement, and to obtain evidence of that delivery, within 3 business days after execution or commencement of work, whichever is earlier, by
 - Personal service, or
 - Overnight delivery, or
 - Email, or
 - To the location designated for this requirement as specified in the policy.
- Contain a written, itemized, per-unit cost estimate of the services to be performed by the assignee
- Relate only to work to be performed by the assignee for services to protect, repair, restore, or replace a dwelling or structure or to mitigate against further damage to such property;
- Require assignee to indemnify and hold harmless the assignor from all liabilities, damages, losses, and costs, including, but not limited to, attorney fees, should the policy subject to the assignment agreement prohibit, in whole or in part, the assignment of benefits.
- Contain the following notice in 18-point uppercase and boldface type:

YOU ARE AGREEING TO GIVE UP CERTAIN RIGHTS YOU HAVE UNDER YOUR INSURANCE POLICY TO A THIRD PARTY, WHICH MAY RESULT IN LITIGATION AGAINST YOUR INSURER. PLEASE READ AND UNDERSTAND THIS DOCUMENT BEFORE SIGNING IT. YOU HAVE THE RIGHT TO CANCEL THIS AGREEMENT WITHOUT PENALTY WITHIN 14 DAYS AFTER THE DATE THIS AGREEMENT IS EXECUTED, AT LEAST 30 DAYS AFTER THE DATE WORK ON THE PROPERTY IS SCHEDULED TO COMMENCE IF THE ASSIGNEE HAS NOT SUBSTANTIALLY PERFORMED, OR AT LEAST 30 DAYS AFTER THE EXECUTION OF THE AGREEMENT IF THE AGREEMENT DOES NOT CONTAIN A COMMENCEMENT DATE AND THE ASSIGNEE HAS NOT BEGUN SUBSTANTIAL WORK ON THE PROPERTY. HOWEVER, YOU ARE OBLIGATED FOR PAYMENT OF ANY CONTRACTED WORK PERFORMED BEFORE THE AGREEMENT IS RESCINDED. THIS AGREEMENT DOES NOT CHANGE YOUR OBLIGATION TO PERFORM THE DUTIES REQUIRED UNDER YOUR PROPERTY INSURANCE POLICY.

II. ASSIGNMENT AGREEMENT MUST NOT CONTAIN

- A penalty or fee for rescission or cancellation
- A check or mortgage processing fee
- An administrative fee

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III. RESIDENTIAL PROPERTY POLICY: URGENT OR EMERGENCY CIRCUMSTANCES (any period during which a failure to immediately address a loss to property will result in additional damage)

- Assignee may not receive an assignment for more than \$3,000 or 1 percent of the Coverage A limit.

IV. ASSIGNEE'S OBLIGATIONS AND BURDENs

The **Assignee** has the **burden** to demonstrate that the insurer is not prejudiced by Assignee's failure to:

- Maintain records of all services provided under the assignment agreement
- Cooperate with the insurer in the claim investigation
- Provide the insurer with the requested records and documents related to the services
- Deliver a copy of the executed agreement to the insurer in a timely fashion

The **Assignee** is **obligated** to:

- Provide the assignor with accurate and up-to-date revised estimates of the scope of work to be performed as supplemental or additional repairs are required
- Perform the work within accepted industry standards
- Not seek payment from the assignor exceeding the applicable deductible under the policy unless the assignor agrees to work performed at the assignor's own expense

V. ASSIGNEE'S CONDITIONS PRECEDENT TO FILING SUIT

The **Assignee** must satisfy the following conditions prior to filing suit:

- If required by insurer, the assignee must submit to reasonably necessary examinations under oath and recorded statements
- If required by insurer, the assignee must participate in appraisal in accordance with the policy terms
- Assignee must provide written notice of any intent to initiate litigation at least ten (10) days prior to filing suit. *This notice cannot be served prior to the insurer's determination of coverage.*

This notice must specify:

- Damages in dispute
- Amount claimed
- Presuit settlement demand
- Proof that any work performed has been performed in accordance with industry standards
- A detailed written invoice or estimate of services, including:
 - Itemized information on equipment, materials, and supplies, and
 - The number of labor hours

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VI. INSURER OBLIGATIONS

- Insurer must respond within ten (10) business days to Assignee's notice of intent to initiate litigation
- Insurer response must be either:
 - (a) settlement offer;
 - (b) demand for appraisal;
 - (c) request for submission to EUO; or
 - (d) another method of alternative dispute resolution.

VII. ATTORNEY FEE STRUCTURE

Fees awarded to the Insurer (<25%):

If the difference between the judgment obtained by the assignee and the insurer's pre-suit settlement offer is less than 25 percent of the disputed amount, the insurer is entitled to reasonable attorney's fees.

Fees awarded to the Assignee (>50%):

If the difference between the judgment obtained by the assignee and the insurer's pre-suit settlement offer is greater than 50 percent of the disputed amount, the assignee is entitled to reasonable attorney's fees.

Fees awarded to neither (25.1% – 49.9%):

If the difference between the judgment obtained by the assignee and the pre-suit settlement offer is between 25.1 and 49.9 percent of the disputed amount, then neither the assignee nor the insured is entitled to reasonable attorney's fees.

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