



# Auto Glass AOB

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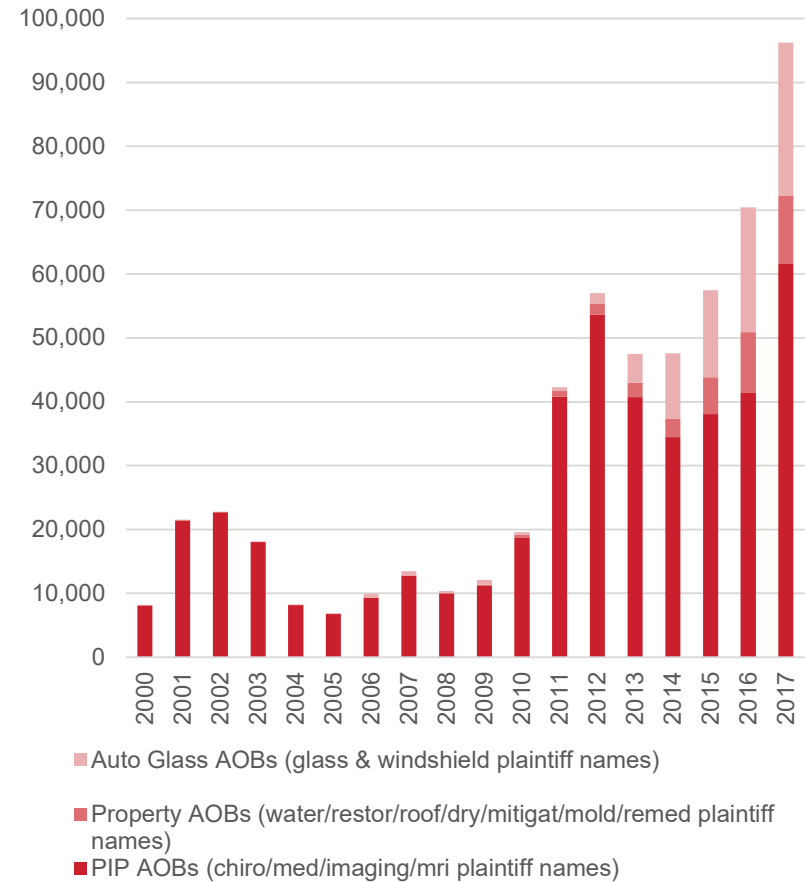




# Assignments of Benefits (AOBs)

- AOBs are a means of transferring first-party insurance rights to a third party.
- This third party then “steps into the shoes” of the first party, which entitles them to certain rights, including the one-way attorney’s fee.  
(s. 627.428 & 626.9373)
- AOB as a business model was created in PIP, and exported to other coverages, including property and comprehensive collision.

*AOBs Lawsuits by Type of AOB*

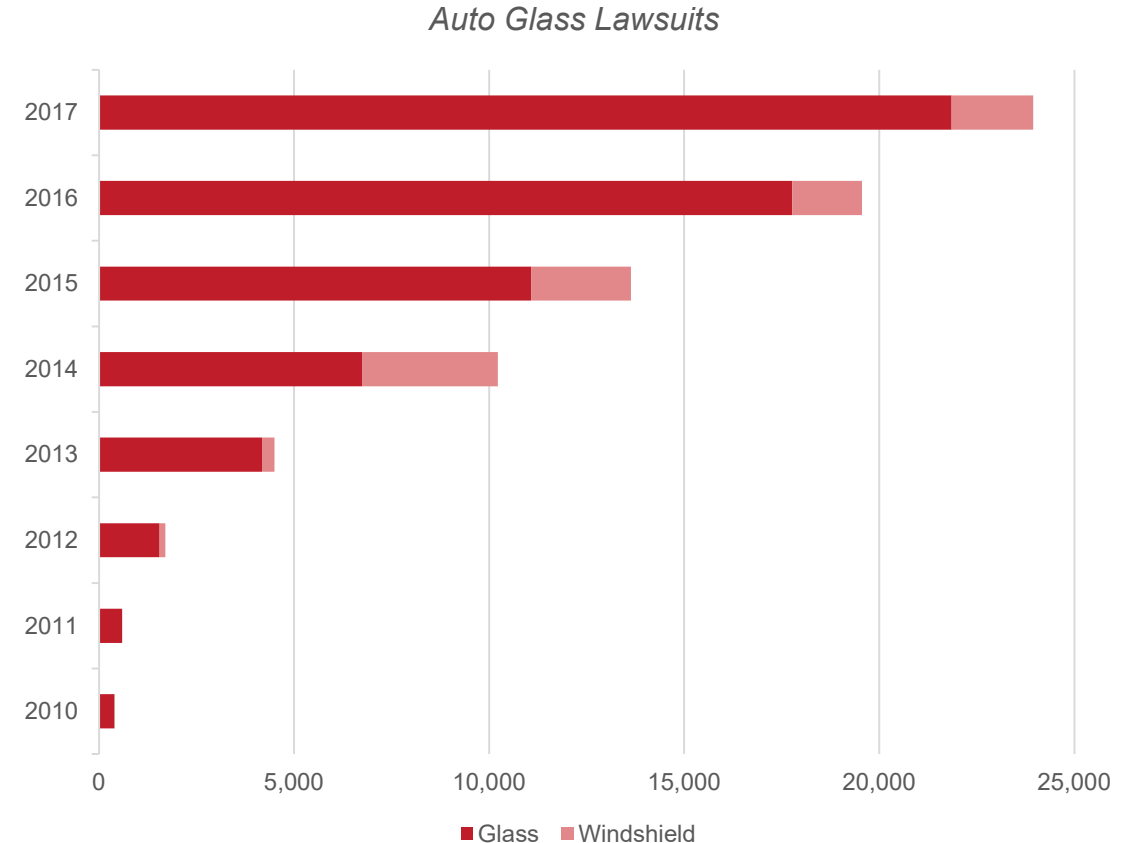


Restoring Balance in  
Insurance Litigation  
An Update on the Abuse of Assignments of Benefits  
and its Connection with One-Way Attorney's Fees

For more:

# Auto Glass AOB

- Auto glass AOB lawsuits have risen over the last 5 years.
- The unlevel playing field created by the one-way attorney fee has now put some insurers into a situation of litigation avoidance, whereby fees over and above the reasonable cost of a windshield repair may be agreed to in order to avoid the costs of litigation and attorneys' fees. We expect that this might bear itself out in the 2018 year-end numbers.



# A Big Problem, caused by a Few People

Based on a review of recently filed auto glass AOB litigation: January 1, 2016 to mid-August 2018.

- 10 law firms\* accounted for over 80% of all auto glass AOB litigation and 4 firms account for nearly 50%.
- Almost half of all auto glass AOB litigation is driven by plaintiffs from Arizona (also a non-deductible state).
- 10 companies—comprised of 9 owners/owner groups—exceed 70% of all auto glass AOB litigation.

*\*note that approximately half of these firms are sole practitioner shops.*

# A Big Problem, caused by a Few People, con't

- Safelite Solutions works with our insurer clients to help facilitate customers' windshield repair needs in a timely and high quality manner.
- In doing so, we work with many independent auto glass shops to ensure the best service delivery on behalf of our clients.
- Based on our data:
  - There are over 3,000 auto glass shops in Florida.
  - Less than 100 (actually, 78) of them are involved in AOB litigation.
  - Over 95% of Florida glass shops accept insurer's fair and reasonable pricing.

# Auto Glass AOB is a Volume Business

- Some of the top auto glass lawyers file over 4,000 AOB lawsuits in just one year (that works out to roughly 15 lawsuits per working day in a calendar year, not counting holidays).
- The top glass vendors typically use “reward” schemes to lure people into replacing a windshield. This is what is referred to as “harvesting” glass claims.
- All drivers who purchase comprehensive collision coverage likely pay more as a result of this abuse, enriching such a small number of lawyers and vendors.



Advertisements on the Auto Glass America Website, Aug. 15, 2015



**YOUR SOLUTION FOR WINDSHIELD REPAIR!**



# Awareness is Key

- Safelite has been on a campaign—with many of our insurer partners—to educate consumers about this issue, and help prevent them from being duped into unnecessary glass repairs and other schemes that run counter to their best interest.
- Bottom line: if it sounds too good to be true, it usually is.



**Tampa Bay is ground-zero for assignment of benefits cases over broken auto glass**



# Solutions to Consider

- Eliminate “one way” attorney fees for 3<sup>rd</sup> party AOB\*
- Prohibit shops from performing work without insurer approval
- Utilize inspections and appraisal process\*\*
- Prohibit “gift carding” and other inducements
- Report fraud to DFS
- Inform and engage consumers and policyholders

\*Recent opinion shot down insurer prohibition of post-loss  
3<sup>rd</sup> party AOB

\*\* Recent opinion reversing lower court ruling that  
An appraisal is a deductible