



Post-Loss Assignment of Benefits (AOB) Fact Sheet

What is an Assignment of Benefits (AOB)?

An Assignment of Benefits, or an AOB, is a document signed by a policyholder that allows a third party, such as a water extraction company, a roofer, or a plumber, to “stand in the shoes” of the insured and seek direct payment from the insurance company.

Am I required to sign an AOB to have repairs completed?

No. You can file a claim directly with your insurance company, which allows you to maintain control of the rights and benefits provided by your policy in resolving the claim.

How do I know if I am signing an AOB?

After a loss, you may call a roofer, contractor, plumber, water extraction company or other third party vendor to assist with emergency repairs. Once they have assessed the damage, they may present you with a document to sign prior to beginning any work. This document may sign over your insurance benefits to this third party and include an AOB. The AOB will contain language preventing you from communicating with the insurance company about your claim and giving the third party the ability to negotiate and endorse claim payments on your behalf or file suit against your insurance company, with or without your knowledge.

Can the Assignment of Benefits be canceled?

Typically, consumers are unable to cancel, because it is considered a legally binding contract.

What precautionary measures should I take if I choose to sign an AOB?

- Read your insurance policy and know what your responsibilities are after a loss.
- Contact your insurance company prior to signing the AOB.
- Read the AOB carefully and do not feel pressured to sign it.
- Beware of language that allows all proceeds of the claim to be made to anyone other than you or your mortgage company.
- Do not sign if there are blank spaces contained in the document.

Are there any additional risks in signing an AOB?

- You may be party in a lawsuit against the insurance company if the third party and company are in dispute on the payment amount of the claim.
- You may be responsible for payment of additional costs if the insurance company does not pay the third party the full amount requested and a lien may be placed on your home if you fail to pay.

For additional information and related resources, visit the Office of Insurance Regulation’s “AOB Resources” webpage at: <http://www.florir.com/Sections/PandC/AssignmentofBenefits.aspx>.