

# SIU Cases of Interest

Claims Committee Meeting, June 12, 2019  
Board of Governors Meeting, June 19, 2019

## Non-Weather Water Investigations

**Broward:** Three days after obtaining a policy of insurance, the insured reported that a water leak from a neighboring condominium caused water damage to his kitchen, hallway and hall bath. The SIU investigation, supported by witness interviews and inspection of the risk, revealed no evidence of a recent water leak and that the damage was old and pre-dated the policy of insurance. After several attempts to obtain an interview, the claim reserved for \$5,000 was withdrawn by the insured. A Division of Investigative and Forensic Services (DIFS) referral was submitted.

**Broward:** The insured alleged damage to the kitchen cabinets and flooring as a result of a plumbing leak. The loss was reported to Citizens by the insured's public adjuster 10 days after the loss and after \$7,588 in water mitigation expenses were incurred under an AOB. The SIU investigation, supported by interviews and review of inspection records, concluded no evidence of a water loss and that the damage occurred by long term leakage and seepage. The loss reserved in the amount of \$2,500 was subsequently denied for constant and repeated seepage. A DIFS referral was submitted.

**Broward:** The insured reported water damage to the second-floor bathroom and the kitchen ceiling. The loss was reported to Citizens by the insured after \$9,939 in water mitigation expenses were incurred under an AOB. The SIU investigation, supported by interviews and review of insurance records, established that the insured misrepresented the pre-loss condition of the house and that he attempted to submit a claim for damage that was sustained in a prior loss. The claim reserved at \$5,000 was subsequently denied for failure to produce documentation of prior repairs. A DIFS referral was submitted.

**Miami-Dade:** The insured claimed that a water supply pipe within the bathtub fixture ruptured, resulting in sudden release of water and resultant water damage to the interior walls and cabinets. An SIU investigation, supported by interviews and expert findings, found that the damage was inconsistent to the magnitude of water event as described and that the insured failed to provide the name of the handyman who purportedly made repairs. The claim reserved in the amount of \$2,500 was subsequently denied based on inconsistencies and misrepresentation of facts during the EUO. A DIFS referral was submitted.

**Miami-Dade:** Within 1 month of obtaining the policy of insurance, the insured reported water damage to the interior floor and wall resulting from a water back up. The loss was reported by the insured's public adjuster 12 days after the loss and after \$4,667 in water mitigation expenses were incurred under an AOB. The SIU investigation established through interviews of the insured that the risk had repeated water backups resulting from a deteriorated cast iron drain line and there was no evidence of a sudden and accidental water back up on the date of loss. Furthermore, water mitigation services were unjustified, and it was concluded that the service provider billed for services not rendered. The claims reserved at \$10,000 were subsequently withdrawn by the insured upon request to attend an EUO. A DIFS referral was submitted.

**Hillsborough:** The insured alleged damage to the kitchen cabinets as a result of a plumbing leak in the kitchen and also reported a water pipe break in the bathroom in two separate and unrelated losses that were reported to Citizens by the insured's attorney two months after the second loss and after a combined \$11,000 in water mitigation expenses were incurred under an AOB. The SIU investigation, supported by an expert inspection, determined that the damage was long term in nature and was identical to damage that was submitted to a prior carrier that pre-dated the current policy. The insured

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refused Citizen's requests to appear for an EUO and subsequently filed suit against Citizens for breach of contract. The claim was closed after a court found in favor of Citizen's motion for summary judgement and awarded Citizens \$8,000 in costs and the claims reserved at \$30,000 were not paid. A DIF referral was submitted.

**Pinellas:** The insured reported water damage to the master bathroom, guest bathroom and laundry as a result of a possible drain line back up. The loss was reported to Citizens after \$31,000 of water mitigation expenses were incurred under an AOB. The SIU investigation, supported by expert findings, determined that the insured misrepresented the condition of the home and that the damage was attributable to long term inadequate maintenance. The claim reserved at \$5,000 was denied as the damage was not attributable to the reported water event and for intentional misrepresentation and concealment. A DIF referral was submitted.

**Broward:** The insured reported that a water supply line inside the garage ceiling ruptured, causing damage to the kitchen cabinets and surrounding areas. The claim was reported to Citizens seven days after the loss by the insured's attorney and after \$3,416 in water mitigation and repairs were performed under an AOB. The SIU investigation, supported by an expert inspection and insured's sworn admission during an EUO, established that the insured contrived the claim and that the damage resulted from a prior loss. The claim reserved at \$15,650 was denied due to inconsistencies and misrepresentation of facts. A DIFS referral was submitted.

**Miami-Dade:** It was reported that a supply line broke underneath the kitchen sink in the insured's house and resulted in water damage to the kitchen cabinetry, walls and flooring. The claim was reported seven days after the loss by the insured's attorney after \$5,800 in water mitigation services were performed under an AOB. The SIU investigation established that the claim was contrived, and that the insured attempted to submit a claim for damage sustained in previously submitted claims that pre-dated the policy. The claim reserved at \$5,000 was withdrawn by the insured and their attorney. A referral to the DIFS was submitted.

**Miami-Dade:** The insured claimed the supply line broke and leaked damaging the kitchen cabinets and surrounding areas. The SIU investigation established that the claim was contrived and that the insured presented unrepaired damage that was claimed to his prior carrier five years prior. The claim reserved at \$2,500 was subsequently withdrawn by the insured. A referral to the DIFS was submitted.

**Miami-Dade:** It was reported that the insured's house sustained water damage to the wood floors and kitchen cabinets resulting from a damaged drain line. The SIU preliminary investigation, supported by expert findings, determined there was no damage attributable to the water loss as presented and no damage to the drainpipe. The claim reserved at \$5,000 was withdrawn by the insured upon demand that he attends an EUO.

**Broward:** The insured reported water damage to the laminate floor in the hallway due to a sudden failure within the bathroom shower. SIU investigation established the claim was contrived and that the insured presented false receipts in support of the claim. The insured failed to appear for three EUO attempts. The claim reserved at \$10,000 was denied for the insured's failure to comply with post loss duties. A DIFS referral was submitted.

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**Miami-Dade:** In their sworn proof of loss, the insured reported \$24,440 in ensuing damages to the tile flooring, cabinets and walls resulting from a sudden dishwasher leak. The loss was reported by the insured's public adjuster over ten months after the alleged event and after the dishwasher had been replaced. The SIU investigation and expert inspection established that the loss was contrived and damage predated the policy of insurance. Expert inspection found no evidence of water related damage to the flooring or cabinets. The claim reserved for \$2,500 was denied for damage existing prior to the application and materially false statements during EUO. A DIFS referral was submitted.

**Hillsborough:** The insured and their representative claimed a supply line broke under the slab and caused damage to the tile flooring, kitchen cabinets, baseboards and drywall. The SIU investigation established the claim was contrived and that the insureds were aware that the damage predated the issuance of the policy. The claim reserved at \$42,154.16 was subsequently denied for existing damage. A DIFS referral was submitted.

**Hillsborough:** During the investigation of a non-weather water claim, the SIU found evidence of potential Florida Notary violation when the insured provided sworn testimony that the public adjuster submitted a sworn proof of loss that contained the insured's signature but was notarized in her absence. A DIFS referral was submitted.

**Miami-Dade: (Update)** The insured reported wind damage to the roof from Hurricane Irma which resulted in interior water damage. The SIU investigation revealed that the insured fabricated and submitted false repair invoices in support of the claim. The claim reserved for \$76,000 was denied as a result of no covered peril as well as evidence of the insured's misrepresentation and concealment of facts. The insured subsequently filed suit that included a demand for \$435,000 that was later withdrawn. A DIFS referral was submitted and as the result of their investigation, the insured was arrested and charged with insurance fraud.

**Miami-Dade:** The insured reported damage to the barreled tile roof resulting in recently occurring interior water damage to the bedroom and kitchen ceilings as a result of Hurricane Irma. The loss was reported to Citizens by the insured's attorney over a year after the storm and after \$2,600 in water mitigation expenses were incurred under an AOB. The SIU investigation, along with an expert evaluation, established no evidence of a storm created opening and that the insured attempted to submit a claim for the same unrepaired damage that the insured received payment in a previous claim to Citizens. The claim reserved at \$5,000 was subsequently denied for normal wear and tear and no storm created opening. A DIFS referral was submitted.

**Miami-Dade:** The insured alleged damage to the roof, front door and resultant water damage throughout the interior as a result of Hurricane Irma. After Citizens issued an initial payment of \$11,711, the insured hired a public adjuster who submitted an appraisal demand for damage to the roof, fence and shed. The SIU investigation, supported by expert findings, established evidence that the damage predated the policy and that the insured misrepresented condition and age of the roofing system, which had been replaced after prior losses. Citizens rejected the appraisal demand and no further payments were issued based upon the insured's misrepresentation and concealment of facts material to the loss. A DIFS referral was submitted.

**Miami-Dade:** It was reported that the insured's house sustained damage to the barrel tile roof as the result of Hurricane Irma and resultant water damage to the interior. The loss was reported to Citizens by

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the insured's attorney over a year after the storm. The SIU investigation, supported by an expert inspection, confirmed there was no wind related roof damage and the interior damage was long term and due to lack of maintenance. Furthermore, Citizens' adjuster noted newly created mechanical damage to the roof after observing the public adjuster on the roof who was seen lifting tiles. The claim reserved at \$2,500 was subsequently denied based on no wind created opening and a DIFS referral was submitted based on the observation of the public adjuster.

**Miami-Dade:** It was reported that the insured's house sustained physical damage to the barreled tile roof as the result of Hurricane Irma and resultant water damage to the interior. The loss was reported to Citizens by the insured's public adjuster four months after the loss and after \$8,330 in water mitigation services were provided under an AOB. After Citizens issued an initial payment to the insured of \$16,976, the insured submitted an appraisal demand of \$186,300. The SIU investigation concluded that the claim was contrived by the insured and their public adjuster. There was no evidence supporting the existence of storm related damage and the insured misrepresented the cause and date of the damage to the roof and installation of the tarp which factually occurred more than one year after the storm. The appraisal claim reserved in the amount of \$95,000 was subsequently not paid after the insured failed to appear for an EUO. A DIFS referral was submitted.

**Miami-Dade:** It was reported that the insured's house sustained physical damage to the roof as the result of Hurricane Irma and resultant water damage to the interior. Although temporary repairs, including placement of the tarp, were alleged to have been made within days of the storm, the loss was reported to Citizens by the insured's public adjuster a year and three months after the reported storm. The SIU investigation, supported by aerial photos and interviews, revealed that the insured and their public adjuster misrepresented the date the damage was incurred as well as placement of the tarp, which did not occur until more than three months after the storm. The claim reserved at \$10,000 was subsequently denied based on the date of loss as reported damage did not correlate to a covered loss. A DIFS referral was submitted.

**Broward:** The insured claimed that as a result of Hurricane Irma the property sustained physical damage to the roof and interior water damage. The claim was reported by the insured's attorney four months after the loss and after \$6,662 in water mitigation was provided under an AOB. The SIU investigation, supported by an expert inspection and insured's sworn admission during an EUO, confirmed that the interior damage pre-existed the issuance of the policy and was not caused by the storm. The claim reserved at \$10,000 was denied as there was no evidence of a storm created opening and for failure to comply with post loss duties. A DIFS referral was submitted.

**Broward:** The insured claimed that as a result of Hurricane Irma the property sustained physical damage to the roof and interior water damage. The claim was reported to Citizens 16 months after the loss by the insured's attorney and after \$3,597 in water mitigation was conducted under an AOB. The SIU investigation confirmed via statement of the insured that the damage was not the result of Hurricane Irma. In addition, SIU confirmed that the loss consultant, working on behalf of the attorney, had potentially engaged in unlicensed public adjusting activity. The claim reserved at \$5,500 was denied due to no covered related peril and wear tear. A DIFS referral was submitted.

**Miami-Dade:** During the investigation of a claim associated with Hurricane Irma, the SIU investigation established that the loss consultant, working on behalf of the insured's attorney, engaged in unlicensed

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public adjusting when he prepared documentation to Citizens alleging the cause of the loss, ensuing damage, and scope of repairs on behalf of the insured. A referral to the DIFS was submitted.

**Miami-Dade:** The insured's public adjuster reported that as a result of Hurricane Irma, the insured property sustained damage to the roof resulting in interior water damage to the ceiling of several rooms. The claim was first reported more than a year and three months after the loss occurred. It was concluded that the insured contrived the claim and attempted to obtain insurance benefits for damage that did not occur as a result of Hurricane Irma. The loss reserved at \$21,000 was denied based upon no evidence of a wind created opening. A DIFS referral was submitted.

**Bay:** The insured reported damage to the roof, interior ceiling and walls as a result of Hurricane Irma. The claim was first reported seven months after the loss occurred as the insured does not live in the home full time. After tendering an initial payment of \$6,352, Citizens received supplemental invoices in the amount of \$21,576 from the contractor who presented the invoices as paid in full for repairs completed. The SIU investigation, supported by the insured's and contractor's statements, established that the contractor submitted false invoices associated with the loss in an effort to obtain insurance benefits on behalf of the insured for costs that the insured did not incur. A DIFS referral was submitted.

**Miami-Dade:** In their sworn proof of loss, the insured claimed that high winds associated with Hurricane Irma caused \$43,300 in physical damage to their roof and resultant water damage to the interior. The SIU investigation established the claimed damage preexisted the policy and was not associated with Hurricane Irma. The claim reserved for \$2,500 was denied for the insured's materially false statements and concealment of facts. A DIFS referral was submitted.

**Seminole:** The insured reported that Hurricane Irma damaged the flat roof resulting in water damage to the patio ceiling. The loss was reported 11 months after the date of loss. After Citizens tendered payment of \$2,176, the insured submitted a supplemental request for roof damage. The SIU investigation, supported by expert findings, established that the insured submitted materially false documentation in support of the damage and that the damage to the roof was manmade. The supplemental claim for the \$10,950 roof estimate was denied and no further payments were issued. A DIFS referral was submitted.

## Other Property-Related Investigations

**Hillsborough:** The insureds claimed that the particle board subflooring was collapsing throughout the residence. SIU's investigation revealed the insured fabricated the loss and attempted to submit unrepaired damage that was sustained in a previously submitted water loss claim. The claim reserved at \$50,000 was denied for damage which occurred prior to policy inception. A DIFS referral was submitted.

**Hillsborough:** Five months after the insured's rental property was purportedly vandalized by their evicted tenants, the insureds submitted a \$15,000 claim to Citizens for the related damage to the kitchen cabinets, kitchen faucets, appliances, walls, and window blinds. The SIU investigation, supported by witness statements and insured's statement, found court records established that the insured contrived the claim and attempted to obtain insurance benefits for damage that did not occur as a result of a vandalism. The loss reserved at \$5,000 was denied based on evidence that damage pre-existed the loss date and was previously presented by the insureds on a prior claim. A DIFS referral was submitted.



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**Hernando:** The insured reported interior water damage due to roof leaks four months after the alleged date of loss and 19 days after the policy became effective. The SIU investigation, supported by interviews and inspection of the risk, discovered documentary evidence that the insured contrived the loss and that the damage pre-dated the policy. The claim reserved at \$20,000 was denied for deterioration and construction deficiencies. A DIFS referral was submitted.

**Pinellas:** The insured reported storm caused damage to her roof and resultant water damage to the interior of the residence. The claim was reported 35 days after the loss by the insured and after permanent repairs were conducted. The SIU interviewed the roof contractor that completed the repairs and confirmed that the roof leak was caused by faulty roof tiles and inadequate installation. The claim reserved at \$5,000 was subsequently denied as there was no evidence of a loss. A referral to the DIFS was submitted.

## Agency & Underwriting-Related Investigations

**Miami-Dade – Agency Matter: (Update)** As a result of an internal referral, the SIU investigation revealed an agent collected full premiums for two insureds totaling \$6,285 and failed to remit the funds to Citizens in a timely manner. It was also revealed that documents were altered for two insureds in order to circumvent fees for lapse of coverage. The agent's appointment has been terminated by Citizens and as a result of a referral to DIFS, the agent has been arrested and charged with two counts of Grand Theft in the 3rd degree, two counts of Diversion of Insurance Funds greater than \$300 but less than \$20,000, eight counts of Criminal Use of Personal Identification Information, and seven counts of Insurance Fraud.

**Dade County – Personal Lines / Policyholder:** Through proactive investigative efforts, SIU discovered that after obtaining a personal lines risk that the property was later converted to an operational and licensed Assisted Living Facility. As a result of the investigation, the policy was set for non-renewal removing approximately \$217,060 in exposure from Citizens.

**Lee County – Agency Matter:** An SIU investigation determined that the Agency Operations Manager circumvented PolicyCenter to allow binding of an uninsurable risk and was aware that the roof did not meet Citizens' requirements. A warning notice was issued to the agency and a referral was submitted to Agent and Agency Services.

**Manatee County – Agency Matter:** An SIU investigation determined that a Customer Service Representative (CSR) for the agency altered a four point inspection to conceal existing damage on a property. During a recorded interview the CSR acknowledged altering the form. A warning notice was issued to the Agent of Record for failure to supervise, a DIFS referral was submitted and Citizens denied a new agency's request to credential the CSR.

**Pinellas County – Agency Matter:** An SIU investigation determined that the agent failed to follow the proper procedures to change the effective date of a policy. The agent was advised in advance that the closing date had been changed, but failed to notify Citizens of the change until the insured called to report there had been a loss. A training call was conducted with the agent.

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**Hillsborough County – Agency Matter:** An SIU investigation determined that the agency bound coverage at the request of a realtor and prior to confirming eligibility. The investigation revealed the agency has a pattern of not asking the appropriate underwriting eligibility questions when completing applications. A warning notice was issued to the agency.

**Miami-Dade – Agency Matter:** An SIU investigation determined the agent issued an Acord Evidence of Property Insurance form, but failed to bind the policy. The insured filed a claim within the first 30 days of the binder effective date and was then advised there was no coverage on the insured property. Citizens issued the policy and made the insured whole for the coverage since the binder had been issued. The agent's actions, which did not appear to be intentional, were still in violation of Citizen's Agency Appointment Agreement. As a result, a warning was issued to the agency.