

# Addendum: SIU Cases of Interest

Claims Committee Meeting, September 4, 2019  
Board of Governors Meeting, September 25, 2019

## Non-Weather Water Investigations

**Broward:** The insured alleged damage to bamboo flooring in the living room as a result of a ruptured water pipe under the concrete slab. The SIU investigation, supported by interviews and inspection, revealed that the claim was contrived and that the insured presented false invoices as evidence of repairs from a prior loss that concerned the floors. The claim reserved at \$5,000 was not paid as the wall access for plumbing was under deductible and because she failed to provide proper evidence of repairs from prior losses. A referral to the Florida Division of Investigative and Forensic Services (DIFS) was made based on the bamboo flooring misrepresentation which resulted in the arrest of the insured.

**Hillsborough:** The insured claimed a supply line leak in the hall bathroom caused water damage to the bathroom and kitchen base cabinets, walls, and baseboards. The SIU investigation revealed the alleged loss was contrived and that the insured provided false information pertaining to the plumbing repairs. The claim reserved at \$7,500 was denied for failing to provide prompt notice of the loss and failure to provide documentation that a loss occurred. A referral to the DIFS was submitted.

**Miami-Dade:** The insured reported that water discharged from an exposed supply line resulting in extensive water damage to the cabinets, flooring and walls. The SIU investigation established that the loss was contrived and that the insured attempted to claim unrepaired damage from a previous water loss. The claim reserved at \$5,000 was denied for lack of cooperation after the insured failed to appear to an Examination Under Oath (EUO). A referral to the DIFS was submitted.

**Miami-Dade:** The insured reported that a water supply line under the kitchen sink burst resulting in water damage to the kitchen cabinetry and baseboards in the dining room. The SIU investigation revealed that the insured attempted to claim unrepaired damage from a previous water loss and presented false invoices as proof of prior repairs. The claim reserved at \$5,000 was denied for lack of cooperation after the insured failed to appear for an EUO. A referral to the DIFS was submitted.

**Broward:** The insured's public adjuster alleged a plumbing drainage pipe failure under the kitchen sink caused water damage to the wood cabinetry. The SIU investigation revealed that the public adjuster forged the insured's signature on the letter of representation and submitted a false claim to Citizens without the knowledge or consent of the insured. The claim reserved at \$7,500 was subsequently withdrawn by the insured. A referral to the DIFS was submitted.

**Miami Dade:** The insured's attorney alleged a supply line ruptured in the kitchen and damaged the cabinetry which was reported to Citizens three months after the loss. The SIU investigation revealed that the insured materially misrepresented the date of loss as well as the extent of water mitigation services that were alleged to have been provided. The claim reserved at \$2,500 was denied due to lack of cooperation after the insured failed to appear for an EUO. A referral to the DIFS was submitted.

**Miami-Dade:** The insured reported a sudden air-conditioning leak/discharge which caused damage to the A/C closet, hallway, and living room. The claim was reported by the insured's attorney one year after the alleged event and after \$5,298.99 in water mitigation services were provided. The insured's attorney refused SIU's attempt to inspect the damage which it was suspected that the insured was claiming unrepaired damage that predated the policy from up to five prior claims. The claim was withdrawn and no payments were issued.

# Addendum: SIU Cases of Interest

Claims Committee Meeting, September 4, 2019  
Board of Governors Meeting, September 25, 2019

**Miami Dade:** The insured claimed damage to the walls, baseboards, and tile flooring allegedly due to an accidental washing machine overflow in the residence. The investigation, which included interviews with the insured and field adjuster, revealed the insured's representative from the public adjuster's office was a Public Adjuster Apprentice acting unsupervised and outside the scope of his apprenticeship. The claim reserved for \$5,000 was ultimately denied as not being a covered loss under the DP-1 policy as the policy does not provide coverage for water damage. A referral to the DIFS was submitted.

**Broward:** The insured claimed damage to the walls and baseboards in his condo unit allegedly stemming from an accidental washing machine discharge which flooded the residence. Additionally, the insured presented a separate liability claim for related damage to the neighboring condo unit located below the insured's unit, relating to a shower drain leak. As a result, Citizens issued payment of \$1,211 for the liability claim. An SIU investigation ensued, which included interviews and loss documents, and established that the insured submitted a false insurance application and confirmed that the both losses occurred during a lapse of insurance coverage and prior to the inception of the insurance policy. The insured's first-party claim, reserved at \$5,000 was denied as the loss did not occur in the policy period. A referral to the DIFS was submitted for each claim.

**Broward:** The insured claimed damage to the kitchen sink cabinet and adjacent wall/baseboards due to an alleged faulty p-trap under the kitchen sink causing a leak. The SIU investigation, which included interviews and EUO testimony of the insured, established that the named insured the insured materially misrepresented the cause of loss and duration of damage and revealed evidence that the insured was aware, at the time, that damage was long term and preexisting. Additionally, the investigation revealed the insured's loss consultant engaged in unlicensed public adjusting by participating in the inspections where he determined coverage and damage related to the cause of loss. The claim reserved at \$2,500 was denied as the damage resulted from visible long-term leakage that pre-dated the policy and not caused by a sudden event. A referral to the DIFS was submitted for both the insured's and loss consultant's actions.

**Miami-Dade:** The insured reported damage to the kitchen cabinets, walls and flooring as a result of a failed supply line under the kitchen sink. The loss was reported to Citizens by the insured's attorney over 90 days after the loss and after \$9,848 in water mitigation expenses were incurred under an Assignment of Benefits (AOB). The SIU investigation, supported by interviews and experts findings, established that the loss was contrived and that the damage resulted from a long term leakage that predated the policy and not from a sudden event as claimed by the insured. The claim reserved at \$2,500 was subsequently denied based on wear, tear, deterioration and inadequate maintenance. A referral to the DIFS was submitted.

**Miami-Dade:** The insured reported damage to the bathroom cabinets, closet and laundry room walls as a result of a shower pan leak in the bathroom. The loss was reported to Citizens by the insured's public adjuster after \$5,615 in water mitigation expenses were incurred under an AOB. The SIU investigation established that the insured attempted to claim identical damage to cabinets from a prior Citizens claim. In addition, the insured provided materially false testimony and a contrived invoice in support of proof of repairs from the prior claim. The claim reserved at \$10,000 was subsequently denied based upon concealment and fraud. A referral to the DIFS was submitted.

# Addendum: SIU Cases of Interest

Claims Committee Meeting, September 4, 2019  
Board of Governors Meeting, September 25, 2019

**Miami-Dade:** The insured alleged damage to the master bathroom and family room ceiling as a result of a shower pan leak in the master bathroom. The loss was reported to Citizens by the insured's public adjuster 20 days after the reported loss. The SIU investigation determined that the claim was contrived and that the insured attempted to claim unrepaired damage from a prior water loss. The insured withdrew their claim, reserved at \$5,000, and no payments were issued. A referral to the DIFS was submitted.

**Miami-Dade:** The insured reported water damage to the closet, bathroom and bedroom as a result of a leaking Jacuzzi. The loss was reported to Citizens by the insured's public adjuster after \$9,639 in water mitigation expenses were incurred under an AOB. The SIU investigation revealed that the public adjusting firm representing the insured directed the repair of the property to a company owned by his wife. There was no physical evidence that water mitigation services took place. The claim reserved at \$5,000 was subsequently denied based on damage being caused by constant and repeated seepage or leakage. A DIFS referral was made based on the public adjuster/water mitigation provider concerns.

**Broward:** The insured reported damage to the kitchen cabinets, ceiling and walls along with the dining room ceiling and walls due to a pipe break in the kitchen. The loss was reported to Citizens by the insured's public adjuster 13 days after the loss and after \$3,421 in water mitigation expenses were incurred under an AOB. The SIU investigation, supported by interviews and inspection of the property, revealed that the insured attempted to claim unrepaired damage from an ongoing water leak. The claim reserved at \$5,000 was subsequently denied based on damage resulting from constant or repeated seepage or leakage of water. A referral to the DIFS was submitted.

**Palm Beach:** The insured reported damage to the master bedroom, bathroom and kitchen due to a leak from the shower drain line. The loss was reported by the insured's public adjuster after \$6,840 in water mitigation expenses were incurred under an AOB. The SIU investigation, supported by interviews and inspection of the property, revealed that the insured attempted to claim unrepaired damage from an ongoing water leak. The claim reserved at \$5,000 was subsequently denied based on no evidence of a loss and failure to make repairs from a prior loss. A referral to the DIFS was submitted.

**Broward:** The insured alleged damage to the baseboards and flooring in several rooms as a result of a water heater leak. After the adjuster tendered an initial payment of \$10,624, the insured hired a public adjuster who reopened the file for damage related to mold. When SIU discovered evidence of a recently filed claim for similar damage (also from a broken water heater prior to Citizens), an EUO of the insured was pursued. The insured failed to appear for EUO, and the claim was subsequently withdrawn. No additional payment was made on the claim reserved at \$5,000. A referral to the DIFS was submitted.

**Miami-Dade:** The insured's attorney reported that as a result of a leaking A/C system, the insured property sustained water damage to the interior walls, baseboards and wood floors. The claim was first reported after more than four years after the loss occurred. During the SIU investigation it was discovered that the insured and their attorney presented the identical claim to their prior insurance carrier. SIU investigation, supported by EUO testimony, concluded that the attorney along with the insured contrived the claim and attempted to obtain insurance benefits for damage that occurred after Citizens policy period. The loss reserved at \$10,000 was denied based upon late reporting and failure to comply with policy conditions. A referral to the DIFS was submitted.

# Addendum: SIU Cases of Interest

Claims Committee Meeting, September 4, 2019  
Board of Governors Meeting, September 25, 2019

**Miami-Dade:** The insured reported that a plumbing leak in the bathroom caused damage to the bathroom vanity, walls, baseboards, and kitchen cabinets. The loss was first reported to Citizens 12 days after the policy issuance. The SIU investigation revealed that the insured misrepresented the pre-loss condition of the property and submitted falsified photographs as proof of repair. After failing to attend a scheduled EUO, the insured subsequently withdrew the claim. The loss reserved at \$7,000 was closed without payment. A referral to the DIFS was submitted.

**Pinellas:** An SIU investigation determined that a Miami based contractor failed to perform permanent repairs after they received an \$18,000 claim payment from Citizens under an AOB. Citizens engaged the Managed Repair Program (MRP) to effect permanent repairs and a referral to the DIFS was submitted regarding the contractor who absconded with the insurance payments. Citizens is pursuing recovery of the contractor for payments issued.

**Hillsborough:** The insured reported that a water pipe under the slab burst resulting in damage to the bathroom, bedroom walls, carpet, and the kitchen drywall and cabinets. As a result of the loss and after coverage was previously assessed for the repairs, the insured reported that they were unable to live in the home during restoration and incurred more than \$10,000 in additional living expenses. The SIU investigation uncovered evidence that the insured submitted false hotel receipts in support of the claim payment. No additional payments were issued and a referral to the DIFS was submitted.

## Hurricane / Catastrophe Investigations

**Broward:** The insured claimed high winds from Hurricane Irma damaged the shingle and flat roofing system, resulting in interior water damage to the kitchen and bedroom ceiling. The loss was late reported seventeen months after the storm made landfall. The SIU investigation, supported by expert's findings, established there was no storm related damage to the roof and that the insured attempted to claim unrepaired interior water damage that pre-dated the policy and was unrelated to the storm. The claim reserved for \$5,000 was denied as there was no physical damage to the roof and no existence of a storm created opening. A referral to the DIFS was submitted.

**Miami-Dade:** it was reported that the insured's home sustained high winds associated with Hurricane Irma which caused physical damage to the roof and resultant interior water damage to the ceiling and walls. The claim was reported by a public adjuster 15 months after the storm made landfall. During the SIU investigation, it was learned that the insured had consulted the public adjuster due to her aged plumbing system that was badly deteriorated and that the public adjuster submitted the Hurricane damage claim without consent of the insured. Furthermore, the insured advised her home did not sustain any roof or interior damage as the result of the storm. The claim reserved at \$5,000 was subsequently withdrawn by the insured. A referral to the DIFS was submitted.

**Miami-Dade:** The insured and their loss consultant reported the roof sustained physical damage associated with Hurricane Irma which resulted in interior water damage to the ceiling and walls. The loss was reported to Citizens by the insured's attorney 17 months after the storm made landfall. The SIU investigation, supported by interviews and expert's findings, determined that the claim was contrived and that the insured attempted to claim duplicate unrepaired roof damage from a prior storm in 2013. It was additionally determined that the loss consultant, acting at the direction of the attorney, engaged in

# Addendum: SIU Cases of Interest

Claims Committee Meeting, September 4, 2019  
Board of Governors Meeting, September 25, 2019

unauthorized public adjusting. No claim payments were issued and a referral to the DIFS was submitted on both the insured's and loss consultant's actions.

**Broward:** The insured and their loss consultant claimed damage to the interior of the residence allegedly stemming from Hurricane Michael. The SIU investigation, supported by interviews and EUO testimony, as well as an expert's inspection, determined the risk was not subjected to damage producing winds and that the insured attempted to present unrepaired damage that predated the policy. It was additionally determined that the loss consultant, acting at the direction of the attorney, engaged in unauthorized public adjusting. The claim reserved at \$5,000 was ultimately denied as the loss was not the result of a wind created opening into the residence. A referral to the DIFS was submitted for both the insured's and the loss consultant's actions.

**Miami-Dade:** The insured reported their roof sustained physical damage associated with Hurricane Irma which resulted in water intrusion and damage to the interior ceiling and walls. The loss was reported to Citizens by the insured's attorney over a year after the event and after \$19,711 in water mitigation expenses were incurred under an AOB. The SIU investigation, supported by interviews and inspection by an expert, determined that there was no storm related damage from that the insured attempted to claim unrepaired damage from a prior loss. The claim reserved at \$10,000 was subsequently denied for damage consistent with wear, tear, deterioration and inadequate maintenance. A referral to the DIFS was submitted.

**Miami-Dade:** The insured reported roof damage, fence damage and interior leaks as a result of Hurricane Irma which was reported to Citizens by the insured's attorney four months after the storm made landfall. After Citizens inspected the damage and issued an initial payment, a water mitigation service provider submitted a \$6,000 invoice for emergency water mitigation services rendered under an AOB. The SIU investigation, through interviews with the insured, confirmed that no additional services were rendered and the signature of the insured on the document was forged. Based on the SIU investigative findings no additional payments were made. A referral to the DIFS was submitted.

**Miami-Dade:** The insured and their public adjuster reported physical damage to the roof associated with Hurricane Irma and resultant water damage throughout the home. After Citizens inspected and tendered an initial claim payment of \$16,107 to the insured, the insured's public adjuster submitted a supplemental claim for \$110,934. The SIU investigation established evidence that the damage was intentionally created after the storm and that the claim was contrived. The claim was denied for concealment and fraud and no further payments were issued. A DIFS referral was submitted.

**Miami-Dade:** The insured reported physical damage to the tile roof and interior water damage to the ceilings resulting from high winds associated with Hurricane Irma. The loss was reported to Citizens by the insured's attorney nine months after the date of loss and after \$8,400 in water mitigation expenses were incurred under an AOB. The SIU investigation, supported by aerial imagery and an expert's inspection, determined that the insured materially misrepresented the roof condition and that the damage likely resulted from a prior storm in which repairs never ensued. The claim reserved at \$8,700 was denied based on concealment and fraud. A referral to the DIFS was submitted.

# Addendum: SIU Cases of Interest

Claims Committee Meeting, September 4, 2019  
Board of Governors Meeting, September 25, 2019

## Other Property-Related Investigations

**Duval:** An insured claimed roof shingles were damaged and missing due to a wind-storm event. The loss was reported by the roofing contractor three and a half months after the storm was alleged to have occurred and after signing an AOB. The SIU investigation established there was no evidence of high winds at the time the storm was alleged to have occurred and that the insured attempted to claim unrepaired damage that predated the policy. Furthermore, the investigation established that the insured's home had a deteriorated roof from faulty construction and the insured failed to repair previous storm damage despite receiving insurance benefits on two prior claims. The claim reserved for \$8,000 was denied as there was no loss in connection to a storm event as claimed by the insured, and damage due to wear and tear and improper roof installation. A referral to the DIFS was submitted.

## Agency & Underwriting-Related Investigations

**Miami-Dade County – Personal Lines/Policyholder:** An SIU investigation obtained evidence that a policyholder misrepresented numerous material facts on nine properties he owned and were placed with Citizens. As a result of the investigations, the insurance policies in question were set to either non-renew or cancel, removing \$1,869,680 in exposure from Citizens. Due to the misrepresentations by the insured, the matters were referred to the DIFS.

**Broward County – Personal Lines/Policyholder:** A proactive SIU investigation determined that after obtaining a personal lines property policy, the insured operated a commercial in-care rehabilitation facility for drug addiction. As a result of the investigation, the policy was set for non-renewal, removing approximately \$263,280 in exposure from Citizens.

**Hillsborough County – Personal Lines/Policyholder:** An SIU investigation established evidence that two rental homes owned by the insured were vacant and unoccupied and that the insured provided a false lease agreement in support of obtaining one of the policies. As a result of the SIU findings, the risk exposures totaling \$90,900 were cancelled and non-renewed by Underwriting. Based upon a material misrepresentation on the application of insurance, a referral to the DIFS was submitted.

**Miami-Dade, Broward, and Hillsborough Counties – Personal Lines/Policyholder:** Through proactive investigative efforts, SIU identified four personal lines risks that were operating as assisted living facilities. The SIU investigations established that the policyholders owned and operated assisted living facilities at the risk locations. Application misrepresentation was not pursued in two of the cases, as the assisted living facilities were incorporated and licensed after the insureds signed and dated the applications for insurance to Citizens. The two other cases involved application misrepresentation and were referred to the DIFS. As a result of the investigations, all four policies were set to non-renew, removing approximately \$1,310,300 in exposure from Citizens.

**Miami-Dade County – Personal Lines/Policyholder:** Through proactive investigative efforts, SIU identified a personal lines risk that was operating as a Large Family Day Care which was statutorily ineligible for coverage with Citizens. As a result of the investigation, the policy was non-renewed, removing approximately \$263,790 in exposure from Citizens.

# Addendum: SIU Cases of Interest

Claims Committee Meeting, September 4, 2019  
Board of Governors Meeting, September 25, 2019

**Miami-Dade County – Agency Matter:** An SIU investigation determined a Licensed Customer Representative (LCR), who has since been fired from the agency, forged a Wind Exclusion form and submitted to Citizens. Citizens' Underwriting has returned wind coverage to the policy at the request of the insured, and Agency Management issued a warning notice and conducted a training call with the agency. A DIFS referral was made on the LCR.

**Pinellas County – Agency Matter:** An SIU investigation determined that that two employees at the agency were altering documents. One employee, a 2-20 licensed agent, altered a four point inspection to meet underwriting requirements. Another employee, a 4-40 licensed CSR, altered an eligibility document to secure an immediate effective date and avoid a surcharge. As a result, the two employees were terminated and the agency received a 30 day suspension for violating the Agent and Agency Appointment Agreements. Referrals to the DIFS were submitted on both employees.

**Miami-Dade County – Agency Matter:** An SIU investigation determined that the agent failed to disclose prior claims when binding a personal lines risk to Citizens. As a result of the SIU findings the risk exposure of \$358,140 was cancelled by Underwriting.