

# ADDENDUM: SIU CASES OF INTEREST

CLAIMS COMMITTEE MEETING JUNE 16, 2016  
BOARD OF GOVERNORS MEETING JUNE 22, 2016

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## WATER – NON WEATHER RELATED

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**Miami-Dade:** The insured's attorney submitted the claim to Citizens 14 days after the loss, claiming that the insured's drain line suddenly collapsed, resulting in damage to the kitchen cabinets and flooring in several rooms throughout the house. The SIU investigation established that the insured materially misrepresented the condition of the kitchen and provided false information concerning repairs that were alleged to have been completed from a prior claim. A DIF referral was submitted and as a result, the insureds were both arrested and charged with the filing of a false insurance claim.

**Miami-Dade:** The insured's public adjuster reported that a water supply line ruptured, resulting in damage throughout the residence which was reported to Citizens 13 days after the loss occurred. The SIU investigation proved that the insured materially misrepresented the condition of the house and submitted a false claim for damage that pre-dated the date of loss and the issuance of the policy. The SIU investigation further revealed that contrary to their application of insurance, the insured operated an elderly home daycare and was doing so at the time of the application was submitted to Citizens. The claim was reserved at \$5,000.00 and was eventually denied due to long term/repeated seepage/leakage. A DIF Referral was submitted based upon the misrepresentation on the application and as a result the insured was arrested for insurance fraud in the submission of a policy.

**Palm Beach:** The insured's attorney reported two water losses due to failed water lines in the kitchen and bathroom, which was reported by their attorney 49 days after the date of loss. The SIU investigation established that the loss consultant engaged the services of a water mitigation company that caused damage to the kitchen by conducting unnecessary water mitigation, despite the fact there had not been a water event. During the insured's Examination Under Oath (EUO) the insured testified that she not aware that she was represented by an attorney and her signature on the attorney contract had been forged. The insured home was repaired by the loss consultant firm at no cost to the insureds. The claims, reserved at \$16,500.00, were closed without payment. A DIF referral was submitted.

**Miami-Dade:** The insured's public adjuster reported a water loss due to a broken sewer cast iron line that caused water damage throughout the insured's rental house. The loss was submitted to Citizens four days after the loss and after repairs were already made. SIU's investigation developed evidence that the insured attempted to claim pre-existing damage from a prior claim and submitted falsified photos to Citizens as proof of repairs. The claim, reserved at \$15,000.00, was subsequently denied due to the insured's misrepresentation of a material fact in the submission of the claim. A DIF referral was submitted.

**Miami-Dade:** The insured claimed that a supply line ruptured, resulting in damage to their bathroom, kitchen and wood flooring, which was reported to Citizens by their public adjuster six days after the loss. The SIU investigation found that the insured misrepresented prior damage and was unable to explain conflicts in the presentation of damage and repairs that were alleged to have been conducted by the plumber. The insured refused to appear at a scheduled EUO and elected to withdraw the claim. The claim, reserved at \$8,000.00, was subsequently closed however the water mitigation provider has filed suit pursuant to the Assignment of Benefits (AOB). A DIF Referral was submitted.

**Miami-Dade:** The insured's public adjuster reported that as a result of a ruptured water supply line on the second floor, their house sustained damage to the walls, flooring and first floor ceiling. The SIU investigation established the insured made a claim to their prior carrier for identical damage to their current loss and there was no evidence of repairs had occurred. The claim, reserved at \$13,000.00, was subsequently denied based on no evidence to support that a sudden and accidental event occurred.

**Miami-Dade:** The insured claimed a leak in the master bath that was reported by their public adjuster 15 days after the loss. The loss reportedly caused damage to the master bathroom tile and flooring in the master bedroom. The SIU investigation established that the damages pre-dated the date of loss. It was further determined that the information given in support of the claim (receipts) could not be verified by the service provider (plumber). The claim, reserved for \$5,000.00, was subsequently denied for long-term and repeated seepage. A DIF referral was submitted.

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**Miami-Dade:** The insured claimed damage to the kitchen cabinets as a result of a water supply line leak in the kitchen, which was reported by their public adjuster 15 days after the loss. The SIU investigation established the insured had a prior claim with a previous carrier for the damages to the kitchen cabinets that were not replaced. The claim reserved in the amount of \$5,000.00 was subsequently withdrawn. A referral was made to DIF.

**Miami-Dade:** The insured claimed that a broken water supply line in the kitchen resulted in damage to the kitchen cabinets. The SIU investigation established that the insured had a prior water loss claim that was subsequently paid which included damage to the kitchen cabinets. The insured could not produce evidence to support repairs to the previously damaged kitchen cabinets were repaired. The claim, reserved at \$9,000.00, was partially denied after a payment for mitigation services in the amount of \$2,155.00 was made. A DIF referral was submitted.

**Miami-Dade:** The insured reported that as a result of a water supply line rupture behind the toilet in the master bathroom there was damage to the laminate flooring on the second floor, both master bathroom vanities and damage to the kitchen cabinets. The SIU investigation established the insured made a prior water claim with their previous carrier and was representing old damage as new. After failing to attend a scheduled EUO, the insured through their attorney withdrew the claim. A DIF referral was submitted.

**Miami-Dade:** The insured's public adjuster reported that the supply line under the kitchen sink failed, causing damage to the kitchen cabinets which was reported to Citizens 13 days after the loss occurred. The SIU investigation, supported by engineer findings and interview of the insured, found that the damages were consistent with damages as a result of long term and multiple occurrences. The claim, reserved at \$10,000.00, was denied based on the determination that the damage was the result of long term/repeated seepage. A DIF referral was submitted.

**Miami-Dade/Water Damage:** The insured's public adjuster reported water damage as a result of a roof leak which was reported to Citizens 16 days after the loss occurred. The SIU investigation, supported by engineer findings and interview of the insured, found that the damages were caused by cracks in the roofing material attributed to normal aging and not due to a weather event. The claim, reserved at \$5,000.00, was denied due to the damages were as a result of wear, tear and deterioration. DIF referral was submitted.

**Miami-Dade:** The insured's public adjuster reported that the residential plumbing system backed up as a result of a broken drain pipe, causing damage to the kitchen and bathroom cabinets which was reported to Citizens 8 days after the loss occurred. The SIU investigation, supported by engineer findings and interview of the insured, found that the damage was consistent with repeated moisture exposure associated with multiple overlapping plumbing failures that occurred prior to the policy inception. The claim, reserved at \$15,000, was denied due to the damages did not occur as a result of a sudden and accidental loss. A DIF referral was submitted.

**Miami-Dade:** The insured's public adjuster reported that a water supply line ruptured, causing damage to the interior of the residence which was reported to Citizens 8 days after the loss occurred. SIU inspected the loss, attended the EUO, and assisted in the coordination of an expert that determined that the damages were not the result of a sudden and accidental event, rather a reoccurring leak active multiple months prior to the reported date of loss. The claim, reserved at \$12,000.00, was subsequently denied due to lack of evidence of damage attributable to a sudden and accidental water loss. A DIF referral was submitted.

**Miami-Dade:** The insured's public adjuster reported that a water supply line ruptured, causing damage to the kitchen cabinets which was reported to Citizens 24 days after the loss occurred. SIU investigation established evidence that the insured misrepresented the loss and that the damage factually resulted from a previous occurrence that had been unrepaired. The public adjuster, insured's attorney and the insured voluntarily withdrew the claim, which was reserved at \$8,000.00. A DIF referral was submitted.

**Miami-Dade:** The insured's attorney reported two separate and unrelated plumbing failure occurred 19 days of each other, resulted in damages to the kitchen and bathroom. The damages appeared inconsistent with a sudden and accidental loss. The SIU investigation along with the engineering inspection established the all the damages as reported were determined to be long term and pre-existing and that the insured materially misrepresented the cause of loss. The claims, reserved at \$20,000.00, were denied due to long term pre-existing damages. Two DIF referrals were submitted.

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**Miami-Dade:** After their claim for a collapsed cast iron pipe was denied by Citizens, the insured filed suit for breach of contract and submitted a demand for \$240,000.00 for damage to the interior bathroom and floor. The SIU investigation established that Citizens was provided a false plumbing invoice in support of the litigation of the claim, potentially with the knowledge and consent of the insured. A compromised settlement was reached and a DIF referral was submitted.

**Miami-Dade:** The insured reported a break in the supply line resulting in water damage to the kitchen cabinets and damage throughout the home. The SIU investigation established evidence that the damage claimed was identical to damage reported in two prior claims, one with Citizens and the other was with another carrier. The insured was paid for the damage in the two prior claims and was attempting to claim the old unrepaired damage as new. The claim, reserved at \$16,000 was denied and no payments were issued. A DIF referral was submitted.

**Miami-Dade:** The insured reported that a supply line ruptured in the ceiling of the garage resulting in damage throughout the garage interior as well as water to the dwelling which was reported to Citizens three days after the policy inception. The investigation revealed evidence that the insured misrepresented known facts that the damage pre-existed from three prior paid claims which had been unrepaired. Pre-existing damage was denied and the insured received a partial payment of \$8,400 for undisputed damage for the claim, which was reserved at \$14,000.00. The water mitigation company has since filed suit. A DIF referral was submitted.

## OTHER PROPERTY-RELATED CLAIMS INVESTIGATIONS

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**Orange County – Theft:** The insured reported that unknown burglars broke into her home and stole personal property one day after policy inception. The SIU investigation established that the insured material misrepresented photographs that were submitted in support of the claim. The undisputed amount of \$1,393.28 was paid and the remainder of the claim was denied. As a result of the SIU referral to DIF, the insured was arrested and charged with Insurance Fraud.

**Volusia County – Liability:** A claimant alleged she slipped on a wet floor injuring her neck which was the basis of a liability claim submitted against the insured. The SIU investigation established evidence that she made the false claim to obtain medical treatment for a pre-existing event. As the result of the SIU findings and a referral to DIF, the claimant was arrested and charged with Insurance Fraud.

**Miami-Dade – Kitchen Fire:** The insured claimed that she was frying food which erupted into uncontrollable flames, which resulted in fire damage to the kitchen cabinets and smoke damage throughout the house. A forensic expert determined that the fire was intentional and the presence of newspaper was found within the cooking pan. The SIU investigation found evidence of financial stress and the insured made conflicting statements on how the fire occurred. The claim, reserved at \$60,000.00 was subsequently denied due to material misrepresentation and intentional act exclusion. A referral was submitted to DIF.

**Tampa – Sinkhole:** The insured reported damage to the insured risk in the form of a crack and a depression as a result of sinkhole activity which was reported two and a half years after the loss date. The SIU investigation established that the insured filed a prior sinkhole claim with their previous homeowner's carrier. The investigation further established there was no evidence of repairs being made as a result of the previous sinkhole claim. The claim reserved at \$92,500.00 was subsequently denied based on the fact that the damage pre-existed the policy. A referral was submitted to DIF.

**Broward – Theft Loss:** The insured reported as a result of a burglar, Jewelry, iPad, money and a gun was stolen. During the SIU investigation found evidence that the insured material misrepresented the photos and other evidence in support of the claim to Citizens. The insured refused to attend a scheduled EUO and the claim reserved at \$4,500 was subsequently denied. A DIF referral was submitted.

**Broward – Lightning:** The insured reported 12 days after the loss that as a result of a roof lightning strike there was damage to the tile roof, stucco and interior kitchen ceiling and light fixture. A water mitigation

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company was retained by the insured and submitted an invoice in excess of \$1,800 for services to dry the house of water intrusion which was alleged to have resulted from the lightning strike. The SIU investigation determined that representatives of the water mitigation company submitted false dry-out logs in support of their invoice and attempted to bill for services that were not factually rendered. A claim payment for undisputed damage was tendered while all damage associated with water was denied, as no evidence of water intrusion or damage was detected. A DIF referral was submitted.

## AGENCY & UNDERWRITING – RELATED INVESTIGATIONS

**Palm Beach County – Personal Lines Account, Application Misrepresentation:** Though proactive query of State licensing databases, SIU identified that the insured was operating an Assisted Living Facility on a property covered by Citizens under a personal line policy of insurance. The SIU investigation revealed that the insured misrepresented a material fact concerning the business use at the risk on the application of insurance. The policy was assumed by another carrier during the course of the SIU investigation and the findings were reported to Citizens Depopulation department so the new carrier could be notified. A DIF referral was submitted and upon completion of their investigation, DIF issued a felony warrant and the insured was arrested on March 20, 2016 and charged with Insurance Application Fraud.

**Santa Rosa – Agent Misappropriation:** An SIU investigation into a complaint by a policyholder revealed that the insurance agent misappropriated insurance premium paid by the insured which resulted in the policy being canceled. Citizens terminated the agent agreement and as the result of a referral to DIF, the agent was arrested and charged with Insurance Fraud.

**Miami-Dade – Personal Lines Account, Application Misrepresentation:** Through proactive query of State licensing databases, SIU identified that the insured was operating an Assisted Living Facility on a property covered by Citizens under a personal lines policy of insurance. An SIU investigation further revealed the insured misrepresented a material fact concerning the business use of the risk on the application of insurance. As the result of the SIU findings, the risk exposure of \$336,000.00 was non-renewed by underwriting and a DIF referral was submitted.

**Miami-Dade – Personal Lines Account, Application Misrepresentation:** Through proactive query of State licensing databases, SIU identified that the insured was operating an Assisted Living Facility on a property covered by Citizens under a personal lines policy of insurance. An SIU investigation further revealed the insured misrepresented a material fact concerning the business use of the risk on the application of insurance. As the result of the SIU findings, the risk exposure of \$277,000.00 was cancelled by underwriting and a DIF referral was submitted.

**Miami-Dade – Personal Lines Account, Application Misrepresentation:** Through proactive query of State licensing databases, SIU identified that the insured was operating an Assisted Living Facility on a property covered by Citizens under a personal lines policy of insurance. An SIU investigation further revealed the insured misrepresented a material fact concerning the business use of the risk on the application of insurance. As the result of the SIU findings, the risk exposure of \$213,000 was non-renewed by underwriting and a DIF referral was submitted.