

SIU Cases of Interest

Claims Committee Meeting, June 15, 2017
Board of Governors Meeting, June 20, 2017

Non Weather Water Investigations

Miami-Dade: In December 2016, Department of Insurance and Financial Services (DIFS) announced they had arrested a Miami man in connection to his involvement in non-weather and weather-related water claims that were submitted to Citizens. This arrest marked the tenth arrest made in connection with the four year-long Major Case Unit investigation involving this public adjusting firm, which has submitted over 2,000 claims to Citizens since 2011. The Special Investigations Unit (SIU) established evidence that representatives with this public adjusting entity acted in concert with contractors, insureds, and other individuals in an effort to stage false weather and non-weather water claims submitted to Citizens. The Miami man was charged with one count of organized fraud, nine counts of grand theft, nine counts of insurance fraud, and one count of acting as a public adjuster without a license.

Miami-Dade: The insured alleged water damage resulting from an appliance leak in the kitchen. The claim was reported by the insured's attorney after \$6,500 in water mitigation services were rendered at the direction of the insured's loss consultant and under an executed AOB. The SIU investigation, supported by expert findings, revealed evidence of ongoing maintenance issues that pre-dated the loss and was not the result of a sudden and accidental event as claimed by the insured and her loss consultant. Moreover, the AOB provider submitted \$4,000 in excessive costs that were not justified and aspects of the AOB had been altered after it was executed with the insured. The claim, reserved at \$10,000, was denied. A DIFS referral was submitted.

Miami-Dade: The insured alleged that a leak from the condominium unit above resulted in damage to the living room, master bedroom and bath. The damage was reported to Citizens 10 days after the loss occurred. The SIU investigation confirmed that the insured increased policy limits two days prior to the reported loss date. The investigation found evidence to support a water loss occurred resulting from ongoing maintenance issues within the insured's residence, which he failed to address, and that the insured contrived a false claim of a water event. The claim, reserved at \$10,000, was subsequently denied due to constant and repeated seepage. A DIFS referral was submitted.

Miami-Dade: The insured reported damage to the kitchen cabinets and flooring as a result of a water overflow/backup, which was reported by the insured six days after the loss. The SIU investigation found inconsistencies in the insured's account of events, specifically an expert inspection determined there was no evidence of damages as reported by the insured consistent with the reported water event. The claim, reserved at \$9,000, was subsequently denied after the insured failed to appear for an Examination Under Oath (EUO). A DIFS referral was submitted.

Miami Dade: The insured claimed damage to the ceilings of the insured property as a result of water intrusion from a wind created roof opening. The SIU investigation, supported by expert findings, determined that the insured roof was damaged and tarped prior to the reported wind

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event and the damage being reported pre-dated the policy. The claim, reserved at \$5,000, was subsequently denied due to pre-existing wear and tear. A DIFS referral was submitted.

Miami-Dade: The executor of the insured estate alleged damage to the kitchen, bathroom and living room as a result of a broken angle stop under the kitchen sink, which was reported by the executor's attorney three months after the death of the named insured. The SIU investigation established that the executor of the estate was the owner of the insured property prior to the insured and filed previous claims for similar and unrepaired damage when they owned the property. The claim, reserved at \$5,000, was subsequently withdrawn. A DIFS referral was submitted.

Miami-Dade: The insured claimed that a failed water supply line under the kitchen sink caused damage to the kitchen cabinets and flooring. The SIU investigation found evidence that the property had been unoccupied at the time of the loss. Further, an expert inspection of the property found no evidence the damage reported by the insured was from a recent event. The claim, reserved at \$2,500, was subsequently withdrawn by the insured after they were requested to attend an EUO. A DIFS referral was submitted.

Miami-Dade: The insured alleged that a broken supply line in the kitchen caused damage to the kitchen cabinets and drywall. The claim was reported by the insured two days after the loss. The SIU investigation established that the insured contrived the loss facts and attempted to claim unrepaired damage that was previously claimed in two prior losses. The claim, reserved at \$10,000, was withdrawn by the insured. A DIFS referral was submitted.

Miami-Dade: The insured alleged damage to the kitchen cabinets and living room as a result of a broken supply line in the kitchen, which was reported by the insured's attorney 14 days after the loss. The SIU investigation, supported by expert examination, found that the damages reported by the insured were long term in nature and there was no evidence to support a recent event. The claim, reserved at \$5,000, was subsequently denied after the insured failed to appear for an EUO. A DIFS referral was submitted.

Miami-Dade: The insured reported damage to the kitchen, bathroom and laundry room caused by a broken drain line in the kitchen which was reported 18 days after the loss and after repairs were performed. The SIU investigation established evidence that damage was long term and that the evidence of new repairs had been contrived. The insured made false statements during an EUO in support of the loss and it was concluded that the loss occurred prior to the inception of the policy. The claim, reserved at \$5,000, was subsequently denied due to pre-existing damages. A DIFS referral was submitted.

Miami-Dade: It was claimed that the insured's residence sustained water damage to kitchen cabinets, resulting from a break in the refrigerator ice line. The claim was reported to Citizens 31 days after the loss. The SIU investigation, supported by expert examination, established that the insured was making a claim for the same damages paid under a prior claim three years

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before. The insured refused to cooperate with the investigation and failed to provide any evidence of prior repairs. The claim, reserved at \$10,000, was subsequently denied based on prior damage and long term seepage. A DIFS referral was submitted.

Broward: The insured claimed that a drain line clog under the slab caused a backup and overflow that resulted in damage to the kitchen cabinets. The SIU investigation, through the use of an expert, found no evidence of any new water damage related to a loss and that the damage was attributable to a prior claim submitted by the insured. The claim, reserved at \$5,000, was subsequently denied based on evidence that the damages pre-dated the policy. A DIFS referral was submitted.

Broward: The insured reported damage to the kitchen cabinets resulting from a P-Trap leak which was reported by the insured's Public Adjuster approximately two years after the loss. The SIU investigation, through interviews with the insured and reported involved parties, did not find evidence to support a loss occurred at the insured property on the date of loss. The SIU investigation established the insured submitted falsely contrived plumbing documents in support of the claim. The claim, reserved at \$5,000, was subsequently denied. A DIFS referral was submitted.

Hillsborough: The insured's loss consultant claimed that a pipe break within the master bathroom resulted in water damage to the cabinetry and flooring. The claim was reported by the insured's attorney four months after the loss occurred and after \$6,150 in water mitigation services were provided under an AOB. The SIU investigation, supported by expert findings, determined that the damage resulted from a long term maintenance issue and no evidence of a sudden and accidental loss. The insured refused to be interviewed by SIU and subsequently failed to appear for an EUO. The claim, reserved at \$4,215, was denied for failure to comply with post loss duties. A DIFS referral was submitted.

Hillsborough: The insured's loss consultant claimed water damage to fixtures and cabinets as a sudden and accidental leak from the hot water supply line in the kitchen, under the sink. The loss was reported by the insured's attorney 50 days after the loss occurred and after \$5,500 in water mitigation services were provided under an AOB. The SIU investigation, supported by engineer findings, found evidence of damage that pre-existed the loss and was identical to damage sustained in a prior insurance claim five years earlier. The insured's attorney refused to allow an interview of the insured and the insured failed to appear for an EUO. The claim, reserved at \$5,000, was denied for failure to comply with post loss duties. A DIFS referral was submitted.

Hillsborough: The insured's loss consultant claimed that two separate and unrelated pipe breaks occurred in the risk, resulting in water damage. The losses, which occurred eight days apart, were reported to Citizens by the insured's attorney 20 days after \$11,000 in water mitigation services and destructive repairs were performed under an AOB. There was no evidence of water damage resulting from a sudden and accidental event. The SIU investigation revealed evidence that the water mitigation provider provided false information and contrived

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false loss facts in order to obtain insurance proceeds. The insured's attorney refused SIU's requests for an interview with the insured. The claims, reserved at a combined \$10,000, were denied for long term leakage and seepage. A DIFS referral was submitted.

Pinellas: SIU conducted an investigation into actions of a water mitigation service provider after the insured complained they did not intend to submit a claim of damage. The SIU investigation revealed that the insured had retained the service provider to examine damage, but did not authorize any services and did not give permission to the contractor to file the claim or AOB, which was completed by the provider based on information obtained from the insured's policy of insurance. The claim was withdrawn by the insured and a DIFS referral was submitted.

Hillsborough: It was claimed that an angle valve under the kitchen sink suddenly leaked, causing water damage to the insured's kitchen cabinets and surrounding area. The claim was reported by the insured's attorney more than 30 days after the loss and after \$5,500 in water mitigation services was performed under an AOB. The SIU investigation, supported by expert findings, determined that the water damage was due to poor maintenance issues with the sink and there was no evidence of a water leak as claimed by the insured. The insureds provided conflicting information on how the loss occurred. The claim, reserved at \$8,100, was denied due to the evidence of long term moisture exposure and the insured's inconsistent testimony under oath. A DIFS referral was submitted.

Hillsborough: The insured alleged that as the result of supply line leak his residence sustained water damage, which he claimed occurred while away from the residence overseas. The loss was reported by the insured's attorney who submitted an estimate of \$27,000 in repairs. The SIU investigation, supported by expert findings, revealed that the damage resulted from long term moisture exposure and there was no evidence of a recent water event. It was also determined that the damage appeared consistent with two previous losses that were reported to Citizens several months earlier, also occurring while he was overseas, that had been denied. The claim, reserved at \$2,500 was denied for long term and constant leakage. A DIFS referral was submitted.

Hillsborough: The Insured's Attorney's office reported that a plumbing leak resulted in damage to the bathroom and surrounding areas. The claim was reported 62 days after the alleged date of loss and after destructive repairs were performed by a water mitigation service provider. The SIU investigation established no evidence of a water event and that the repairs were contrived. The claim, reserved at \$2,500, was denied after the insured failed to appear for an EUO. A DIFS referral was submitted.

Hillsborough: The Insured's Attorney's office reported a plumbing leak in the laundry room resulted in water damage to the laundry room and surrounding areas. The SIU investigation revealed that the loss was contrived and there was no evidence of repairs or water damage as claimed. The claim, reserved at \$2,500, was denied when the insured failed to appear at an EUO. A DIFS referral was submitted.

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Other Property-Related Investigations

Miami-Dade Burglary: On March 21, 2017, DIFS announced the arrest of a Miami man and charged him with insurance fraud and grand theft in connection to a theft claim he submitted to Citizens pertaining to his home. The SIU investigation revealed that the insured provided false information in support of a burglary claim and misrepresented the use of the property on his application of insurance. The claim was denied.

Hillsborough Sinkhole: DIFS investigators announced the arrest of an attorney in connection with the submission of false statements and documents in support of sinkhole claims. The arrest stemmed from an investigation into insureds' participation in a settlement agreement between Citizens and law firms on previously denied sinkhole claims. The SIU investigation revealed that representatives of the firm attempted to deceive Citizens regarding their legal representation and submitted falsified attorney representation letters in order to fraudulently qualify for attorney fees and repairs to the insured's home.

Pinellas Tropical Storm: The insured reported that lightning from a tropical storm damaged various pieces of electronics and caused food spoilage. The SIU investigation located five prior claims not disclosed at the time of application. It was further revealed that two identical model computers and two DVD players reported in this loss were reported damaged in previous losses and that the insured presented a lightning affidavit from an electronics store that was determined to be forged. The claim, reserved at \$3,100, was denied after the insured failed to appear at an EUO. A DIFS referral was submitted.

Miami-Dade Burglary: The insured's Public Adjuster reopened a previously reported burglary claim a year after Citizen's had closed the claim due to the insured's lack of interest and failure to provide documentation in support of the claim. An EUO was scheduled to resolve conflicting statements of the insured and investigate questionable documentation that was provided in support of the claim. The claim, reserved at \$15,000, was denied after the insured failed to appear for an EUO and comply with post loss duties. A DIFS referral was submitted.

Agency & Underwriting-Related Investigations

Miami-Dade Agency Compliance: An investigation that involved collaboration between SIU and Underwriting was recognized by CFO Atwater in his press release and picked up by several new sources. In his press release issued on May 18, 2017, CFO Atwater announced the arrest of 14 individuals for insurance fraud in connection to false statements in support of an insurance policy in an effort to evade premium [See attached press release]. The arrests stem from an ongoing SIU investigation which established that the insureds owned and operated Assisted Living Facilities at properties at the risk location and that they had submitted false applications to obtain insurance coverage they were otherwise not entitled. As a result of the investigation, over \$2 million in exposure has been removed from Citizens.

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Broward Agency Matter: This matter involved questionable declination of coverage letters submitted to Citizens by the agent. SIU Investigation and contact with the other carrier substantiated that the declination letters were falsified. Agency Compliance is moving forward to take action against the agency and a DIFS referral was submitted.

Miami-Dade Agency Matter: An SIU investigation determined the agent of record improperly handled insurance premium funds. Bank records from the agency were reviewed and it was confirmed the funds were not properly appropriated. The principal agent was interviewed and assumed all responsibility for any and all inappropriate actions. A referral was submitted to DIFS.

Hillsborough UW Personal Lines Account, Inspection Fraud/Misrepresentation: An SIU investigation into a residential homeowner policy revealed that an inspector intentionally submitted false 4 point inspections to Citizens in support of obtaining insurance coverage. A DIFS referral was submitted after the inspector admitted that he submitted photos and contrived documentation.

Pinellas UW Personal Lines Account, Inspection Fraud/Misrepresentation: An investigation into a homeowners personal lines policy was initiated by the SIU and established that the inspector intentionally left off pictures of rotted fascia boards and the damaged section of the roof in order to have the policy approved with Citizens. A DIFS referral was submitted.