

# SIU Cases of Interest

Claims Committee Meeting, September 6, 2017  
Board of Governors Meeting, September 27, 2017

## Non-Weather Water Investigations

**Miami-Dade:** Division of Forensic and Investigative Services (DIFS) announced the arrest of a Citizens Insured for his role in submitting false information in support of a claim and charged him insurance fraud and grand theft. The arrest stemmed from an SIU investigation which established through expert findings and witness interviews that the insured falsely contrived the details of the claim and that the damage presented occurred prior to the issuance of the policy.

**Miami-Dade:** After Citizens tendered payment to the insured for their non-weather water loss claim, the claim was reopened upon receipt of a supplemental coverage request for additional living expenses (ALE). The SIU investigation uncovered evidence that the insured submitted altered hotel invoices in support of his ALE claim. The claim, reserved \$2,500, was denied for misrepresentation of a material fact in the submission of a claim. A DIFS was submitted and as a result, an arrest warrant has been issued for the arrest of the insured.

**Hillsborough:** The insured alleged water damage resulting from a failed cold water supply line in the kitchen sink. The claim was reported by the insured's attorney 36 days after the loss and after \$5,011 in water mitigation services were rendered at the direction of the loss consultant under an AOB. The SIU investigation, supported by an engineer's inspection, revealed that the damage was caused by a yearlong maintenance issue under the sink and there was no evidence of a sudden and accidental supply line burst. The claim, reserved at \$5,000, was denied after the insured failed to appear for an Examination Under Oath. A DIFS referral was submitted.

**Hillsborough:** The insured reported that a ruptured toilet supply line in the bathroom caused extensive water damage to the bathroom and surrounding floor and wall. The claim was reported by the insured's attorney 23 days after the loss and after \$6,811 in water mitigation services were provided under an AOB. The SIU investigation, supported by an engineer's inspection, revealed evidence that the damage resulted from long term exposure to moisture in the bathroom and there was no evidence of a sudden water event as described by the insured. The claim, reserved at \$7,000, was denied based on evidence of long-term repetitive exposure to moisture. A DIFS referral was submitted.

**Pinellas:** The insured's attorney reported that a recent faucet leak resulted in water damage to the kitchen cabinetry. However, the insured would later admit that he observed water dripping from under the facet underneath the sink. An inspection of the loss revealed the damage was consistent with long term leakage and that the attorney misrepresented the loss as a sudden, one-time event that recently occurred. The claim, reserved at \$10,000, was denied for constant or repeated seepage. A DIFS referral was submitted.

**Hillsborough:** It was claimed that a water supply line under the kitchen sink and an angle valve in the bathroom suddenly ruptured in two separate and unrelated events occurring 30 days apart, resulting in water damage to the surrounding area. The claims were reported simultaneously by the insured's attorney, 30 days after the second claim and after \$11,944 in water mitigation services were provided under an AOB. The SIU investigation, supported by an engineer's inspection, found no evidence to support the damage claims and the insured was unaware, at the time, they were represented by counsel. Both claims, reserved at a combined \$15,095, were denied for constant or repeated leakage or seepage over a period of time. A DIFS referral was submitted.

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**Pinellas:** It was claimed that on the date of loss, the insured discovered standing water in her kitchen resulting from a leaking faucet which damaged the kitchen cabinetry and surrounding area. The claim was reported by the insured's attorney 24 days after the loss and after \$4,655 in water mitigation services were provided under an AOB. The SIU investigation established evidence that the claim was misrepresented as a one time, sudden event when in fact the damage was the result of long term leakage. The claim was denied for constant or repeated leakage over a period of time. The claim was reserved at \$15,000. A DIFS referral was submitted.

**Miami-Dade:** It was alleged that a diverter valve behind the shower failed, resulting in water damage to the interior wall and surrounding area. The claim was reported by the insured's attorney 20 days after the loss and after \$6,673 in water mitigation and destructive repairs were provided under an AOB. During his EUO, the insured provided conflicting statements of how the loss occurred and his attorney refused Citizens' request to allow an expert to inspect the damage. The claim, reserved at \$7,500, was denied for failure to comply with post loss conditions. A DIFS referral was submitted.

**Broward:** It was claimed that supply lines in the bathroom and kitchen failed in two separate and unrelated losses, which were reported 9 days after the second event and after \$4,398 in water mitigation services were provided under an AOB. The SIU investigation, supported by an engineer's inspection, revealed no evidence to support a loss and no basis for water mitigation services to be rendered. The claims, reserved at a combined \$20,000, were denied as damage observed was unrelated to the claimed loss occurrence and there was no evidence of damage as the result of the reported leak.

**Miami-Dade:** It was claimed that a plumbing leak in the kitchen resulted in water damage to the base cabinet and surrounding areas. The claim was reported by the insured's attorney three months after the loss and after \$5,719 in water mitigation services were rendered under an AOB. The damaged parts were discarded prior to Citizens' inspection. The SIU investigation established that the insured, working in concert with the water mitigation provider and loss consultant, contrived the claim and the damage observed could not be attributed to a sudden water leak as reported. The claim, reserved at \$15,000, was denied due to failure to comply with post policy conditions. A DIFS referral was submitted.

**Palm Beach:** It was reported that a supply line under the kitchen sink failed, causing damage to the cabinets. The claim was reported by the insured's attorney 13 days after the loss and after \$5,571 in water mitigation services and destructive repairs were rendered under an AOB. Citizens' inspection revealed no observable damage consistent with a reported water leak. The SIU investigation established misrepresentations were made by the water mitigation provider and the loss consultant that that they had contrived the water event in an effort to exploit the insured's policy. The claim, reserved at \$5,000, was denied. A DIFS referral was submitted.

**Miami-Dade:** It was reported that a hot water supply pipe under the slab ruptured, causing damage to the slab, tile flooring, walls, and baseboards. The SIU investigation, supported by the engineer's inspection, established evidence that damage claimed was not the result of a recent water leak and that the insured attempted to claim pre-existing damage to the floor that was claimed nine years earlier. The insured withdrew their claim prior to their EUO. The claim, reserved at \$5,000 was closed without payment. A DIFS referral was submitted.

**Miami-Dade:** It was claimed that a copper supply line leak under the kitchen sink ruptured, resulting in water damage to the cabinets. The SIU investigation established evidence that the loss did not occur

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as reported and existed four years earlier and prior to the policy period. The insured subsequently withdrew from the claim. The claim reserved at \$12,000 was subsequently closed without payment. A DIFS referral was submitted.

**Miami-Dade:** It was reported that a supply line under the kitchen sink failed, causing water damage to the kitchen cabinets and surrounding area. SIU established evidence that the insured misrepresented the condition of the cabinets and that he attempted to claim water damage that existed three years prior to the loss. The claim, reserved at \$5,000, was subsequently denied based upon wear and tear, repeated seepage for long term damages prior to date of loss. A DIFS referral was submitted.

**Miami-Dade:** The insured's public adjuster reported a plumbing leak in the kitchen that resulted in water damage to the base cabinets and laminate flooring in the master bedroom. The public adjuster, who reported the claim, submitted an invoice for \$2,600 for mold remediation which was performed under an AOB. SIU's investigation, supported by engineer findings and interview of the insured, established that the damages under the kitchen sink were staged and that the claim was contrived by the insured and their public adjuster. The claim, reserved at \$12,000, was subsequently denied based on no evidence to support that a sudden and accidental event occurred. A DIFS referral was submitted.

**Miami-Dade:** It was alleged that a water supply line broke resulting in water damage to the kitchen cabinets, which was reported to Citizens by the insured's public adjuster nine days after the loss occurred. SIU developed investigation that the water damages were not the result of a sudden and accidental pipe break and that the insured presented a false repair invoice in support of her claim. SIU's investigation further revealed that the 4-point inspection that was completed in 2015 showed prior repairs to the same supply line indicative of prior leakage. Expert confirmed the claimed damages were the result of a long term water leak. The claim reserved at \$15,000 was subsequently denied due to failure to comply with policy provisions and failure to appear for an EUO. A DIFS referral was submitted.

**Hillsborough:** It was alleged the insured's house sustained a pipe break in the kitchen and in the bathroom, resulting in water damage throughout the home in two separate and unrelated events. The two claims were submitted by the insured's representative to Citizens 71 and 50 days late respectively and after \$11,200 in destructive water mitigation services were performed under an AOB. An expert was retained and determined there was no evidence of a sudden and accidental pipe break and that the damage was present prior the purchase of the home and inception of the policy. The SIU investigation determined that the insured had falsely represented the condition and known pre-existing damage that was now being claimed as new. Both claims, reserved at a combined \$20,000, were denied based upon evidence the losses did not occur as reported. A DIFS referral was submitted.

**Hillsborough:** The insured reported a claim for water damage as a result of a pipe break under the slab. The claim was reported by the water mitigation service provider after \$6,495 services were rendered under an AOB. The SIU investigation along with the engineering inspection established no evidence of a sudden and accidental event based upon the reported damage. SIU developed evidence that the water mitigation service provider misrepresented the dates of service and falsified the date of loss. The claim, reserved at \$5,000, has been denied. A DIFS referral was submitted.

**Miami-Dade:** The insured alleged that a leak from the apartment above resulted in damage master bedroom walk-in closet and master bathroom. The loss was reported to Citizens by the insured 11 days after the loss and after \$9,398 was incurred in water mitigation expenses under an AOB. The SIU

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investigation, which included inspection and witness interviews, determined that the damage and the resulting mold claimed were not the result of a water leak from the apartment above as reported by the insured, but was the result of long term seepage that predated the policy. The claim was subsequently denied based on damage resulting from constant or repeated seepage or leakage of water. A DIFS referral was submitted.

**Miami-Dade:** The insured reported extensive water damage affecting the ground level ceiling and carpeting throughout as result of an A/C leak that was reported to Citizens by the insured two and a half months after the loss. After examination of the damage, Citizens' adjuster tendered a payment of \$9,083 in settlement of the claim. The insured filed suit seeking additional damage. The SIU investigation determined, through witness interviews and examination of digital photos, that the loss factually occurred prior to the inception of the policy. Based on investigative findings, the complaint filed on behalf of the insured was dismissed without prejudice. A DIFS referral was submitted.

**Miami-Dade:** Approximately 30 days after obtaining a policy of insurance for his property, the insured claimed that a broken angle stop in the bathroom resulted in water damage to the cabinets and surrounding rooms. The insured's public adjuster submitted \$4,670 in water mitigation services which were performed under an AOB. During the SIU investigation, the insured presented conflicting accounts of the event and an inspection of the property by an engineering expert was unable to confirm the toilet angle stop failure or identify any damage resulting from the event as reported. The claim, reserved at \$2,500, was subsequently denied. A DIFS referral was submitted.

**Miami-Dade:** Four months after obtaining a policy of insurance, the insured reported damage to the kitchen cabinets and drywall that resulted from a broken water supply line. The SIU investigation established evidence that damage claimed was not the result of a recent water leak and that the insured attempted to claim pre-existing damage to the floor that was claimed damage with the prior insurance carrier. The insured withdrew their claim prior to their EUO and no payment was issued on the claim, reserved at \$5000. A DIFS referral was submitted.

**Broward:** The insured alleged that a crack in the garbage disposal caused damage to the kitchen cabinets and to the surrounding drywall and baseboards. The loss was reported to Citizens by the insured's public adjuster three days after the loss and after \$2,429 in water mitigation services was performed under an AOB. The SIU investigation established that repair receipts provided by the insured were not authentic, and that no repairs to the insured property were made. 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 claimed damage to the kitchen and bathroom as a result of a supply line leak in the kitchen in a claim reported to Citizens by the insured's public adjuster. The SIU investigation established through the interview of prior tenants that the damage to the kitchen cabinets predated the reported date of loss. An expert was retained and determined the damage was not the result of a one-time event. The claim, reserved at \$15,000 was denied due to repeated seepage and leakage. A DIFS referral was submitted.

**Miami-Dade:** A claim alleging that a water ceiling leak originating from the residential unit above resulted in damage to the insured's unit, which was reported by the insured's public adjuster two months after the loss. As a result, water damage was claimed throughout the property including personal property. The

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investigation revealed evidence that the insured misrepresented the date of loss and that the loss factually occurred prior to the issuance of the insurance policy. After the interview with SIU, the claim was withdrawn by the public adjuster and insured. A DIFS referral was submitted.

**Miami-Dade:** The insured's public adjuster reported that a plumbing leak caused by a failed supply line damaged the kitchen cabinets. The claim was reported 22 days after the loss and after \$2,851 in water mitigation services were provided under an AOB. The SIU investigation established that the loss consultant and the insured attempted to obtain an insurance payment for damage that was not incurred in a recent water leak as described by the insured. Furthermore, the insured misrepresented the condition of the property and attempted to obtain payment for cabinets that had not been repaired from a prior fire loss. The claim, reserved at \$12,500, was subsequently denied for long term repeated seepage or leakage. A DIFS referral was submitted.

**Miami-Dade:** According to the insured's public adjuster, a broken pipe in the master bathroom resulted in water damage to the floor and wall. The SIU investigation established evidence that the insured was claiming damage that had been sustained prior to the issuance of the policy. The claim, reserved at \$8,000, was denied as there was no evidence to support the reported loss. A DIF referral was submitted.

**Miami-Dade:** It was claimed that as the result of a water back up, water damage was sustained to the flooring and walls, which was reported 6 months after the loss by the insured's public adjuster. The SIU investigation established that the insured falsely contrived the details of the claim which factually occurred prior to the issuance of the policy. Furthermore, the insured misrepresented the condition of the property on the homeowner's application and permits for the plumbing were pulled four days prior to issuance of the policy. Following an EUO of the insured, the claim, reserved at \$25,000, was denied. A referral was submitted DIFS.

## Other Property-Related Investigations

**Sarasota Fire:** An SIU investigation into a kitchen fire claim, which occurred 11 days after policy inception, revealed that that the named insured did not live at the risk and was unaware that he was named on the policy of insurance. The SIU investigation established evidence that the daughter of the named insured fabricated the application of insurance and obtained a policy without the insured's knowledge or consent. As a result of the SIU findings, the policy was voided back to inception and the risk exposure of \$124,000 was not paid. A DIFS referral was submitted and as the result of their investigation, the subject was arrested and charged with insurance fraud.

**Miami-Dade Fire:** It was claimed that the insured's house sustained fire damage resulting from a kitchen fire, which was reported to Citizens four years after the loss was alleged to have occurred. The investigation, which included interviews and contact with the fire officials, revealed that the fire and extent of the alleged fire loss and claimed damages were misrepresented by the three insureds who resided at the property at the time of the loss. The claim, reserved at \$5,000, was subsequently denied for failure to timely report. A DIFS referral was submitted.

**Hillsborough Water-Roof:** A claim for roof and interior damage resulting from a tropical storm was reported by the insured's attorney four months after the loss and after \$4,085 in water mitigation services were provided under an AOB. The SIU investigation developed evidence that the insured attempted to claim damage from two previous claims. Additional damage claimed was attributable to long term

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leakage from the roof. The claim, reserved at \$2,500, was denied due to evidence of pre-existing, long term repeated seepage and leakage of water, as well as faulty equipment. A DIFS referral was submitted.

**Hillsborough Water-Roof:** The insured reported a claim as a result of water intrusion that was discovered during renovations 12 days after the policy inception and after \$2,230 in mold remediation services were performed under an AOB. The SIU investigation revealed evidence of three prior claims with other carriers and only two were disclosed to Citizens. The SIU investigation revealed that the insured contrived the claim and attempted to claim unrepaired damage from a prior claim. The claim, reserved at \$5,000, was denied. A DIFS referral was submitted.

**Pinellas Vandalism:** The insured reported extensive damage to the home as a result of a vandalism from squatters living in the home without permission. The claim was initially adjusted and coverage extended as a result of the reported claim. Subsequently after the claim was closed, a request was made to reopen the claim to consider additional damage. The insured provided an engineer's report and a contractor's estimate for more than \$220,000 in additional damage that was discovered. The SIU investigation established evidence that the engineers report and contractors estimate was forged and that the damage caused as presented to Citizens was staged. The supplement damage reserved at \$55,000 was denied. A DIFS referral was submitted.

**Miami-Dade Burglary/Theft:** The insured reported personal property stolen as a result of a burglary to her house. The investigation revealed that the insured reported the identical items stolen in a subsequent loss and refused to provide evidence she had replaced the items. The claim, reserved at \$2,000, was subsequently denied based on the insured failure to comply with the conditions of the policy and refusal to attend an EUO. A DIFS referral was submitted.

## Agency & Underwriting-Related Investigations

**Miami-Dade, Broward, and Pinellas - Personal Lines Account:** Through proactive investigative efforts, SIU identified personal lines risks that were operating as Assisted Living Facilities. The SIU investigation, which included inspection of properties, and interviews with policyholders and witnesses, established that policyholders owned and operated Assisted Living Facilities at the risk location and that they had submitted false applications to obtain lower premium and coverage they were otherwise not entitled. As the result of the investigation, eight policies were non-renewed and one was canceled; removing approximately \$2.3 million in exposure from Citizens. DIFS referrals were submitted.

**Hillsborough Personal Lines Account, Inspection Fraud:** An SIU investigation revealed evidence that a home inspector submitted false documentation and photos in support of a personal lines policy. The investigation, which included interviews of the home inspector and witnesses, revealed that the home inspector submitted a previously submitted 4 point inspection, which he altered, in lieu of revisiting the property and conducting a proper inspection. Citizens required the homeowner to have an updated inspection and the policy remained in force. A DIFS referral was submitted.

**Broward Agency Investigation (Update):** SIU's investigation revealed that an agent submitted fabricated declination of coverage letters to Citizens. Through interviews of the agent of record and witnesses, evidence established that the agent violated Citizens' Agency Appointment Agreement by

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attempting to circumvent underwriting guidelines. Following a hearing on the matter, Citizens terminated the Agency Agreement. A DIFS referral was submitted.

**Miami-Dade Personal Lines Account, Agency Fraud:** The Florida Department of Financial Services (DIFS) Bureau of Insurance Fraud announced the arrest of a Miami insurance agency Customer Service Representative (CSR) and an insured for attempting to evade a higher insurance premium for the insured's assisted living facility. Both were charged with insurance fraud, grand theft, and organized scheme to defraud. This case stems from a proactive SIU investigation conducted in collaboration with DIFS and NICB wherein it was established the insured materially misrepresented the use of his residential property on the Citizens' application of insurance he signed. The CSR admitted to DIFS investigators that she even lowered the square footage to obtain a lower premium for the insured. The insured's policy was subsequently non-renewed.