

Addendum: SIU Cases of Interest

Claims Committee Meeting, December 7, 2017
Board of Governors Meeting, December 13, 2017

Non-Weather Water Investigations

Miami-Dade: The insured alleged that a ruptured water supply line to the refrigerator caused damage to the kitchen cabinets and flooring. The loss was reported to Citizens by the insured's public adjuster 30 days after the loss and after \$3,326 in water mitigation was performed under an AOB. The insured denied having any prior claims or damage in the area of the kitchen; however, the SIU investigation confirmed that the insured filed and was paid under prior claim for the same damages being reported. The insured failed to attend an Examination under Oath. The claim, reserved at \$10,000, was denied based on the insured's failure to comply with post loss conditions. A Florida Division of Investigative and Forensic Services (DIFS) referral was submitted.

Miami-Dade: The insured reported water damage to the bedroom laminate flooring as a result of a shower pan leak. The loss was reported by the insured's public adjuster. The SIU investigation, supported by an expert inspection, revealed that the insured attempted to obtain payment for unrepaired flooring damage from a previous water event. The claim, reserved at \$6,000, was subsequently denied based on repeated seepage or leakage and the insured's failure to comply with policy conditions. A DIFS referral was submitted.

Miami-Dade: It was alleged the insured's house sustained a pipe break in the kitchen and an A/C leak upstairs, resulting in water damage throughout the home for two separate and unrelated events, occurring 6 months apart. The two claims were subsequently reported by the public adjuster. The insured provided an invoice for the A/C damage repairs. SIU determined, after interviewing the owner of the A/C Company, that the invoice provided for repairs was fabricated. Engineer's inspection determined that there had been a long term leak in the A/C unit and long term moisture and condensation through the A/C ducts that caused the damage. The claim, reserved at \$7,500, was subsequently denied based on the loss being the result of a non-covered peril. A DIFS referral was submitted.

Miami-Dade: The insured's public adjuster reported two non-weather related water losses due to a failed shower pan and A/C condensation line. The SIU investigation revealed that the insured attempted to claim the same unrepaired damage from four prior claims and misrepresented material facts during the claim investigation. Both claims, reserved for a total of \$20,000, were denied. A DIFS referral was submitted.

Miami-Dade: The insured reported that a broken pipe under the living room floor caused water damage to the kitchen cabinets and the walls and flooring in the two hall bathrooms. The claim was reported to Citizens by the insured's attorney after destructive plumbing repairs and \$8,300 in water mitigation services were performed under an AOB. An expert plumber was retained and found no evidence of a clog, but found evidence of deteriorated pipes. The affected areas were demolished prior to Citizens' inspection and the insured offered no proof of damage. The claim, reserved at \$40,000, was subsequently denied due to failure to comply with duties after the loss: including showing the damaged property, providing documents as requested, and failure to attend an Examination under Oath. A DIFS referral was submitted.

Miami-Dade: The insured claimed that a bathroom water overflow caused mold damage to the walls in the kitchen, hallway and bathroom. The claim was reported to Citizens 58 days after the loss by the insured's attorney and after \$11,548 in mold mitigation was conducted under an AOB. The investigation, supported by expert examination and interviews, found that the insured attempted to claim damage that

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occurred from multiple long term water leaks. The claim, reserved at \$5,000, was subsequently denied due to long term leakage and seepage. A DIFS referral was submitted.

Miami-Dade: The insured claimed that a supply line ruptured within the kitchen and resulted in water damage to the kitchen cabinetry and flooring. The claim was reported by the insured's attorney five days after the loss occurred and after \$2,955 in water mitigation services were provided under an AOB. The SIU investigation, supported by expert findings and interviews, determined the insured contrived the claim and that the damage resulted from repetitive long term exposure to moisture over a year prior to the reported date of loss. The claim, reserved at \$8,000, was denied due to long term seepage or leakage. A DIFS referral was submitted.

Miami-Dade: The insured's loss consultant claimed that a supply line ruptured within the kitchen and resulted in water damage to the kitchen cabinetry and throughout the property. The claim was reported by the insured's attorney 18 days after the loss occurred and after \$4,347 in water mitigation services were provided under an AOB. The SIU investigation, supported by expert findings and interviews, determined that the insured contrived the claim and misrepresented the damage, which was sustained from repetitive long term exposure to moisture, likely from a prior leak. The claim, reserved at \$10,000, was withdrawn by the insured. A DIFS referral was submitted.

Miami-Dade: The insured's loss consultant claimed that a supply line ruptured within the hall bathroom and resulted in water damage to the bathroom and throughout the property. The claim was reported by the insured's attorney four days after the loss occurred and after \$3,506 in water mitigation services were provided under an AOB. The SIU investigation, supported by expert findings and interviews, determined that the damage resulted from normal wear and tear, seepage, prior plumbing repairs, and was not the result of a sudden water discharge. The claim, reserved at \$2,500, was denied due to constant seepage or leakage. A DIFS referral was submitted.

Miami-Dade: The insured alleged that his home sustained damage from two separate and unrelated non-weather water pipe breaks: one for a plumbing leak in the bathroom and a second occurring 20 days later in the kitchen, resulting in damage to cabinetry, walls and flooring. The claims were reported simultaneously 13 days after the second water occurrence and after \$13,000 in water mitigation services were provided under an AOB. The SIU investigation, supported by expert findings, determined no visible water damage was sustained as the result of the pipe breaks. The two claims, reserved at a combined \$30,000, were denied for noncompliance with the policy conditions and no damages to the reported areas. A DIFS referral was submitted for both claims.

Miami-Dade: It was claimed that a water supply line ruptured in the second floor bathroom with resulting damage to the bathroom cabinets and flooring throughout the home. The claim was reported by the insured's public adjuster 9 days after the loss occurred. The insured had a prior loss and some repairs did not appear to have been conducted. The SIU investigation, supported by expert findings and interviews, was unable to corroborate the insured's claim of a sudden an accidental water leak. There was no evidence of water damage and the unlicensed plumber hired by the insured could not be identified or located. After the interview with SIU, the insured withdrew the claim. The claim, reserved at \$7,900, was denied as the damage pre-dated the policy. A DIFS referral was submitted.

Miami-Dade: The insured alleged that an air conditioner leak in his home resulted in water damage to the wood floor throughout the home. The claim was reported by the insured's attorney 17 days after the

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loss occurred and after \$ 8,224 in water mitigation services and destructive repairs were performed under an AOB by a company owned by the loss consultant. The SIU investigation, supported by expert findings and interviews, determined that the claim was contrived and the damage was long term and not from any recent water leak. The claim, reserved at \$15,000 was denied due to long term seepage and leakage and improper installation and maintenance. A DIFS referral was submitted.

Miami-Dade: The insured reported a plumbing leak originating within an interior wall, resulting in damage to the surrounding walls and flooring. The claim was reported after \$10,363 in water mitigation and repairs were performed under an AOB. The SIU investigation, supported by expert examination and interviews, revealed that the insured contrived the loss and that the damaged being claimed resulted from a shower diverter valve that had been leaking over a year. The claim, reserved at \$5,000, was subsequently denied based on evidence that the damage resulted from a faulty shower diverter valve that had been leaking for more than one year. A DIFS referral was submitted.

Miami-Dade: The insured reported the water heater tank burst and caused water damage to the lower kitchen cabinetry. SIU's investigation, supported by the engineer findings and interviews, found that the insured misrepresented the loss and that the damage was the result of a prior 2009 water damage claim in which the insured was paid to replace the kitchen cabinets. The claim, reserved at \$4,000, was denied due to prior seepage and leakage and that the damage pre-dated the policy. A DIFS referral was submitted.

Miami-Dade: It was claimed that a plumbing leak under the kitchen sink caused water damage to the cabinets. An expert was retained and determined there was no evidence of a sudden and accidental water event and that the damage likely resulted from long term leakage and seepage. The SIU investigation found that the insured materially misrepresented the condition of the kitchen cabinets and presented a false plumbing invoice. The claim, reserved at \$5,000.00, was denied on the basis that there is no coverage for deferred maintenance, wear, deterioration and/or pre-existing damages. A DIFS referral was submitted. Subsequently, a lawsuit was served on behalf of the insured. The attorney responded to the interrogatories without the insured's knowledge or consent. SIU conducted a recorded interview with the insured and confirmed that she had not hired an attorney to represent her for this claim. She confirmed that the signature on the proof of loss was not signed by her and that she did not wish to pursue the lawsuit. Citizens' defense counsel filed a summary judgment against the attorney based on SIU's findings. The lawsuit was dismissed with prejudice and the attorney withdrew the claim, which was reserved at \$22,000. A DIFS affidavit referral was submitted.

Miami-Dade: It was claimed that insured's house sustained damage from three separate and unrelated water losses which were alleged to have occurred within 12 days of each other. The three losses, which included a roof leak, a plumbing leak in the kitchen, and a plumbing leak in the guest bathroom were reported by the insured's public adjuster after \$20,000 in water mitigation services performed under an AOB. The insured withdrew the claims after Citizens requested an Examination under Oath. The claims, reserved for a combined \$31,000 were closed without payment. A DIFS referral was submitted for all three claims.

Hillsborough: It was alleged that as a result of ruptured supply line under the sink, there was damage to the insured's kitchen cabinets. The loss was reported to Citizens by the insured's attorney after \$6,024 in water mitigation was performed under an AOB. The SIU investigation, supported by an expert inspection, found that the damages were not consistent with a single leak event. The investigation also

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found that the insured submitted receipts in support of the claim which did not correspond to items he claimed were purchased. The insured failed to appear for an Examination under Oath. The claim, reserved at \$7,650, was subsequently denied due to failure to comply with post-loss obligations. A DIFS referral was submitted.

Hillsborough: The insured reported that a broken pipe in the kitchen caused water damage to the kitchen cabinets and surrounding areas. The insured reported the loss to Citizens 17 days after the loss and after \$8,700 in water mitigation and plumbing services were performed under an AOB. The SIU investigation, which was supported by expert inspection, found no evidence that a water loss occurred as reported and that the insured misrepresented the status of repairs of the supply line. The claim, reserved at \$6000, was denied due to long term seepage and leakage. A DIFS referral was submitted.

Hillsborough: The insured's attorney reported that a water supply line burst causing damage to the kitchen cabinets and flooring. The loss was reported by the insured's public adjuster 15 days after the loss and after \$11,145 in water mitigation services were performed under an AOB. The SIU investigation, supported by an expert testing of the failed part, found no evidence of a supply line failure. The claim, reserved at \$5,000, was denied after the insured failed to attend an Examination under Oath. A DIFS referral was submitted.

Hillsborough: The insured reported that a water supply line burst causing damage to the kitchen cabinets and surrounding area. The loss was reported by the insured's attorney after \$8,320 in water mitigation services were performed under an AOB. The SIU investigation established the AOB provider indicated a date of loss which did not correspond with that given by the insured, which suggests that services were provided two days after the loss and prior to the repair. An expert's inspection also found evidence that the repairs were not consistent with the reported date and found no evidence of damage due to a recent leak. Arrangements were made for SIU to interview the tenant; however, prior to the date both the attorney and the insured withdrew the claim. The claim, reserved at \$10,000, was closed without payment. A DIFS referral was submitted.

Hillsborough: The insured reported that his rental property sustained damage as a result of the tenant converting the home into a marijuana grow house. The SIU investigation, supported by interviews and review of utility records, established that the property was vacant and no evidence that the property was ever occupied by a tenant. The insured withdrew the claim upon notice of the Examination under Oath. The claim, reserved at \$18,000, was closed without payment.

Pinellas: The insured reported that a plumbing line ruptured under the slab causing damage to the master bathroom. After Citizens tendered payment to the insured for their non-weather water loss, the claim was reopened after receiving a supplement coverage request for damage to the floor tile. The SIU investigation established evidence that the floor tiles were broken intentionally by the insured. The supplement damage, reserved at \$10,000, was denied. A DIFS referral was submitted.

Hillsborough: It was claimed that a water supply line burst causing damage to the kitchen cabinets and surrounding areas. The claim was reported 39 days after the loss by the insured's attorney. The SIU investigation, supported by an expert inspection and interviews, found evidence the insured misrepresented the claim facts and that the damage reported was a result of long term exposure to water and not related to a one time single event. The claim, reserved at \$22,500, was denied after the insured failed to appear for three scheduled Examinations under Oath. A DIFS referral was submitted.

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Hillsborough: The insured alleged that a pipe under the kitchen sink ruptured, causing water damage to the surrounding cabinetry and flooring. The claim was reported by the insured's attorney 5 months after the loss occurred and after \$4,775 in water mitigation services were provided under an AOB. The SIU investigation, supported by expert findings, inspection documents, and an interview with the prior owner, established evidence that the damage was sustained two years earlier. The claim, reserved at \$5,697, was denied due to evidence of long term leakage and seepage. A DIFS referral was submitted.

Other Property-Related Investigations

Sarasota / Kitchen Fire: The daughter of the insured claimed that she was frying food which erupted into uncontrollable flames, resulting in fire damage to the kitchen cabinets and smoke damage throughout insured property just 11 days after the policy inception. The insured's daughter also sustained 2nd and 3rd degree burns while trying to extinguish the fire. The SIU investigation established evidence that the daughter of the insured fabricated the application of insurance and obtained a policy without the insured's knowledge. As a result of the SIU findings, the risk exposure of \$124,000 was rescinded by underwriting, and the claim was denied due to the false presentation of the application. A DIFS referral was submitted and as the result of their investigation, the insured's daughter was arrested by the Tampa Division of Insurance Fraud for 3 Felony counts to include (Application) Insurance Fraud, Uttering a Forged document, and criminal use of personal identification information.

Miami-Dade / Hurricane: Insured reported as a result of Hurricane Matthew there was wind damage to the roof as well as water damage to the living room and dining room ceilings. The loss was reported to Citizens by the insured's public adjuster 10 days after the loss and after \$5,982 of water mitigation expenses were performed under an AOB. The SIU investigation, supported by interviews and aerial imagery, revealed that the insured misrepresented the loss and attempted to claim unrepaired damage from a previous loss. The claim reserved at \$5,000 was subsequently denied based on constant or repeated seepage of water or leakage, and or inadequate maintenance. A DIFS referral was submitted.

Broward / Water - Weather: The insured alleged that as the result of a weather event, there was wind damage to roof leading to water damage to the ceilings in the living room, dining room and converted garage. The loss was reported to Citizens by the insured's public adjuster after \$2,648 in water mitigation services were performed under an AOB. The SIU investigation, supported by interviews and review of claim records, revealed that the insured contrived the loss and attempted to claim damage sustained from a prior claim. The claim, reserved at \$5,000, was subsequently denied based on long term seepage and leakage and maintenance. A DIFS referral was submitted.

Miami-Dade / Water - Weather: It was reported that high winds caused roof damage and interior water damage to the ceiling in several rooms of the insured property. The loss was reported to Citizens by the insured's public adjuster after \$8,895 of water mitigation expenses were performed under an AOB. An interview and Examination under Oath of the insured was conducted and the insured represented that there was no damage to the ceilings prior to the loss. A review of prior claim documents found the damage being claimed by the insured was the same damage reported in the prior claim. The claim, reserved at \$8,000, was subsequently denied due to constant and repeated seepage. A DIFS referral was submitted.

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Pasco / Vandalism: The insured's attorney reported that an unknown suspect entered the insured residence causing extensive damage rendering the home unlivable. The SIU investigation determined that the insured had falsely represented the condition of the home by representing pre-existing damage as damage resulting from a vandalism. Further evidence revealed that the insured's attorney, who is also the insured's son, intentionally misled the investigation and concealed material facts as to how the loss was discovered. The claim, reserved at \$50,000, was denied based upon evidence that the damage resulted from long term wear and tear and lack of maintenance. A DIFS referral was submitted.

Hernando / Theft: The insured reported that after renting his furnished home to a friend, he arrived home to discover that every item previously in the insured property had been stolen. The initial claims investigation determined that no coverage would be applicable due to the home being vacant for several months prior to the notice of the claim. After more than 2 years after the claim was closed, the insured, with the assistance of an attorney, requested to reopen the claim alleging new evidence became available in support of their demand for more than \$100,000. During the SIU investigation, the alleged tenant was located in Michigan and provided a statement that he did not live in the residence as represented by the insured and his attorney. The SIU investigation revealed evidence that the home was actually sold during the time that the tenant reportedly lived in the residence. The claim, reserved at \$5,000, has been denied and a DIFS referral submitted.)

Agency & Underwriting-Related Investigations

Miami-Dade / CAS – Agency Compliance, Misappropriation: Investigation was initiated to determine whether the agent misappropriated the insured's policy premium. SIU investigation concluded that the agent misappropriated the insured's premium by collecting the full premium payment and electing to set it up on quarterly payments. As a result of the agent's actions, the insured's policy canceled and had a lapse of coverage. The agent ultimately accepted full responsibility for their actions. The investigative findings were shared with Citizens Agent Compliance and as a result, the agent's appointment with Citizens was terminated. A referral was made to the Florida Department of Financial Services, Division of Investigative and Forensic Services (DIFS). The agent was consequently arrested by DIFS for forgery, fraud and grand theft.

Miami-Dade: UW Personal Lines Account - Application Misrepresentation: An SIU investigation into the insured's failure to list prior losses revealed evidence that the agent was aware of and failed to report the complete loss history to Citizens. As a result of the investigative findings, Underwriting has cancelled this policy and the matter was referred to Agency Compliance for further action.

Volusia: UW Personal Lines Account, Application Misrepresentation: SIU investigation revealed that the insured altered the date on a four point inspection form in order to have his coverage bound. Investigative findings were reported to Underwriting, and Underwriting voided the policy back to policy inception. A DIFS referral was submitted.

Miami-Dade: UW Personal Lines Account, Application Misrepresentation: Through proactive investigative efforts, SIU identified 4 personal line risks that were operating as Assisted Living Facilities. The SIU investigation, which included inspection of properties, and interviews with policyholders and

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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, three policies were non-renewed and one was canceled; removing approximately \$999,170 in exposure from Citizens. Referrals/information were submitted to DIFS.

Miami-Dade / CAS Agency Compliance, Fraud / Misrepresentation: Investigation established evidence that the representatives of an agency altered a non-renewal notice from another carrier in order to seek coverage from Citizens and submitted outdated documents in order to circumvent the underwriting process. The agent accepted full responsibility for the alteration of the non-renewal notice and the outdated documents, a violation of Citizens Agency Agreement. Findings were shared with Agent Compliance who determined the agency appointment was terminated. A referral was submitted to DFS' Agent and Agency Services.

Miami-Dade / CAS Agency Compliance, Misappropriation (Update): An investigation by SIU established that the agent of record misappropriated premium when he received a cash payment from the customer and failed to submit the payment within 30 days and did not have sufficient funds to cover the payment. Agency Compliance was informed of investigative findings and the agency appointment was terminated. A DIFS referral was submitted.

Jackson / CAS Agency Compliance, Misrepresentation of Eligibility, Insurability, and Premium: SIU investigation revealed that the agent circumvented the application process by instructing the customer to take photos of their property instead of having a proper inspection conducted on the residence by the agent, a violation of the agency appointment agreement. The agent acknowledged to not following Citizens Property Insurance Corporation protocol in completing a proper inspection on the residence. The file was submitted to Agent Compliance, and a training call will be conducted with the agent. A referral was submitted to DFS' Agent and Agency Service.