

# SIU Cases of Interest

Claims Committee Meeting, March 28, 2018

Board of Governors Meeting, April 11, 2018

## Non-Weather Water Investigations

**Miami-Dade:** The insured claimed that a supply line under the sink ruptured resulting in water damage and alleged damage to the kitchen cabinets. The claim was reported by the insured's public adjuster 7 days after the loss and after \$3,826 in water mitigation was provided under an Assignment of Benefits (AOB). The SIU investigation established that the insured attempted to claim damage that resulted from a previous water loss. The claim reserved for \$7,500 was subsequently withdrawn. A Florida Division of Investigative and Forensic Services (DIFS) referral was submitted.

**Miami-Dade:** The insured's public adjuster reported water damage to the kitchen cabinets as a result of a P-Trap leak under the sink. The claim was reported 40 days after the loss by the insured's attorney. During the SIU investigation into the kitchen loss the insured represented that there was no prior damage to the kitchen cabinets. The SIU investigation confirmed that there was a prior loss for the damage being claimed and an expert evaluation determined that the damage was long term in nature. The claim reserved at \$27,154 was subsequently denied due to pre-existing damage and constant and repeated seepage. A DIFS referral was submitted.

**Miami-Dade:** It was reported that a broken pipe behind the wall between the bathroom and kitchen resulted in water damage to the wall and floor to the insured's home. The SIU investigation, supported by expert findings and photograph evidence taken by the water mitigation provider, determined that the insured contrived the claim and that the damage did not result from a sudden water event. The claim reserved at \$5,000 was subsequently denied based on no evidence of a water event and visible evidence of damage. A DIFS referral was submitted.

**Spring Hill:** The insured reported that a plumbing leak resulted in mold growth occurring on the wall, baseboards, and under the tile floor. The SIU investigation, supported by Examination Under Oath (EUO) testimony of the insured, found that the water mitigation company backdated the invoices for services rendered and that the equipment was in place on a different loss date as billed. The claim for water mitigation reserved at \$2,500 was denied on the basis of material misrepresentation in support of the loss. A DIFS referral was submitted.

**Hillsborough:** The insured's public adjuster reported that a broken supply line caused damage to the kitchen and surrounding area, which the insured claimed was discovered upon returning home from work. The SIU investigation, supported by EUO testimony of the insured, determined that the loss was contrived and that the insured provided false documentation to support the alleged repairs. The claim reserved at \$15,000 was denied based upon intentional concealment and misrepresentation. A DIFS referral was submitted.

**Miami-Dade:** The insured alleged that his home sustained damage from two separate and unrelated non-weather water losses: one due to a drain leak in the kitchen and a second occurring seven days later for an air conditioning leak resulting in water damage throughout the home. The SIU investigation supported by an expert inspection revealed that the insured attempted to claim damage for a previous water event and misrepresented material facts during the claim investigation. The two claims reserved at a combined \$17,500 were denied based on the damage resulted from inadequate maintenance. A DIFS referral was submitted.

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**Miami-Dade:** The insured alleged that a ruptured drain line caused a backup in the bathroom damaging the kitchen cabinets, master bathroom vanity and drywall in the laundry room. The claim was reported to Citizens 14 days after the loss by the insured's public adjuster and after destructive trenching had been completed by the water mitigation company under an AOB. An expert was retained and found evidence of long term water damage and no evidence of a water back up as describe by the insured. The insureds offered no proof of damage and repairs during the examination under oath. The claim reserved at \$10,000 was subsequently denied due to long term water damage. A DIFS referral was submitted.

**Orange:** The insured alleged that four separate and unrelated plumbing failures occurred at two different rental homes on the same loss date. The claims were reported nine days after the losses occurred. The SIU investigation, supported by witness interviews, determined that the losses were contrived and that the damage pre-existed the policy. The claim reserved at \$7,000 was subsequently denied due to lack of evidence of damage attributable to a sudden and accidental water loss. A DIFS referral was submitted.

**Hillsborough:** The insured reported a drain line leak under the kitchen sink caused extensive damage to the kitchen cabinet, walls and flooring. The loss was reported by the insured's attorney five days after the loss and after \$7,148 in mitigation expenses were incurred under an AOB. The SIU investigation determined that the insured made misrepresentations as to the condition of the kitchen and prior repairs and modifications since the purchase of the property. The SIU investigation, supported by expert findings, found no damage resulting from a sudden and accidental event as reported by the insured. After the insured failed to show for multiple EUOs, the claim reserved at \$10,000 was denied. A DIFS referral was submitted.

**Sarasota:** The insured alleged that as a result of a ruptured sewer drain line there was damage caused to the hallway bathroom vanity, flooring and drywall. The loss was reported by the insured's public adjuster seven days after the loss occurred. The SIU investigation established, through witness interviews and supported by expert findings, that the damage resulted from an ongoing maintenance issue and that the claim of a sudden water event was contrived. The claim reserved at \$2,500 was subsequently denied as there was no evidence of a physical loss. A DIFS referral was submitted.

**Miramar/Broward:** The insured's loss consultant claimed that a supply line ruptured within the kitchen and resulted in water damage to the kitchen and throughout the property. The claim was reported by the insured's attorney 13 days after the loss occurred and after \$5,350 in water mitigation services were provided under an AOB. The SIU investigation, supported by expert findings, determined key evidence was discarded which prevented a complete and thorough examination. After attempts to meet with the insured in an attempt to help determine the cause of damage, the claim was withdrawn. The claim reserved at \$2,500 was closed without payments. A DIFS referral was submitted.

**Hialeah/Dade:** The insured's loss consultant claimed that a supply line ruptured within the kitchen and resulted in water damage to the kitchen and throughout the property. The claim was reported by the insured's attorney nine days after the loss occurred and after \$3,409 in water mitigation services were provided under an AOB. The SIU investigation, supported by expert findings, determined key evidence was discarded which prevented a complete and thorough examination. The reported failure could not be determined and the damage claimed could not have been caused by a one-time short-term leak. The claim reserved at \$5,000 was denied due to long term repeated leakage and seepage. A DIFS referral was submitted.

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**Miami-Dade:** The insured's loss consultant claimed that the air conditioner waste line ruptured, resulting in water damage to the area and throughout the property. The claim was reported by the insured's attorney 14 days after the loss occurred and after \$7,326 in water mitigation services were provided under an AOB. The SIU investigation, supported by expert findings, determined there was no evidence to suggest that an appreciable AC condensate leak event occurred. The claim reserved at \$16,000 was denied due to failure to comply with the duties after a loss, and there was no evidence of water damage attributed to an AC handler condensate leak as reported. A DIFS referral was submitted.

**Broward:** The insured's loss consultant claimed that a drain line collapsed within the kitchen and bathroom which resulted in water damage to the bathroom, kitchen cabinetry and throughout the property. The claim was reported by the insured's attorney 69 days after the loss occurred. After SIU attempted to meet with the insured to help determine the cause of the loss, the claim was withdrawn. The claim reserved at \$5,000 was withdrawn by the insured and no payments were made. A DIFS referral was submitted.

**Broward:** 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 23 days after the loss occurred and after \$5,196 in water mitigation services were provided under an AOB. The SIU investigation, supported by expert findings, determined there was no evidence to support that a loss occurred and that the claim was contrived. The insured refused to meet with SIU and did not respond to Citizen's request to attend an EUO. The claim reserved at \$5,000 was denied due to failure to comply with duties after loss and failure to cooperate with in the investigation. A DIFS referral was submitted.

## Catastrophe Investigations (Hurricane Irma)

**Broward:** The insured alleged that as a result of Hurricane Irma the insured property sustained wind damage causing interior water damage. The SIU investigation established that the insured's roof was not damaged from the storm and the insured submitted an altered roof repair estimate. The claim was withdrawn and a DIFS referral was submitted.

**Miami-Dade, Hillsborough:** SIU's investigation into 42 storm claims associated with Irma revealed evidence that 19 public adjusters had engaged in contract violations with consumers, to include unlicensed persons acting as public adjusters and executing contracts with insureds in excess of 10% (in violation of the declaration of a state of emergency issued by the Governor on September 4, 2017 by way of Executive order 17-235). SIU submitted 19 referrals to DIFS.

## Other Property-Related Investigations

**Miami- Dade / Theft:** Three weeks after obtaining a policy of insurance, the insured reported personal property stolen in a burglary to his residence. The SIU investigation obtained evidence that the insured submitted falsified photos to support ownership of the personal property stolen. The insured filed suit prior to the claim decision and ultimately testified under oath that the photos and invoices were obtained online. The lawsuit was dismissed and the \$45,000 reserves were closed. A DIF referral was submitted and as a result, the insured was arrested by DIFS and charged with the filing of a false insurance claim.

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**Hillsborough / Roof Leak:** The insured alleged damage to the roof and interior leaks in the master bedroom as a result of a wind event that was reported to Citizens by the insured seven months after the loss. The SIU investigation, supported by witness interviews and expert findings, revealed that the damage occurred outside the policy period and there was no wind damage to the roof on the given loss date as claimed by the insured. The claim reserved at \$7,000 was subsequently denied for damage caused by wear and tear deterioration. A DIFS referral was submitted.

**Broward / Vandalism:** The insured reported theft of appliances and vandalism throughout the interior residence, including the air conditioning unit. The SIU investigation established that the insured contrived the claim and provided false documentation supporting the damage to the air conditioning unit. The claim reserved for \$5,000 was subsequently denied after the insured failed to show for an EUO. A DIFS referral was submitted.

**Spring Hill:** Two years after obtaining a policy of insurance, the insured reported structural damage, including cracks to the front interior and cracked tiles as a result of sinkhole damage that was reported to Citizens eight months after the reported event. The SIU investigation revealed evidence of sinkhole activity occurring prior to the policy which had not been disclosed on their application of insurance. The claim reserved at \$194,900 was subsequently denied as there was no existing evidence of structural damage associated with sinkhole activity. A DIFS referral was submitted.

## Agency & Underwriting-Related Investigations

**Monroe – CAS Agency Compliance, Misrepresentation:** An investigation by SIU established that the insurance agent altered a roof certification form in support of the issuance of an insurance policy on behalf of an insured. The investigative results were provided to Agency Compliance and action against the agent is pending. A DIFS referral was submitted and as a result, the agent was arrested and charged with insurance fraud, and grand theft, altering a public record certificate, and uttering a false instrument.

**Palm Beach - UW Personal Lines Account, Application Misrepresentation (Update):** A day after submitting an application for insurance, the insured submitted a claim for water damage. The SIU investigation, supported by witness interviews, revealed evidence that the insured had misrepresented material information on her application involving pre-existing water damage. The policy was voided and no claim payments were made. A DIFS referral was submitted and as a result the insured was arrested by DIFS and charged with insurance fraud.

**Miami-Dade – CAS Agency Compliance, Mishandling of Premium:** An SIU investigation revealed an insurance agent collected full premiums for two insureds and failed to remit the funds to Citizens in a timely manner. It was also revealed that documents were altered for two policyholders in order to circumvent fees for lapse of coverage. The agent's appointment has been terminated by Citizen's Agency Compliance. A DIFS referral was submitted.

**Broward – Agency Compliance, Insurability:** An SIU investigation revealed evidence that an insurance agent forged a roof certification form that was submitted to Citizens in support of issuance of an insurance policy. The owner of the agency terminated the agent-employee after she admitted to the investigative findings. Citizens terminated the agent agreement with the agent-employee involved. A DIFS referral was submitted.

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**Miami-Dade, Hillsborough, Palm Beach – UW Personal Lines Account, Application Misrepresentation:** Through proactive investigative efforts, SIU identified three personal lines risks that were operating as Assisted Living Facilities. The SIU investigations, which included inspection of properties and interviews with policyholders and witnesses, established that policyholders owned and operated Assisted Living Facilities at the risk locations and that they had submitted false applications to obtain lower premium and coverage they were otherwise not entitled. As the result of the investigations two policies were non-renewed and one was canceled, removing approximately \$799,630 in exposure from Citizens. Referrals were submitted to DIFS.