

Addendum: SIU Cases of Interest

Claims Committee Meeting, June 13, 2018
Board of Governors Meeting, June 20, 2018

Non-Weather Water Investigations

Pasco: The insured reported that a water supply line leak beneath the garage floor slab resulted in damage to the garage, kitchen cabinets, baseboards, walls and laminate flooring in the adjacent rooms. The SIU investigation, supported by interviews with the insured, established evidence the insured was representing old damage as new and attempted to misrepresent material facts during the presentation of the claim. The claim reserved at \$15,000 was denied due to failure to comply with post loss duties, including failure to appear for an Examination under Oath. A Florida Division of Investigative and Forensic Services (DIFS) referral was submitted.

Miami-Dade: The insureds reported and claimed that a drain line failed and water overflowed within the kitchen and bathroom which resulted in water damage to the kitchen cabinetry, bathroom, and throughout the property. The claim was reported by the remediation company five days after the loss occurred and after \$3,000 in water mitigation services were provided under an AOB. The SIU investigation, supported by expert findings, determined no existence of a drain line failure and that the damage was from a prior unrelated loss. Several attempts to interview the insured went unanswered. The claim, reserved at \$7,500 was denied due to long term damage. A DIFS referral was submitted.

Broward: It was reported that a drain line cracked, resulting in a slab leak and water damage to the kitchen and cabinetry. The claim was reported by the insured's attorney 88 days after the alleged loss and after \$1,700 in plumbing repairs and mitigation services were provided under an AOB. The SIU investigation, supported by expert findings and insured's EUO testimony, established that the damage could not be attributed to a drain line crack and that plumbing invoices in support of the claim were unjustified. The claim reserved at \$2,500 was denied due to no evidence of damage from the reported water event to trigger coverage. A DIFS referral was submitted.

Miami-Dade: It was claimed that a leak from an A/C unit resulted in water damage to the hallway, hallway closet, and kitchen of the insured's home. The SIU investigation, supported by interviews and expert findings, discovered that the damage was attributable to multiple prior losses and that the insured misrepresented the condition of the property and the status of repairs. The claim, reserved at \$5,000 was denied. A DIFS referral was submitted.

Miami-Dade: The insured reported a non-weather related water leak from a kitchen sink supply line caused damage to the kitchen cabinetry. The claim was reported to Citizens nine days after the loss and after \$6,100 in water mitigation services were alleged to have been rendered. The SIU investigation determined that the water mitigation provider knowingly attempted to collect for services and equipment that were used. A payment for the undisputed amount was made and a DIFS referral was submitted on the water mitigation company.

Miami-Dade: The insured reported damage to the floors and kitchen cabinets as a result of a leaking plumbing fixture under the kitchen cabinet. The loss was reported by the insured's attorney 12 days after

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the loss and after \$3,582 in water mitigation was performed under an AOB. During the SIU interview, the insured denied prior losses and stated that the damage to the tile floor and the kitchen cabinets were the result of the recently reported water event. The SIU investigation established that the insured had subsequently made a prior water loss claim for the kitchen cabinets and failed to produce the damaged parts. A review of photos of the prior loss confirmed that the damage to the tile floors and cabinets predated the reported loss date. The loss reserved at \$2,500 was subsequently denied based on prior damage and no evidence of a new loss. A DIFS referral was submitted.

Miami-Dade: The insured alleged damage to the kitchen cabinets and drywall as a result of a broken faucet in the kitchen. The loss was reported by the insured's public adjuster 2 days after the loss and after \$7,140 in water mitigations services were performed under an AOB. The SIU determined through an interview of the insured and review of prior loss photos that the damage being reported is the same as in the prior loss. The claim reserved at \$2,500 was subsequently denied due to repeated seepage of water. A DIFS referral was submitted.

Hillsborough: The insured reported mold damage to the kitchen cabinet as a result of a leak under the kitchen sink. The SIU investigation established through the interview of the tenant and documentation that the damage being claimed pre-dated the loss date and that the reported loss was contrived. The expert investigation confirmed that the reported damage was pre-existing and not related to a one time sudden and accidental event on the reported day of loss. Subsequently, the claim reserved at \$7,000 was denied based on constant or repeated seepage. A DIFS referral was submitted.

Miami-Dade: The insured claimed damage to the kitchen cabinets and toe kicks resulting from a leaking water supply line under the sink. The loss was reported by the insured's public adjuster 45 days after the loss and after \$5,562 in water mitigation was performed under an AOB. The SIU investigation, supported by an interview of the insured, determined that the damage was attributable to a prior loss and that the insured provided false documentation to support the condition of the property and alleged repairs. The claim reserved at \$8,000 was denied based on damage resulting from constant and repeated seepage. A DIFS referral was submitted.

Miami-Dade: The insured alleged damage to the kitchen cabinets and walls as a result of a water backup in the kitchen. The loss was reported by the insured's public adjuster 14 days after the loss and after \$4,820 in water mitigation was performed under an AOB. The SIU investigation established that the insured had a prior claim for water damage to the kitchen cabinets. During the SIU interview the insured failed to disclose prior damage and stated that the damage claimed was the result of the current loss. An expert inspection found the damage to be inconsistent with the reported event. After the insured failed to appear for the Examinations under Oath, the claim was withdrawn. The claim reserved at \$12,000 was not paid. A DIFS referral was submitted.

Miami-Dade: The insured claimed damage to the drywall and first floor ceiling as a result of an AC leak. The loss was reported by the insured's public adjuster over 7 months after the loss. The SIU investigation determined that the insured misrepresented the loss and provided false information pertaining to repairs that were alleged to have been performed after the loss. The claim reserved at \$5,000 was denied based on existing unrepaired damage caused by constant or repeated seepage of water or leakage, and inadequate maintenance. A DIFS referral was submitted.

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Catastrophe Investigations (Hurricane Irma)

Miami-Dade: It was reported 4 days after the date of loss by the agent of record that the insured property sustained damage as result of Hurricane Irma causing wind damage to the roof and exterior of the building as well as damage to the air conditioning units. A roof repair estimate was submitted with the assistance of the insured's public adjuster. The SIU investigation established evidence the insured submitted false invoices in support of the claim and that the property did not sustain hurricane-related damage. The claim reserved for \$76,000 was denied as a result of no covered peril as well as evidence of misrepresentation. A DIFS referral was submitted.

Pinellas: The claim was reported by the named insured on the same date of the loss for property damage as result of Hurricane Irma. The property sustained damage to the roof with resulting interior water damage to the ceiling in the den and two bedrooms. The SIU investigation and interviews with the insured established evidence the insured was representing old damage as new. During their Examination under Oath, the insured contrived the loss and materially misrepresented the condition of the home in an effort to obtain coverage for damage that pre-existed the date of loss and was previously paid by Citizens. The claim reserved at \$5,000 was denied based upon evidence that the loss did not occur from a sudden and accidental event as well as misrepresentation in the claim presentation. A DIFS referral was submitted.

Broward: The insured reported a Hurricane Irma claim six days after the date of loss for wind damage to the roof and contents damage to a TV and dryer due to wide spread power outage. The insured replaced the roof prior to Citizens inspection and the insured presented photos in support of the claim. Evidence was developed during the SIU investigation that the insured materially misrepresented the Hurricane Irma damage in an attempt to obtain coverage for unrepaired damage which had been previously reported in a previous claim and subsequently denied. The claim reserved at \$5,000 was denied as the damage could not be attributed to a covered event. A DIFS referral was submitted.

Collier: The insured reported wind damage to rental property with damage to the roof, window and pool cage resulting from Hurricane Irma. After Citizens tendered a payment of \$4,373.65 for the property damage, a supplemental claim was received for \$23,000 in loss of rent. The SIU investigation proved that the insured submitted a fabricated lease in support of the lost rent and the property was being held out for rent and habitable after the loss. The claim for loss of rent was denied as the property was habitable prior to the loss. A DIFS referral was submitted.

Hillsborough: Three days after obtaining a policy of insurance, the insured reported wind damage from Hurricane Irma which caused damage to the roof and water damage to the interior living room, laminate flooring, and furniture. SIU's investigation confirmed the insured obtained an HO3 policy and made misrepresentations in the application that showed that he was running a beauty salon from the property. Based on the SIU's investigation findings, the underwriting department set this policy for non-renewal due to business exposure. The claim was reserved at \$5,000, did not exceed the hurricane deductible and no indemnity was paid. The risk was non-renewed due to the business exposure. A DIFS referral was submitted.

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Orange: The insured reported wind damage resulting from Hurricane Irma that caused damage to the roof, pool screen, and wooden fence of her rental property. The SIU investigation, supported by witness interviews, determined that the insured attempted to include damage that was sustained in a prior storm-related event. A partial payment for undisputed damage was tendered. A DIFS referral was submitted.

Miami-Dade: The insured reported wind damage to the roof and interior of the property as a result of Hurricane Irma. The loss was reported to by the insured's public adjuster 47 days after the loss. The preliminary investigation established no evidence of wind created openings and the damage to the interior of the property appeared to pre-date the reported loss. Following SIU's request for an interview with the insured, their public adjuster withdrew the claim. The claim reserved at \$5,000 was closed without payment.

Palm Beach: The insured alleged wind damage to the roof and interior of the property as a result of Hurricane Irma. The loss was reported by the insured's public adjuster 13 days after the loss. After an initial payment in the amount of \$130,000 was made, the insured, through their public adjuster, submitted an appraisal demand in the amount of \$286,500. The SIU investigation found evidence of roof damage prior to the loss. After several requests to interview the insured, the appraisal demand was withdrawn and no further payments were issued.

Miami-Dade: It was alleged that the insured's house sustained damage to the rear chain link fence and the A/C unit resulting from Hurricane Irma which was reported 28 weeks after the storm. During the initial inspection there was no evidence that the damage resulted from wind. Furthermore, the SIU investigation established that the insured attempted to claim identical damage that resulted from a previous wind event roof claim submitted to Citizens wherein no repairs had been made. The claim reserved at \$1,000, was denied based on no evidence of new damage from the alleged loss. A DIFS referral was submitted.

Other Property-Related Investigations

Miami-Dade: It was reported that hail damaged the roof of the insured's home resulting in water damage to several rooms in the home. The claim was reported to Citizens 17 days after the loss by the insured's public adjuster. The SIU investigation, supported by expert findings, found evidence that the loss was contrived and that the damage was long term and attributable to a storm four years prior. The Citizens expert found the damage to the interior was the same/similar to a related prior 2014 roof/ceiling leak claim and that the damage is pre-existing and long term. The claim reserved at \$5,000 was subsequently denied due to a long term leakage and seepage. A DIFS referral was submitted.

Agency & Underwriting-Related Investigations

Miami-Dade and Broward – UW Personal Lines Account, Application Misrepresentation: Through proactive investigative efforts, SIU identified four personal lines risks that are operating as Large Family

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Child Care Homes. The SIU investigations, which included inspections of the properties and interviews with the policyholders and witnesses, established that Large Family Child Care businesses were being operated at the policy address that are statutorily ineligible for Citizens' Personal Lines Policies. As a result, the policies were non-renewed, removing approximately \$1,168,850 in exposure from Citizens. In two instances referred to DIFS, insureds intentionally misrepresented the risk on the applications submitted to Citizens.

Broward, Palm Beach, & Brevard – 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 the properties and interviews with policyholders and witnesses, established that the policyholders owned and operated Assisted Living Facilities at the risk locations. As a result of the investigations, the three policies were set to non-renew, removing approximately \$1,023,240 in exposure from Citizens. One of the investigations revealed a misrepresentation on the application to Citizens and that matter was referred to DIFS.

Broward – Agent Compliance, Misappropriation: An SIU investigation into a consumer complaint determined the agent misappropriated \$13,700 customer's premium. The agent admitted to the allegation and returned the funds to the insured. Agent Compliance terminated the agent for cause and a referral was made to DIFS.

Miami-Dade – Agent Compliance, Misconduct Impacting Consumers: An SIU investigation found that unknown persons within a Citizens-appointed agency attempted to submit falsified Agent of Record (AOR) transfer forms in an attempt to move a customer's policies from the complainant's agency. The policies were returned to the complainant's agency at the insureds' requests. No formal action was taken. A referral to DFS, Agent and Agency Services, will also be made.