

# SIU Cases of Interest

Claims Committee Meeting, March 19, 2019  
Board of Governors Meeting, March 27, 2019

## Non-Weather Water Investigations

**Hillsborough:** The insured reported damage to the bathroom floors and kitchen cabinets as a result of a broken pipe in the bathroom. The loss was reported by the insured's public adjuster 20 days after the loss and after \$5,370 in water mitigation expenses were incurred under an AOB. The SIU investigation found that receipts submitted by the insured in support of items purchased for repairs were returned to the store of purchase. The insured failed to show for the Examination Under Oath (EUO) and the claim reserved at \$15,000 was subsequently denied. A Department of Investigative and Forensic Services (DIFS) referral was submitted.

**Hillsborough:** The insured alleged damage to the bathroom and surrounding areas as a result of a plumbing leak in the bathroom. The loss was reported by the insured's public adjuster 34 days after the loss and after \$6,479 in water mitigation expenses were incurred under an AOB. The SIU investigation, supported by expert findings, found no evidence of water damage associated with the described event and that the only damage found was that created by the water mitigation company. The insured failed to appear for the EUO and immediately filed suit thereafter. Subsequently, Citizens received a notice that the lawsuit was being voluntarily dismissed without prejudice. The claim reserved at \$6,500 was withdrawn. A DIFS referral was submitted.

**Hillsborough:** The insured claimed damage to the kitchen cabinets and baseboards as a result of a failed refrigerator supply line. The loss was reported by the insured's attorney 37 days after the loss and after \$5,185 in water mitigation expenses were incurred. The SIU investigation, supported by expert findings, found no evidence of a water event as reported by the insured. The only damage found was that created by the water mitigation company. The insured, through their attorney, withdrew their claim prior to the scheduled EUO. The claim reserved at \$10,000 was withdrawn. A DIFS referral was submitted.

**Miami-Dade:** The insured reported a plumbing leak in the bathroom resulted in water damage to the surrounding walls, cabinets and flooring throughout the house. The claim was reported to Citizens 185 days after the loss occurred. The SIU investigation established evidence that the claim was contrived and the damage did not occur from a single accidental event and likely resulted from a prior unrepaired loss. It was also learned that the insured increased the policy coverages prior to the loss being reported to Citizens. The insured failed to appear for an EUO and subsequently withdrew the claim. A DIFS referral was submitted.

**Palm Beach:** The insured's representative claimed that a plumbing leak in the slab caused damage to the tile flooring in the living room. The claim was reported by the insured's representative the same day and just hours after the inspection occurred for their storm damage related to Hurricane Irma. The SIU investigation established that the insured contrived the loss and attempted to present old and unrelated damage likely caused by installation and workmanship deficiencies. The claim reserved for \$2,500 was denied as the damage predated the issuance of the policy. A DIFS referral was submitted.

**Miami-Dade:** The insured's public adjuster reported a sewage drain pipe leak in the bathroom that resulted in water damage to the kitchen cabinets five days after the loss. Citizens received an invoice from the water mitigation provider after \$3,315 in destructive water mitigation services were performed under an AOB. The SIU investigation established evidence that the loss was contrived and that the damage pre-existed the loss and likely resulted from an unrepaired prior water loss. Moreover, the

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insured's public adjuster presented false documentation in support of plumbing repairs that were alleged to have occurred. A lawsuit filed by the insured prior to the coverage decision was settled for \$7,000. A DIFS referral was submitted based upon the false document submitted by the public adjuster.

**Broward:** The public adjuster reported water damage to the kitchen and bathrooms to the insured's residence due to a water backup and overflow of a collapsed cast iron drain line. The SIU investigation revealed that the loss was fabricated by the public adjuster and the insured had no knowledge that a claim for damage or loss was being submitted on her behalf. It was further established that the public adjuster had obtained information from the insured concerning a prior 2015 loss and presented the new claim to Citizens without her knowledge or consent. The public adjuster failed to respond to requests by SIU for an interview. The claim reserved at \$5,000 was denied as there was no loss. A DIFS referral was submitted.

## Catastrophe Claim Investigations (Hurricane Irma)

**Miami-Dade:** The insured claimed damage to the roof and interior ceiling and walls as a result of strong winds and water associated with Hurricane Irma. The loss was reported by the insured's attorney 11 months after the loss. The SIU investigation determined that the damage reported by the insured 11 months after the event was not storm related and predated issuance of the policy. The claim reserved at \$38,000 was denied. A DIFS referral was submitted.

**Miami-Dade:** The insured reported damage to the roof and interior walls and ceiling as a result of Hurricane Irma. The loss was reported by the insured's public adjuster two months after the event. The insured did not respond to requests for an SIU interview to explain discrepancies noted in the damage, which appeared to be contrived. The claim reserved at \$2,500 was closed without payments when the insured's public adjuster withdrew the claim. A DIFS referral was submitted.

**Miami-Dade:** The insured reported roof damage and interior damage to the walls and ceiling as a result of Hurricane Irma. The loss was reported by the insured's attorney ten days after the loss. The SIU investigation, supported by expert findings, found evidence that the insured misrepresented the condition of the roof at the time of the hurricane and that the damage likely resulted from a loss that was the subject of an insurance claim that was submitted by the insured three months prior. The claim reserved at \$3,500 was subsequently denied based on no storm related damage to the roof and no storm created opening that would afford coverage for reported interior damage. A DIFS referral was submitted.

**Miami-Dade:** The insured's public adjuster reported that, as a result of Hurricane Irma, the insured property sustained damage to the roof resulting in interior water damage to the ceiling of several rooms. The claim was first reported after more than 288 days after the loss occurred. SIU developed evidence that the insured misrepresented the condition of the home as a result of the hurricane. It was concluded that the insured contrived the claim and attempted to obtain insurance benefits for damage that did not occur as a result of Hurricane Irma. The loss reserved at \$5,000 was denied based upon evidence that the loss did not occur as reported. A DIF referral was submitted.

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**Broward:** The insured claimed roof and related interior water damage due to winds associated with Hurricane Irma. The SIU investigation revealed evidence that the damage predated the issuance of the policy and that the insured misrepresented the condition of the roof on her application of insurance, which occurred only two months prior to the loss. The claim reserved for \$2,500 was denied due to the insured's failure to allow Citizens to inspect damage. A DIFS referral was submitted.

**Miami-Dade:** The insured claimed that Hurricane Irma winds caused physical damage to the shingled roof with resultant water damage to the interior ceilings and both kitchens. The claim was reported by the insured's public adjuster 270 days after the loss. The SIU investigation, which included an EUO of both insureds, established that the insureds misrepresented the pre-loss condition of the roof and attempted to claim damage that resulted from unrelated/existing and man-made damage found by an engineering inspection. The claim reserved for \$5,000 was denied for material false statements and concealment. A DIFS referral was submitted.

**Broward:** The insured claimed that Hurricane Irma winds damaged the roof tiles and chimney cap resulting in interior water damage. The SIU investigation, supported by expert findings, found evidence that the insureds attempted to collect for additional damage to the roof and interior that was unrelated to the storm. No payments were issued as there was no storm created opening and the minor damage to the chimney cap was under deductible. A DIFS referral was submitted.

**Broward:** The insured claimed that Hurricane Irma damaged the roof tiles resulting in interior water damage. The claim was reported 360 days after the loss. SIU investigation, supported by expert findings, revealed that the insured misrepresented the condition of the roof at the time of the loss and attempted to collect for unrepaired damage resulting from a prior event in which the insured filed a claim for the same damage. The claim reserved for \$12,000 was denied based on the damage predated the storm and was the result of age and wear. A DIFS referral was submitted.

**Miami-Dade:** Twelve claims for hurricane related damage were filed on policies that were bound by the same agency just a few days prior to Hurricane Irma making landfall. The SIU investigation established that the agent of record was related to the policyholders and had provided Citizens with fraudulent home inspections and other altered documents. During EUO's of the insureds, it was determined that the insureds in a number of claims claimed damage that predated the policies. Ten of the twelve claims with a combined reserve of \$102,578 were closed without payment after the claims were voluntarily withdrawn. A DIFS referral was submitted and SIU opened an investigation into the agency of record.

## Other Property-Related Investigations

**Broward:** The insured alleged mold damage in the master bedroom area of the insured property as a result of an unknown water loss. The loss was originally reported to Citizens by the insured 10 days after the loss. The SIU investigation revealed that the insured misrepresented the pre-loss condition of the house and that the damage likely resulted from a prior loss which was the subject of a mold claim the insured submitted to their prior carrier. The claim reserved at \$5,000 was subsequently denied.

**Clearwater:** The insured reported structural damage affecting the foundation of his residence due to sinkhole activity which was reported two months after the loss was discovered. The SIU investigation found that the insured failed to disclose prior sinkhole damage which was the subject of a lawsuit filed

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against his prior carrier at the time of his application with Citizens. Furthermore, during the EUO, the insured submitted falsified documentation which purported that he disclosed the sinkhole activity to his agent at the time of his application. The insured's policy was voided ab-initio and the premiums paid were returned. No payments were issued on the claim reserved at \$115,000. A DIFS referral was submitted.

**Pinellas:** The insureds claimed that heavy winds caused damage to the shingle roof. The claim was reported 176 days after the alleged date of loss. The SIU investigation revealed that the insured contrived the loss and attempted to claim old unrepaired damage from several prior wind events. The claim reserved for \$5,000 was denied for damage existing prior to the application for insurance. A DIFS referral was submitted.

**Broward County:** One day after obtaining a rental policy of insurance for a tenant occupied residence, the insured reported extensive damage to the wood flooring resulting from vandalism. The SIU investigation, which included inspection of the risk and interviews, determined that the insured contrived the loss and attempted to collect for old damage that predated the loss and issuance of the policy. The claim reserved at \$20,000 was subsequently denied. A DIFS referral was submitted.

## Agency & Underwriting-Related Investigations

**Miami-Dade – Personal Lines Account / Policyholder:** Through proactive investigative efforts, SIU identified four personal lines risks that were operating as Large Family 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 that are statutorily ineligible for Citizens' Personal Lines Policies were being operated at the policy address. However, the investigations also confirmed that there were no apparent misrepresentations by the policyholders at the time of application. Consequently, one of the policies was cancelled and the other three were non-renewed, removing approximately \$973,120 in combined exposure from Citizens.

**Collier, Miami-Dade, and Palm Beach – Personal Lines / Policyholder:** Through proactive investigative efforts, SIU identified three personal lines risks that were operating as Assisted Living Facilities. The SIU investigations, which included inspections of the properties and interviews with policyholders and witnesses, established that the policyholders owned and operated Assisted Living Facilities at the risk locations. In one of the investigations, it was revealed that the policyholder had established the business after obtaining coverage with Citizens. In the other two investigations it was established the policyholders had materially misrepresented the business use of the properties and those two investigations resulted in referrals to DIFS. As a result of the investigations, two policies were set to non-renew and the other was cancelled, removing approximately \$937,430 in combined exposure from Citizens.

**Hillsborough – Personal Lines / Policyholder:** Through proactive query of Florida Association of Recovery Residences, SIU identified a change in a personal lines risk exposure in which the insured, after obtaining the policy of insurance, opened and operated a recovery home at the risk location. As a result of the SIU findings, the risk exposure of \$282,460 is scheduled to be non-renewed by Underwriting.

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**Hillsborough – Personal Lines / Policyholder:** Through proactive query of State licensing databases, SIU identified a possible Large Family Daycare operated on the property covered by Citizens under a personal lines policy of insurance. Investigation revealed that there was no daycare in operation on the premises and the property was vacant and unoccupied. As a result of the SIU findings, the risk exposure of \$181,400 was scheduled to be non-renewed by Underwriting.

**Miami-Dade County – Agency Matter:** An SIU investigation determined the agency was charging an illegal \$25 application fee to Citizens policyholders which was a violation of the agency agreement. The agency was put on suspension until refunds were issued to policyholders and a warning notice was then issued with regard to this matter.

**Miami-Dade – Agency Matter:** An SIU investigation revealed three instances with three separate Citizens' insureds where the agency collected \$6,285 in premium from policyholders and failed to remit the payments to Citizens in a timely manner. Based on the SIU findings, Citizens terminated the agent's and agency's appointments. Referrals were made to the SIU to DIFS and to Agent and Agency Services.

**Charlotte – Agency Matter:** An SIU investigation revealed three occurrences where a customer service representative altered the dates on four point inspections to comply with underwriting requirements. As a result of the investigation, the customer service representative was terminated from the agency and the agency received a warning notice for failure to supervise. A referral was made to DFS' Agent and Agency Services.