



Insurance Consumer Advocate's Forum:

TROUBLED WATERS: FINDING A BALANCED APPROACH TO FLORIDA'S WATER LOSS CRISIS

Florida Atlantic University
June 14, 2016



Welcome



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Sha'Ron James
Insurance Consumer Advocate



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June 14, 2016



Simon Blank, Director
Division of Insurance Fraud
Department of Financial Services

Florida Department of Financial Services
Insurance Fraud
Protecting Floridians Against Insurance Fraud



Simon Blank, Director
Water Loss Claims Abuse

June 14, 2016



Agenda

- **A STAT PACK review of Homeowners referrals and sub types by Fiscal Year:**
 - Number of Referrals received
 - Number of Cases Opened
 - Number of Cases Closed
 - Number of Cases Presented for Prosecution
 - Number of Arrests made
 - Number of Successful Prosecutions
- **Review of DIF “water” and “Assignment of Benefits” referrals**

■ **INSURANCE FRAUD**

817.234 False and fraudulent insurance claims.—

(1)(a) A person commits insurance fraud punishable as provided in subsection (11) if that person, with the intent to injure, defraud, or deceive any insurer:

1. **Presents or causes to be presented any written or oral statement** as part of, or in support of, a claim for payment or other benefit **pursuant to an insurance policy** or a health maintenance organization subscriber or provider contract, **knowing that such statement contains any false, incomplete, or misleading information** concerning any fact or thing material to such claim;
2. **Prepares or makes any written or oral statement** that is **intended to be presented** to any insurer **in connection with, or in support of**, any claim for payment or other benefit pursuant to an insurance policy or a health maintenance organization subscriber or provider contract, knowing that such statement contains any false, incomplete, or misleading information concerning any fact or thing material to such claim;

- **“Water Claims” and “Assignment Of Benefits”**
 - Not a crime in and of themselves
 - Tracked through actual criminal activity
 - Application fraud
 - Fraudulent claim
 - Inflated claim
 - Billing for services not rendered
 - Unlicensed activity
 - Waiving deductible

STAT PACK – 15/16

FISCAL YEAR

	Complaints	Opened	Closed	Prosecutio n	Arrest	Convictions
APPLICATION FRAUD	2355	213	97	75	64	33
ARSON FOR PROFIT	123	16	19	8	8	8
AVIATION FRAUD	5	3	0	0	0	0
BANKING AND SECURITIES	2	1	3	1	0	4
COMMERCIAL	538	63	35	19	13	9
CRIMES AGAINST THE ELDERLY	4	0	0	0	0	0
DISABILITY FRAUD	76	27	21	12	10	13
FINANCIAL INVESTIGATION	83	18	13	3	7	4
HEALTHCARE	987	85	42	21	15	30
HOMEOWNERS	1085	198	103	53	51	36
IDENTITY THEFT	35	11	8	2	3	4
LICENSEE FRAUD	438	116	137	71	56	90
LIFE INSURANCE FRAUD	34	7	9	2	2	3
MARINE FRAUD	22	9	4	4	3	2
NON-INSURANCE FRAUD OFFENSE	46	1	0	1	0	0
OTHER AGENCY ASSISTANCE	70	52	46	11	51	3
PERSONAL INJURY PROTECTION	5839	543	477	441	346	307
TITLE FRAUD	12	1	4	1	1	0
UNAUTHORIZED ENTITIES FRAUD	33	1	1	0	0	0
VEHICLE FRAUD	1687	206	138	63	53	45
WARRANTY FRAUD	11	3	2	3	3	0
WORKERS' COMPENSATION FRAUD	2066	790	728	507	427	349
GRAND TOTAL	16008	2369	1888	1299	1114	940

Referral categories related to Water Claims and/or Assignment Of Benefits

FISCAL YEAR	Complaints	Opened	Closed	Presented	Arrest	Convictions
APPLICATION FRAUD	2,355	213	97	75	64	33
COMMERCIAL	538	63	35	19	13	9
HOMEOWNERS	1,085	198	103	53	51	36
LICENSEE FRAUD	438	116	137	71	56	90
GRAND TOTAL	4,416	590	372	218	184	168

Primary Category	Complaints	Opened	Closed	Prosecution	Arrest	Convictions
HOMEOWNERS	1,085	198	103	53	51	36

FISCAL YEARS

	TIPS	OPENED	CLOSED	PRESENTATIONS	ARRESTS	SUCCESSFUL PROSECTIONS
COOKING/KITCHEN FIRE						
FY 12/13	1	1	1	0	0	0
FY 13/14	3	0	0	0	0	0
FY 14/15	2	1	0	2	2	0
FY 15/16	1	0	0	0	0	2
FICTITIOUS CLAIM OR DAMAGE						
FY 12/13	324	66	57	28	25	16
FY 13/14	303	70	44	31	36	16
FY 14/15	340	51	80	36	23	32
FY 15/16	407	82	52	22	22	13
FICTITIOUS LIABILITY CLAIM						
FY 12/13	12	1	2	0	0	0
FY 13/14	6	2	2	1	1	0
FY 14/15	7	3	3	1	0	1
FY 15/16	6	3	2	1	2	0
FORGERY BY HOMEOWNER						
FY 12/13	18	6	4	6	5	1
FY 13/14	30	5	4	1	2	2
FY 14/15	25	4	6	3	2	3
FY 15/16	15	2	0	2	2	0
FORGERY BY OTHER						
FY 12/13	3	0	0	0	0	0
FY 13/14	38	8	5	2	0	0
FY 14/15	40	6	4	1	3	1
FY 15/16	59	9	6	13	10	9

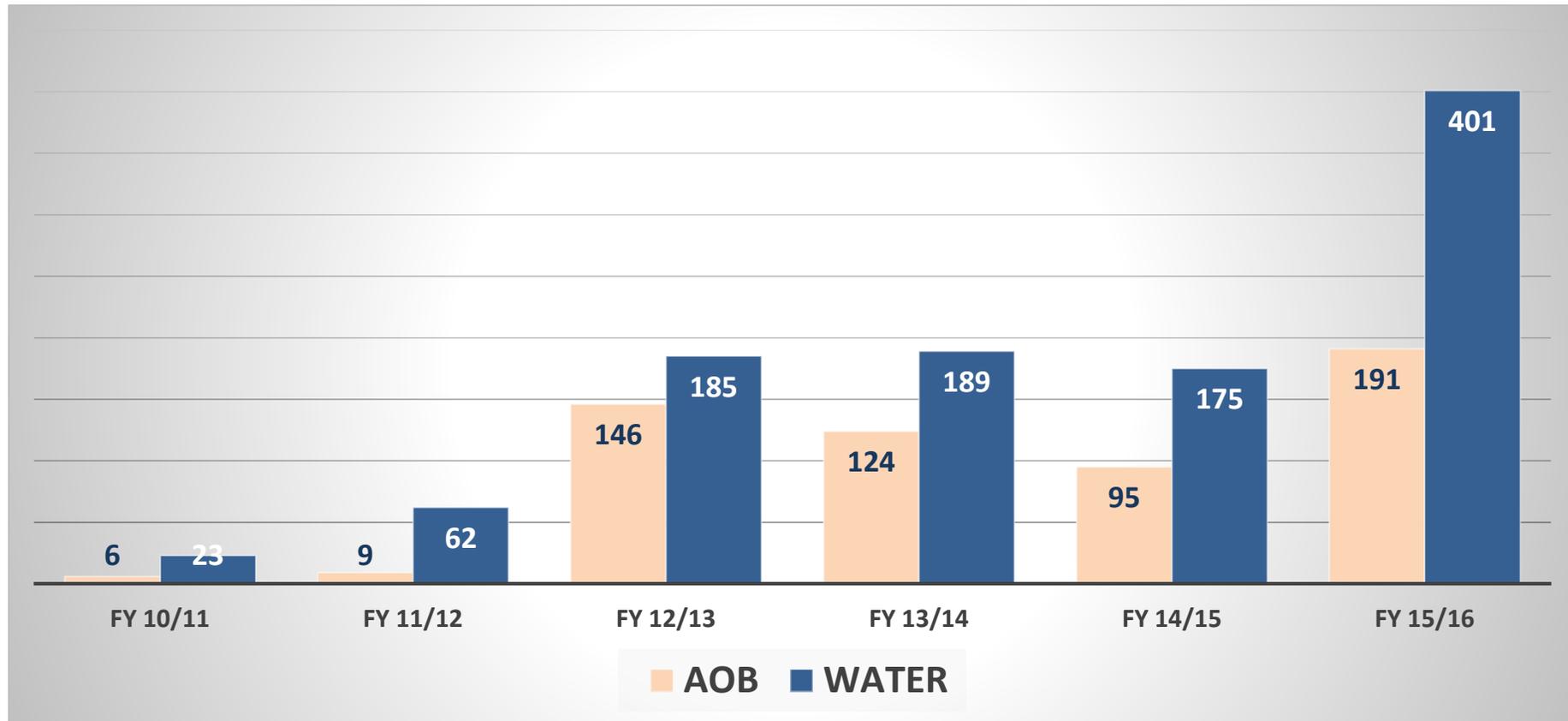
Stat Pack
Fiscal Year

Insurance Fraud

Protecting Floridians Against Insurance Fraud

	TIPS	OPENED	CLOSED	PRESENTATIONS	ARRESTS	SUCCESSFUL PROSECTIONS
FORGERY BY PUBLIC ADJUSTER						
FY 12/13	8	2	2	0	0	0
FY 13/14	14	0	1	0	0	0
FY 14/15	14	0	0	0	0	0
FY 15/16	35	0	0	0	0	0
INFLATED CLAIM						
FY 12/13	295	33	28	12	8	7
FY 13/14	273	18	21	10	3	4
FY 14/15	290	22	17	13	14	3
FY 15/16	335	46	21	13	13	9
PLUMBING/TRENCHING						
FY 12/13	46	5	0	1	1	0
FY 13/14	68	2	4	12	2	1
FY 14/15	64	3	2	1	4	1
FY 15/16	81	9	3	0	1	3
SINKHOLE						
FY 12/13	22	1	5	3	2	2
FY 13/14	11	2	2	0	0	0
FY 14/15	7	2	0	0	0	0
FY 15/16	9	2	3	0	0	0
WAIVING DEDUCTIBLE						
FY 15/16	50	44	16	2	1	0
WATER EXTRACTION						
FY 12/13	36	2	2	0	0	0
FY 13/14	42	3	2	1	1	0
FY 14/15	42	1	1	0	0	1
FY 15/16	85	0	0	0	0	0

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A search through ACISS referrals was conducted by using the word, “**water**” and “**AOB**” or “**Assignment of Benefits**”. *Specifically referrals for Homeowners, Commercial, Application, Vehicle and Licensee Fraud were reviewed.*

Breakdown of Water Claims

TOP COUNTIES

COUNTY	2011	2012	2013	2014	2015	Grand Total
DADE	1	31	31	42	44	155
BROWARD		11	16	27	21	75
PALM BEACH	1	4	9	12	12	38
ORANGE		5	11	14	3	33
HILLSBOROUGH	1	4	8	4	6	23
DUVAL	1	5	7	6		19
LEE		2	8	8	1	19
SEMINOLE		1	5	2	4	12
PINELLAS		2	7	1	2	12
PASCO	1	5	2	3		11

TYPES OF REFERRAL CLOSINGS:

Closed – Below Minimum Investigative Threshold

There may be sufficient information to support a criminal case, but there are insufficient solvability factors to pursue.

Closed – Case Initiated

There is a violation of law - a criminal investigation will be opened and assigned to a sworn member.

Closed – Exceptionally Cleared / Civil Case

There is no criminal violation but civil violations and possible remedies exist. Supervisor required to notify the complainant of the clearance and possible remedies.

Closed – Exceptionally Cleared / Duplicate Entry

Referrals which are deemed to be a duplicate entry. Referral linked to original.

Closed – Exceptionally Cleared / No Crime

After review there is no apparent violation of criminal law.

Closed – Information Only

Used when tips are referred by an insurance company in which the tip states: “For Information Only.”

Closed – Insufficient Evidence

There may be a violation of law but the likelihood of proving the crime and the likelihood of prosecution is remote due to the lack of, or difficulty in, obtaining evidence.

Closed – Lack of Cooperation by Reporting Party

Reporting party has failed to respond to requests for additional information or fails to cooperate with the investigation.

Number of Referrals Opened into Cases

CASE INITIATED	AOB	WATER	Grand Total
FY 10/11	6	18	24
FY 11/12	2	9	11
FY 12/13	22	34	56
FY 13/14	18	31	49
FY 14/15	9	37	46
FY 15/16	38	48	86

Additional breakdown of Referral Status on following slides

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FISCAL YEAR/REFERRAL STATUS	AOB	WATER	Grand Total
FY 10/11	6	23	29
CLOSED - BELOW MINIMUM INVESTIGATIVE THRESHOLD:		3	3
CLOSED - CASE INITIATED:	6	18	24
CLOSED - INFORMATION ONLY		2	2
FY 11/12	9	62	71
CLOSED - BELOW MINIMUM INVESTIGATIVE THRESHOLD:	4	31	35
CLOSED - CASE INITIATED:	2	9	11
CLOSED - EXCEPTIONALLY CLEARED / DUPLICATE ENTRY:		2	2
CLOSED - EXCEPTIONALLY CLEARED / NO CRIME		3	3
CLOSED - INFORMATION ONLY	1	3	4
CLOSED - INSUFFICIENT EVIDENCE:	1	9	10
CLOSED - NO ACTION		3	3
CLOSED - VICTIM/WITNESS REFUSED TO COOPERATE		1	1
CLOSED-EXCEPTIONALLY CLEARED / REF TO OTHER AGENCY	1	1	2

Number of Referrals Opened into Cases

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FISCAL YEAR/REFERRAL STATUS	AOB	WATER	Grand Total
FY 12/13	146	185	331
CLOSED - BELOW MINIMUM INVESTIGATIVE THRESHOLD:	37	76	113
CLOSED - CASE INITIATED:	22	34	56
CLOSED - EXCEPTIONALLY CLEARED / CIVIL CASE	1	3	4
CLOSED - EXCEPTIONALLY CLEARED / DUPLICATE ENTRY:		2	2
CLOSED - EXCEPTIONALLY CLEARED / NO CRIME	6	12	18
CLOSED - INFORMATION ONLY	2	8	10
CLOSED - INSUFFICIENT EVIDENCE:	67	40	107
CLOSED - LACK OF COOPERATION BY REPORTING PARTY		2	2
CLOSED - NO ACTION	3	6	9
CLOSED - STATUTE OF LIMITATIONS EXPIRED:		1	1
CLOSED-EXCEPTIONALLY CLEARED / REF TO OTHER AGENCY	8	1	9
FY 13/14	124	189	313
CLOSED - BELOW MINIMUM INVESTIGATIVE THRESHOLD:	19	75	94
CLOSED - CASE INITIATED:	18	31	49
CLOSED - EXCEPTIONALLY CLEARED / CIVIL CASE	7	5	12
CLOSED - EXCEPTIONALLY CLEARED / DUPLICATE ENTRY:	7	2	9
CLOSED - EXCEPTIONALLY CLEARED / NO CRIME	4	3	7
CLOSED - INFORMATION ONLY	4	6	10
CLOSED - INSUFFICIENT EVIDENCE:	48	58	106
CLOSED - LACK OF COOPERATION BY REPORTING PARTY	2	1	3
CLOSED - NO ACTION	4	7	11
CLOSED - STATUTE OF LIMITATIONS EXPIRED:		1	1
CLOSED - VICTIM/WITNESS REFUSED TO COOPERATE	1		1
CLOSED-EXCEPTIONALLY CLEARED / REF TO OTHER AGENCY	10		10

**Number of
 Referrals
 Opened
 into Cases**

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FISCAL YEAR/REFERRAL STATUS	AOB	WATER	Grand Total
FY 14/15	95	175	270
CLOSED - BELOW MINIMUM INVESTIGATIVE THRESHOLD:	29	70	99
CLOSED - CASE INITIATED:	9	37	46
CLOSED - EXCEPTIONALLY CLEARED / CIVIL CASE	5	2	7
CLOSED - EXCEPTIONALLY CLEARED / NO CRIME	2	1	3
CLOSED - INFORMATION ONLY	10	13	23
CLOSED - INSUFFICIENT EVIDENCE:	31	25	56
CLOSED - LACK OF COOPERATION BY REPORTING PARTY	1	1	2
CLOSED - NO ACTION	2	10	12
CLOSED - STATUTE OF LIMITATIONS EXPIRED:		1	1
CLOSED - VICTIM/WITNESS REFUSED TO COOPERATE	1		1
CLOSED-EXCEPTIONALLY CLEARED / REF TO OTHER AGENCY		3	3
OPEN	1	4	5
OPEN PENDING	4	8	12
FY 15/16	191	401	592
CLOSED - BELOW MINIMUM INVESTIGATIVE THRESHOLD:	17	41	58
CLOSED - CASE INITIATED:	38	48	86
CLOSED - EXCEPTIONALLY CLEARED / CIVIL CASE	7	4	11
CLOSED - EXCEPTIONALLY CLEARED / DUPLICATE ENTRY:		2	2
CLOSED - EXCEPTIONALLY CLEARED / NO CRIME	4	2	6
CLOSED - INFORMATION ONLY	5	14	19
CLOSED - INSUFFICIENT EVIDENCE:	59	59	118
CLOSED - LACK OF COOPERATION BY REPORTING PARTY	1	2	3
CLOSED-EXCEPTIONALLY CLEARED / REF TO OTHER AGENCY	2		2
OPEN	37	128	165
OPEN PENDING	21	101	122

**Number of
 Referrals
 Opened
 into Cases**

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SUB TYPES OF REFERRALS (“WATER” listed in referral)

Referral Sub Type	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15	FY 15/16	GRAND TOTAL
ACCESSORIES			1				1
ADJUSTER		1					1
ADJUSTER-BROKEN PIPE			4			2	6
AGENT		2					2
BODY SHOP		1	1				2
CARRIER			2		1		3
DAMAGE TO VEHICLE	3	2	16	7	6	10	44
DITCHING	1					1	2
FAILURE TO RETURN (THEFT)				1			1
FICTITIOUS CLAIM OR DAMAGE	2	18	30	30	32	64	176
FICTITIOUS LIABILITY CLAIM		1	1	1	3		6
FORGERY BY HOMEOWNER			3	3	2	2	10
FORGERY BY OTHER				3	1	9	13
FORGERY BY PUBLIC ADJUSTER			1	1	3	11	16
HOMEOWNERS			6	7	7	20	40
INFLATED CLAIM	12	17	43	42	40	117	271
LIFE					1	1	2
PLUMBING/TRENCHING			15	27	21	44	107
Public Adjuster	3	14	9	10	6	18	60
PUBLIC ADJUSTER/SINKHOLE		1					1
PUBLIC ADJUSTER-BROKEN PIPE		2	2	9	1	3	17
SINKHOLE		2					2
SLIP & FALL	2		5	6	5	14	32
UNLICENSED AGENT OR ADJUSTER			10	6	2	3	21
UNLICENSED CONTRACTOR			2		3	1	6
VEHICLE		1	1		1	2	5
WAIVING DEDUCTIBLE						1	1
WATER EXTRACTION			33	36	40	77	186
Grand Total	23	62	185	189	175	401	1035

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SUB TYPES OF REFERRALS (“AOB “ OR “Assignment of Benefit” listed in referral)

Referral Sub Type	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15	FY 15/16	GRAND TOTAL
ADJUSTER			1		4	2	7
ADJUSTER-BROKEN PIPE			2				2
BODY SHOP						5	5
DAMAGE TO VEHICLE						1	1
FICTITIOUS CLAIM OR DAMAGE		2	5	7	10	49	73
FORGERY BY HOMEOWNER			2	1			3
FORGERY BY OTHER				12	8	10	30
FORGERY BY PUBLIC ADJUSTER			1	1		7	9
HOMEOWNERS						8	8
INFLATED CLAIM	4	3	27	29	18	48	129
PLUMBING/TRENCHING			2	2	8	12	24
Public Adjuster		1	6	6	9	10	32
PUBLIC ADJUSTER-BROKEN PIPE		2	4	1			7
PUBLIC ADJUSTER-BROKEN TILE				1			1
SERVICE WARRANTY COMPANY						1	1
UNLICENSED AGENT OR ADJUSTER	2		90	56	22	6	176
UNLICENSED CONTRACTOR			1		5	1	7
VEHICLE		1		2	1	2	6
WAIVING DEDUCTIBLE						7	7
WATER EXTRACTION			5	6	10	22	43
Grand Total	6	9	146	124	95	191	571

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SUB TYPES OF REFERRALS (“Water” listed in referral)

Referral Sub Type	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15	FY 15/16	GRAND TOTAL
DAMAGE TO VEHICLE	3	2	16	7	6	10	44
FICTITIOUS CLAIM OR DAMAGE	2	18	30	30	32	64	176
FORGERY BY PUBLIC ADJUSTER			1	1	3	11	16
HOMEOWNERS			6	7	7	20	40
INFLATED CLAIM	12	17	43	42	40	117	271
PLUMBING/TRENCHING			15	27	21	44	107
Public Adjuster	3	14	9	10	6	18	60
PUBLIC ADJUSTER-BROKEN PIPE		2	2	9	1	3	17
UNLICENSED AGENT OR ADJUSTER			10	6	2	3	21
UNLICENSED CONTRACTOR			2		3	1	6
WAIVING DEDUCTIBLE						1	1
WATER EXTRACTION			33	36	40	77	186
Grand Total	20	53	167	175	161	369	945

SUB TYPES OF REFERRALS (“AOB “ OR “Assignment of Benefit” listed in referral)

Referral Sub Type	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15	FY 15/16	GRAND TOTAL
DAMAGE TO VEHICLE						1	1
FICTITIOUS CLAIM OR DAMAGE		2	5	7	10	49	73
FORGERY BY PUBLIC ADJUSTER			1	1		7	9
HOMEOWNERS						8	8
INFLATED CLAIM	4	3	27	29	18	48	129
PLUMBING/TRENCHING			2	2	8	12	24
Public Adjuster		1	6	6	9	10	32
PUBLIC ADJUSTER-BROKEN PIPE		2	4	1			7
UNLICENSED AGENT OR ADJUSTER	2		90	56	22	6	176
UNLICENSED CONTRACTOR			1		5	1	7
WAIVING DEDUCTIBLE						7	7
WATER EXTRACTION			5	6	10	22	43
Grand Total	6	8	141	108	82	171	516

Florida Department of Financial Services

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Questions?



Insurance Consumer Advocate's Forum:

TROUBLED WATERS: FINDING A BALANCED APPROACH TO FLORIDA'S WATER LOSS CRISIS

Florida Atlantic University
June 14, 2016



Sandra Starnes, Director
Bureau of Property & Casualty
Department of Financial Services

Assignment of Benefits

Presented by: Sandra Starnes

June 14, 2016

Data Call – Due December 7, 2015

- Required for Homeowners – Owners Policy Type (HO-3) and Dwelling Fire (DF) policies.
- The top 25 insurers, representing approximately 80% of the HO-3 and DF policies in force as of June 30, 2015, were required to respond.
- Data call was comprised of two sections:
 - **Section A** – Detailed claim information for each claim for water or roof damage that was closed between January 1, 2010 and September 30, 2015.
 - **Section B** – Summary information by county for closed claims during the same period for “all other perils” (AOP) as well as open claims as of October 1, 2015.



Data Quality Issues

There were many data quality issues with the submitted data. Some required resubmissions, others just involved claims being removed or not used for a particular analysis. For example:

- City of loss included Ontario, Georgetown, Bryn Mawr, London, etc. (One company used mailing address for city rather than location of loss.)
- Claims submitted for property located in South Carolina.
- Claims submitted where date closed was after September 30, 2015.
- Claims where the type of policy could not be determined or was not HO-3 or DF.
- Claims where the date of loss was after the date claim was reported to the company.
- Claims with same ID reported multiple times.
- Claims where date closed matched date reported for every claim.



Data Included in Analysis

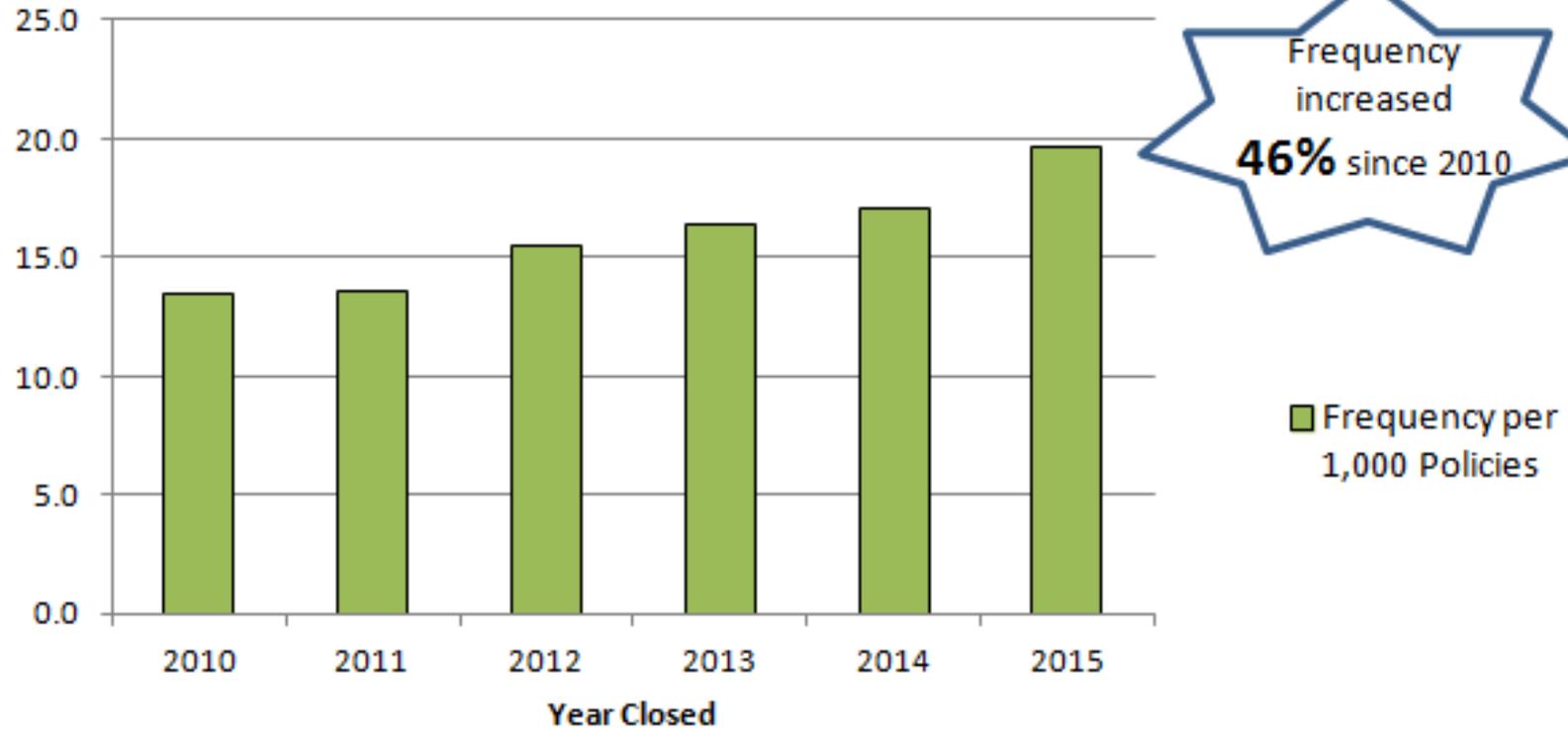
Detailed information for 561,763 water or roof damage claims was submitted as part of Section A.

Claims submitted by Citizens	152,187
Claims with incorrect or unavailable policy types	2,125
Claims closed on or after October 1, 2015	825
Claims still open as of October 1, 2015	335
Claims associated with a loss in a county unable to be identified	9
Claims associated with a loss occurring in another state	5
Claim with no closed date listed	1
Total Claims Eliminated from this analysis	155,487

Water Claims Frequency / Severity Analysis



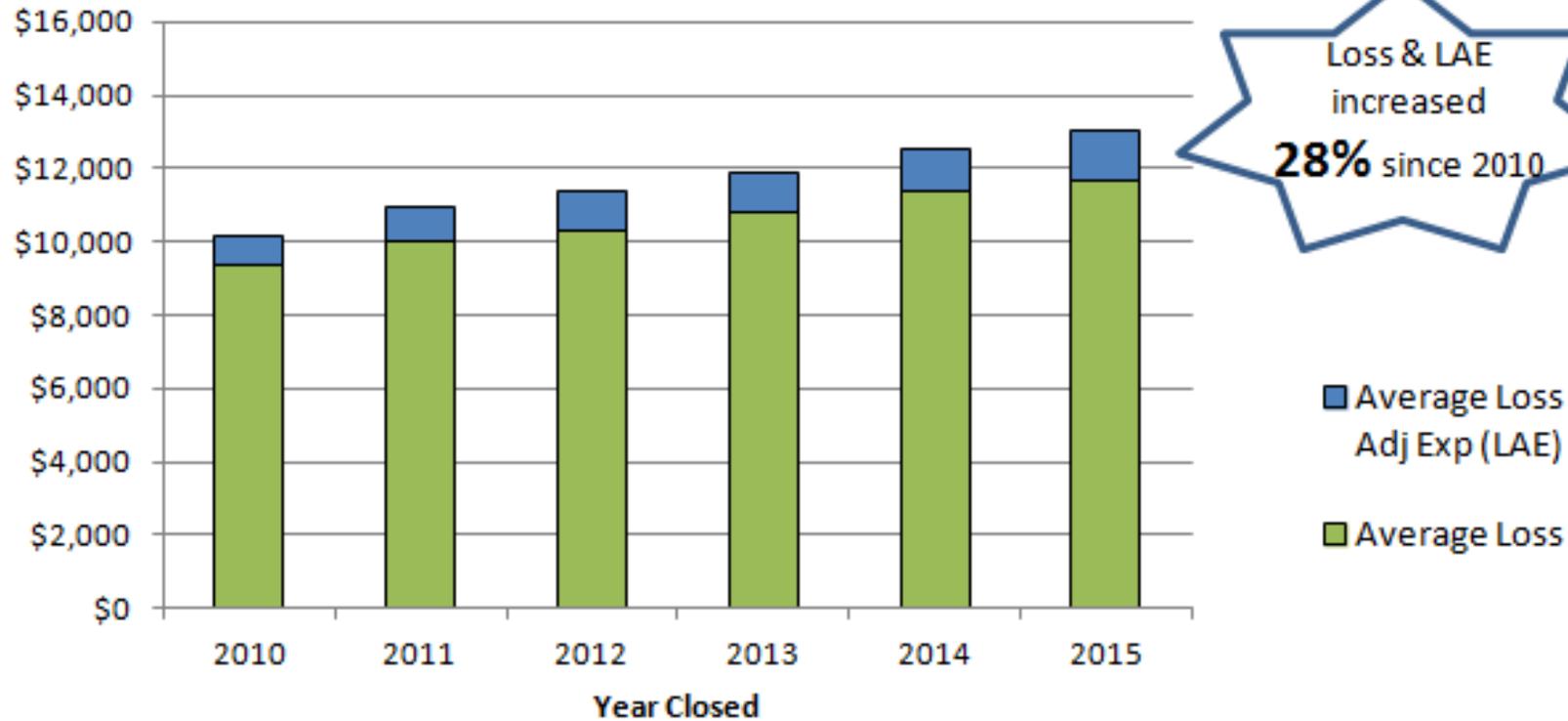
Frequency of Water Claims per 1,000 Policies (Voluntary Carriers)



Source: FLOIR Assignment of Benefits Data Call. Data based on claims for voluntary carriers with dates closed between 1/1/2010 and 9/30/2015. Insurer must have been able to provide information to determine the frequency and severity of HO-3/Dwelling Fire claims for water losses.



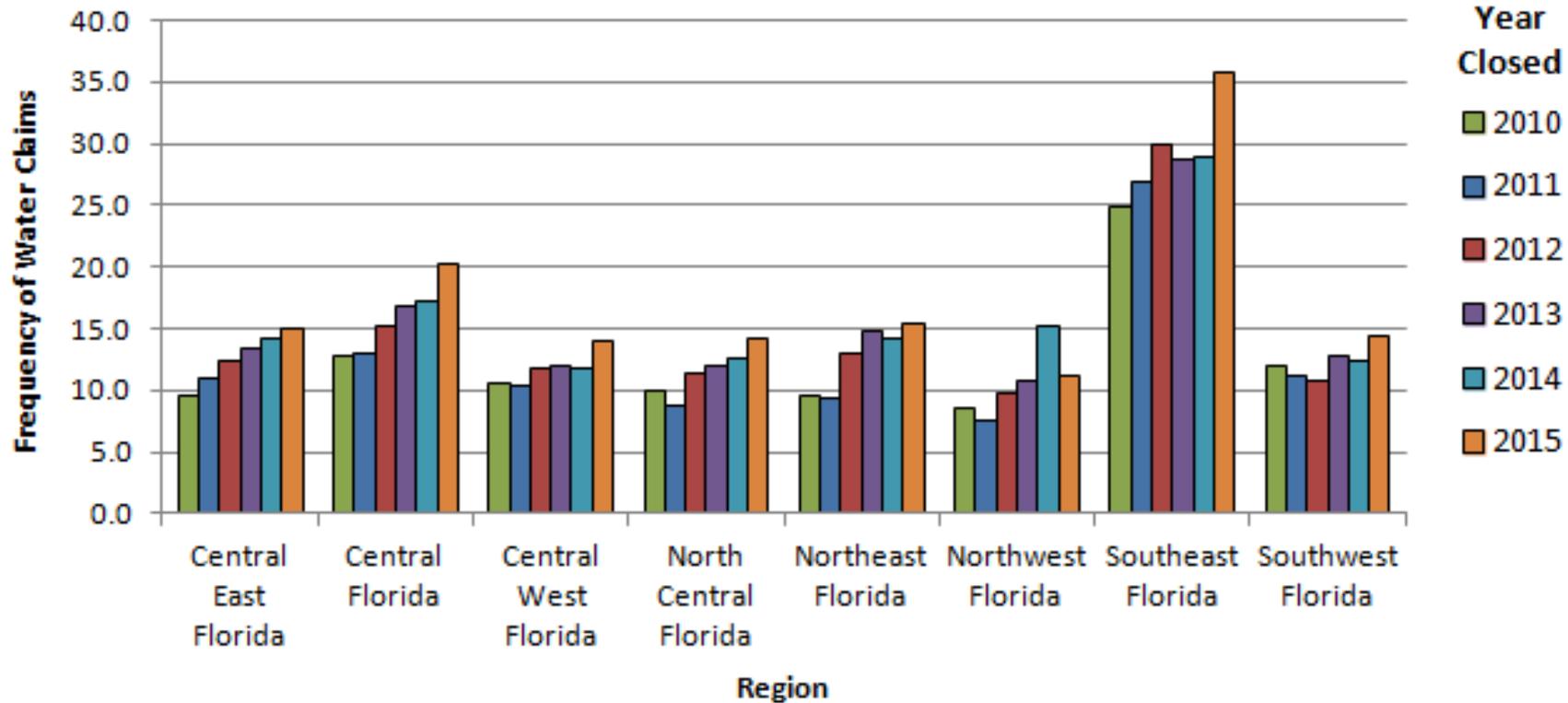
Average Severity for Water Claims (Voluntary Carriers)



Source: FLOIR Assignment of Benefits Data Call. Data based on claims for voluntary carriers with dates closed between 1/1/2010 and 9/30/2015. Insurer must have been able to provide information to determine the frequency and severity of HO-3/Dwelling Fire claims for water losses.



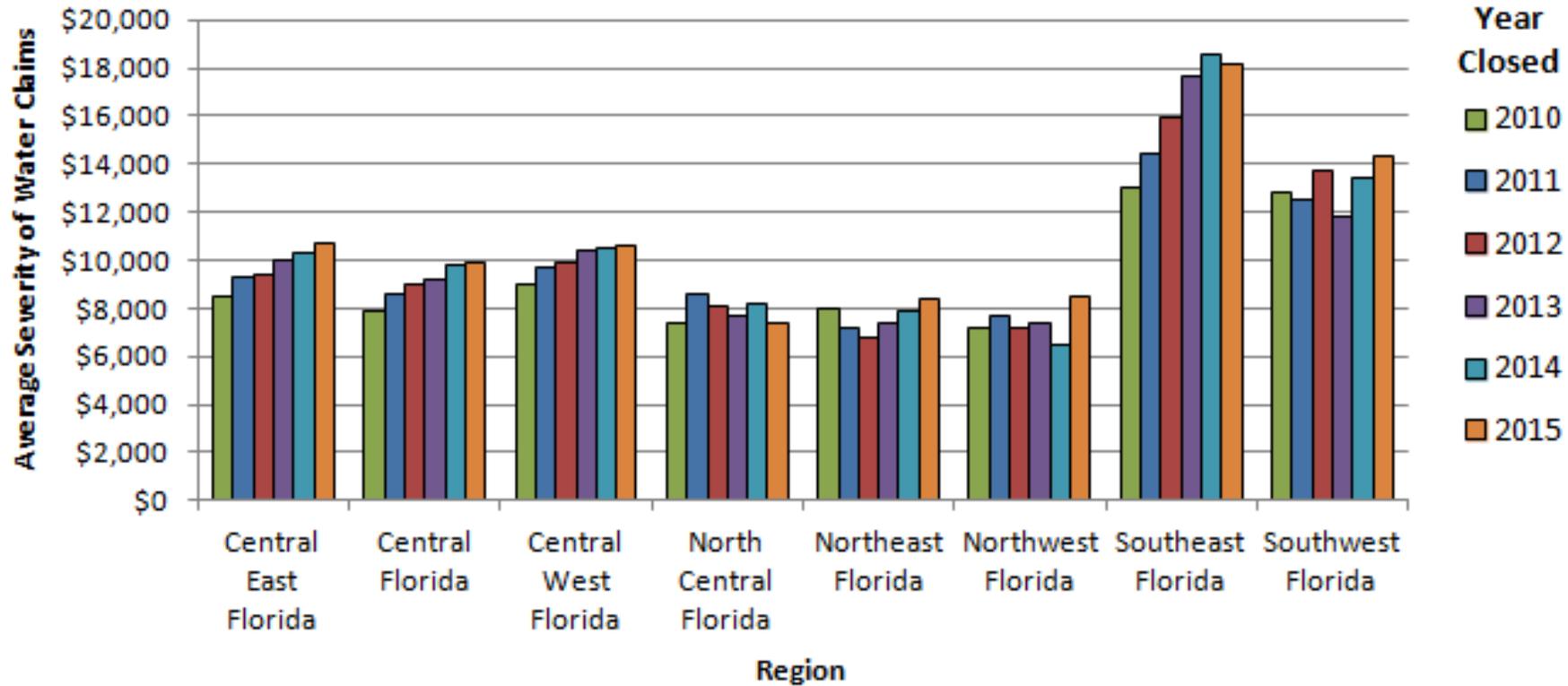
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Average Severity of Water Claims (Voluntary Carriers)

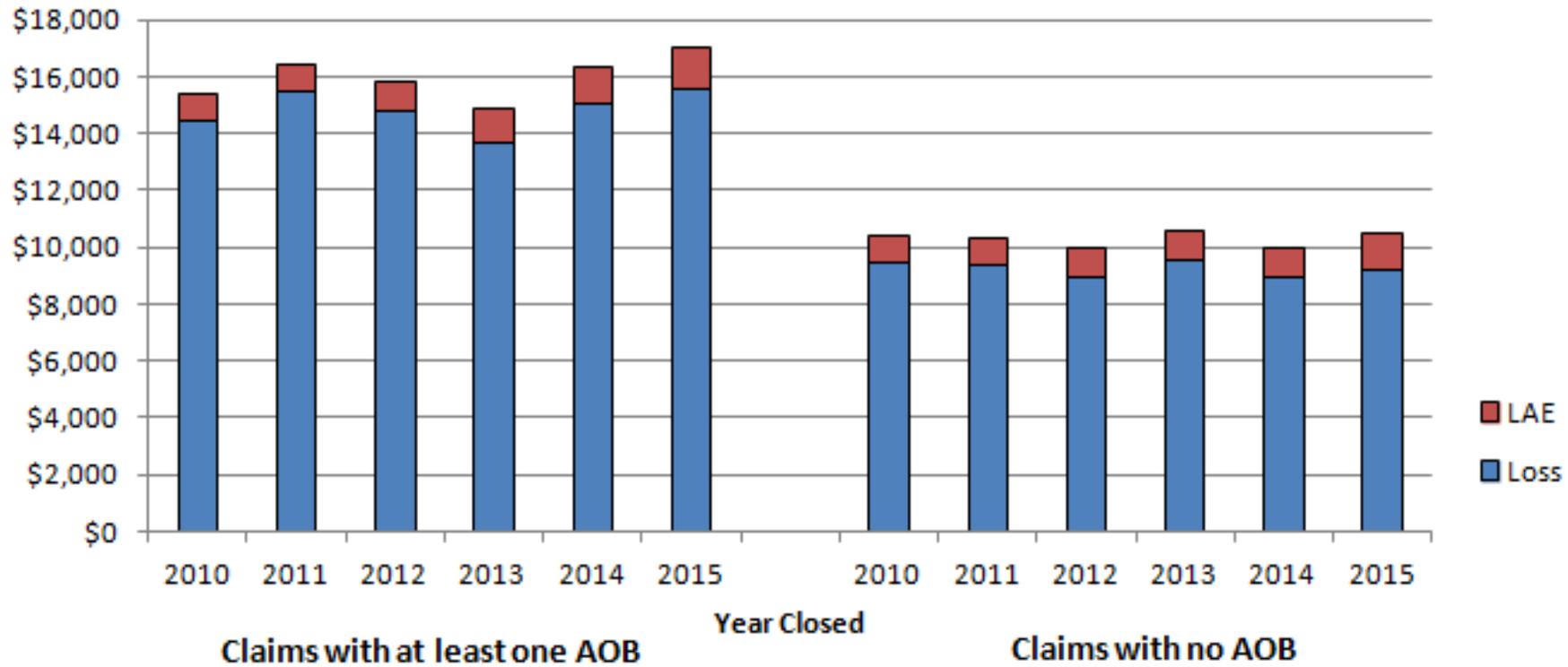


Source: FLOIR Assignment of Benefits Data Call. Data based on claims for voluntary carriers with dates closed between 1/1/2010 and 9/30/2015. Insurer must have been able to provide information to determine the frequency and severity of HO-3/Dwelling Fire claims for water losses.



Water Claims Assignment of Benefit Analysis

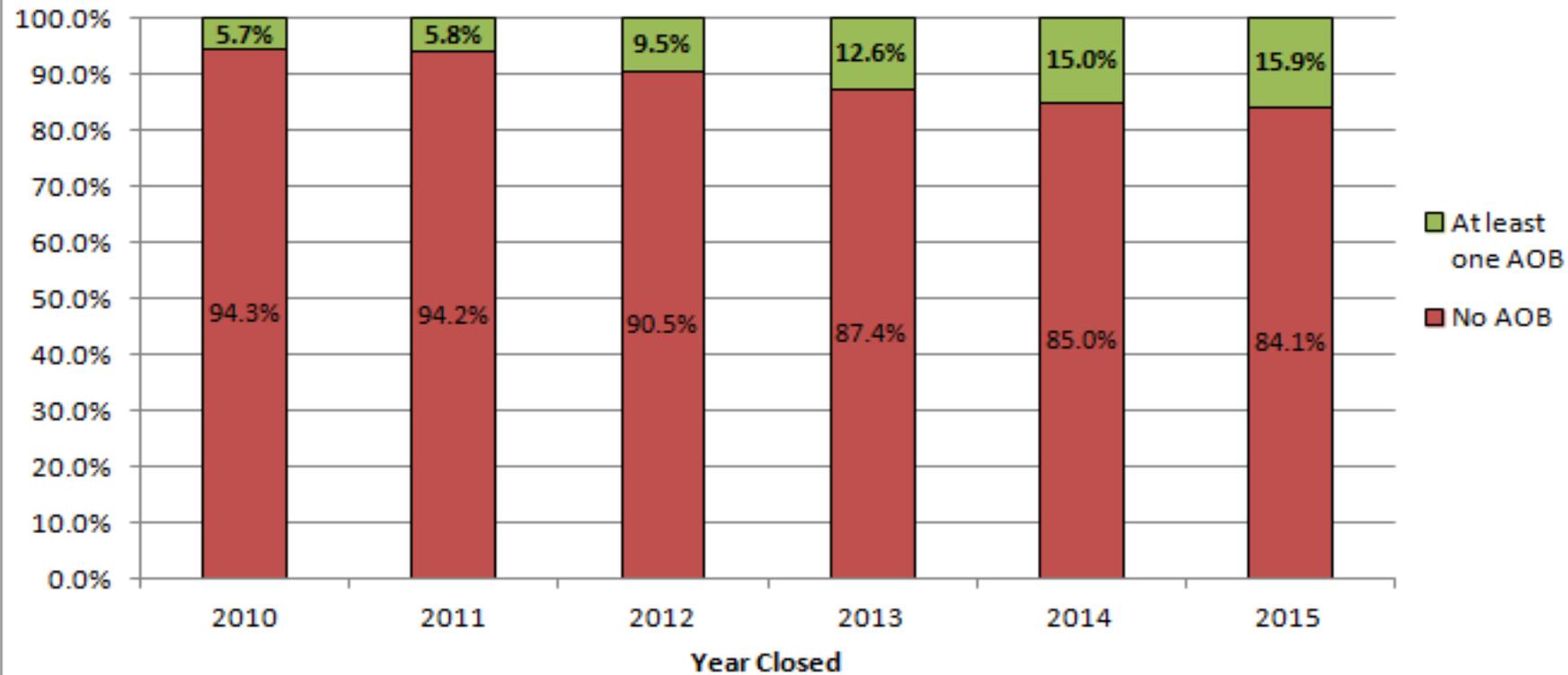
Average Severity of Water Claims - With and Without AOB (Voluntary Carriers)



Source: FLOIR Assignment of Benefits Data Call. Data based on claims for voluntary carriers with dates closed between 1/1/2010 and 9/30/2015. Data is only shown for insurers that were able to consistently indicate for a given year that a claim had or did not have an assignment of benefits (AOB).



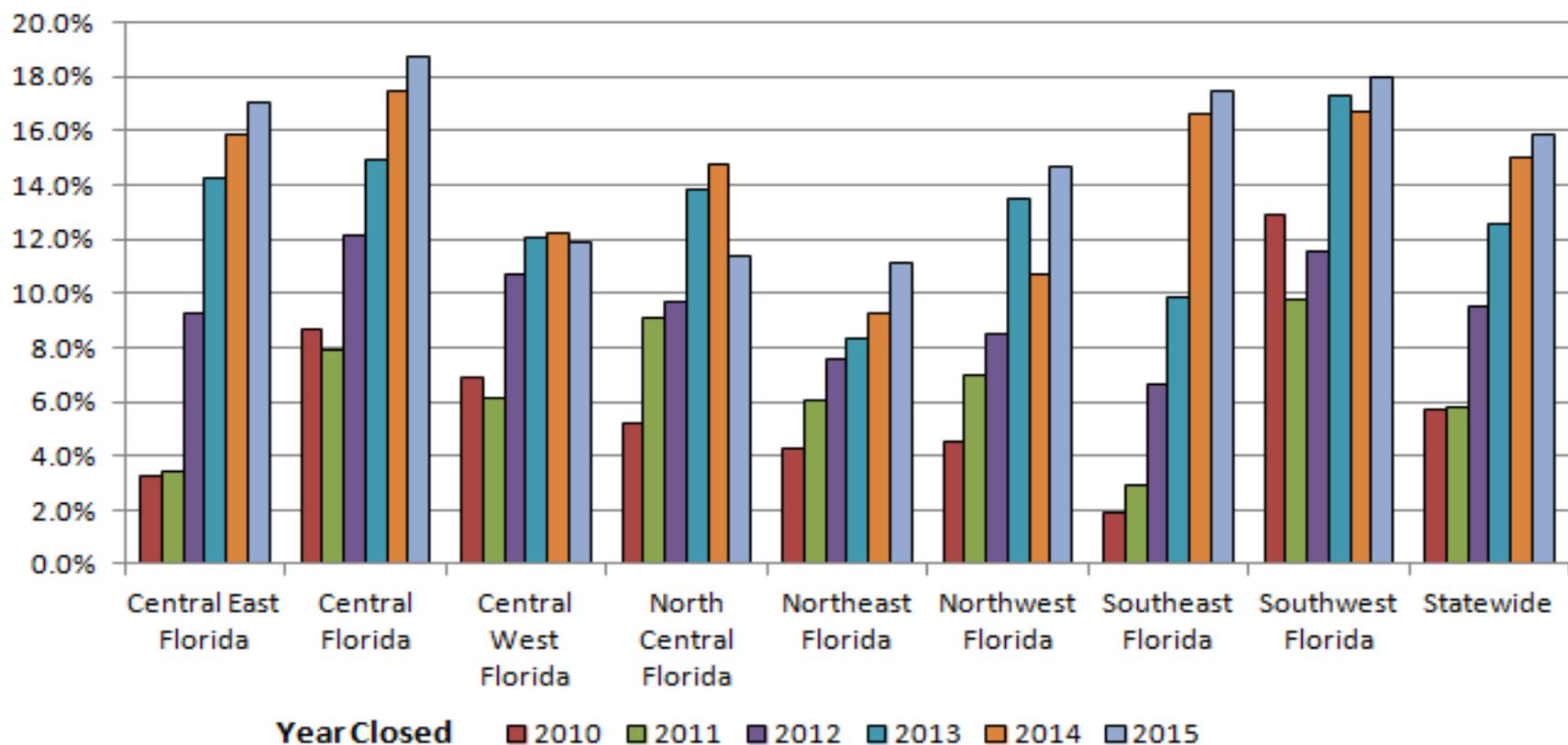
Percentage of Water Claims With an AOB (Voluntary Carriers)



Source: FLOIR Assignment of Benefits Data Call. Data based on claims for voluntary carriers with dates closed between 1/1/2010 and 9/30/2015. Data is only shown for insurers that were able to consistently indicate for a given year that a claim had or did not have an assignment of benefits (AOB).



Percentage of Water Claims with an AOB (Voluntary Carriers)



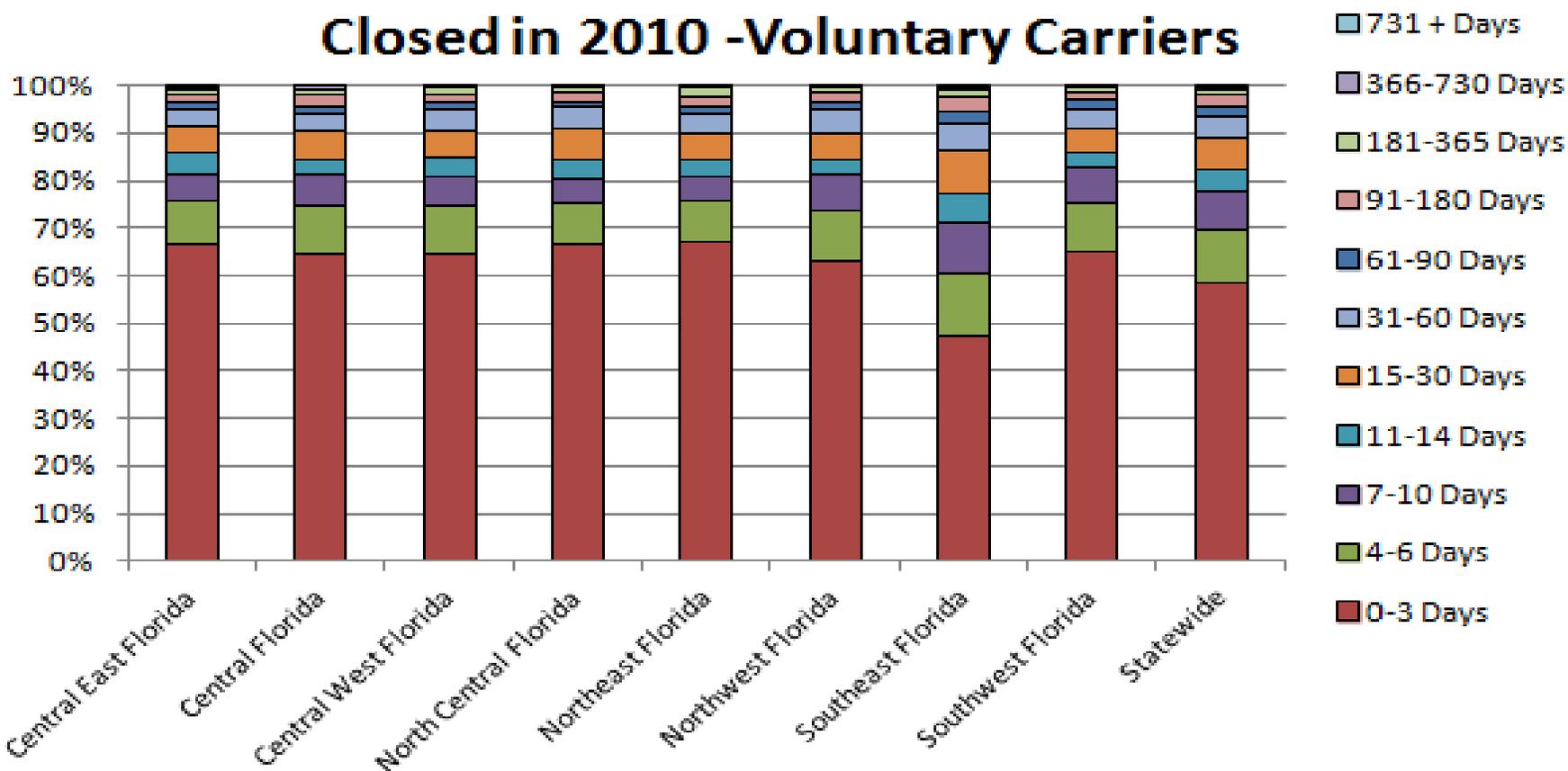
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Water Claims Days to Report Analysis



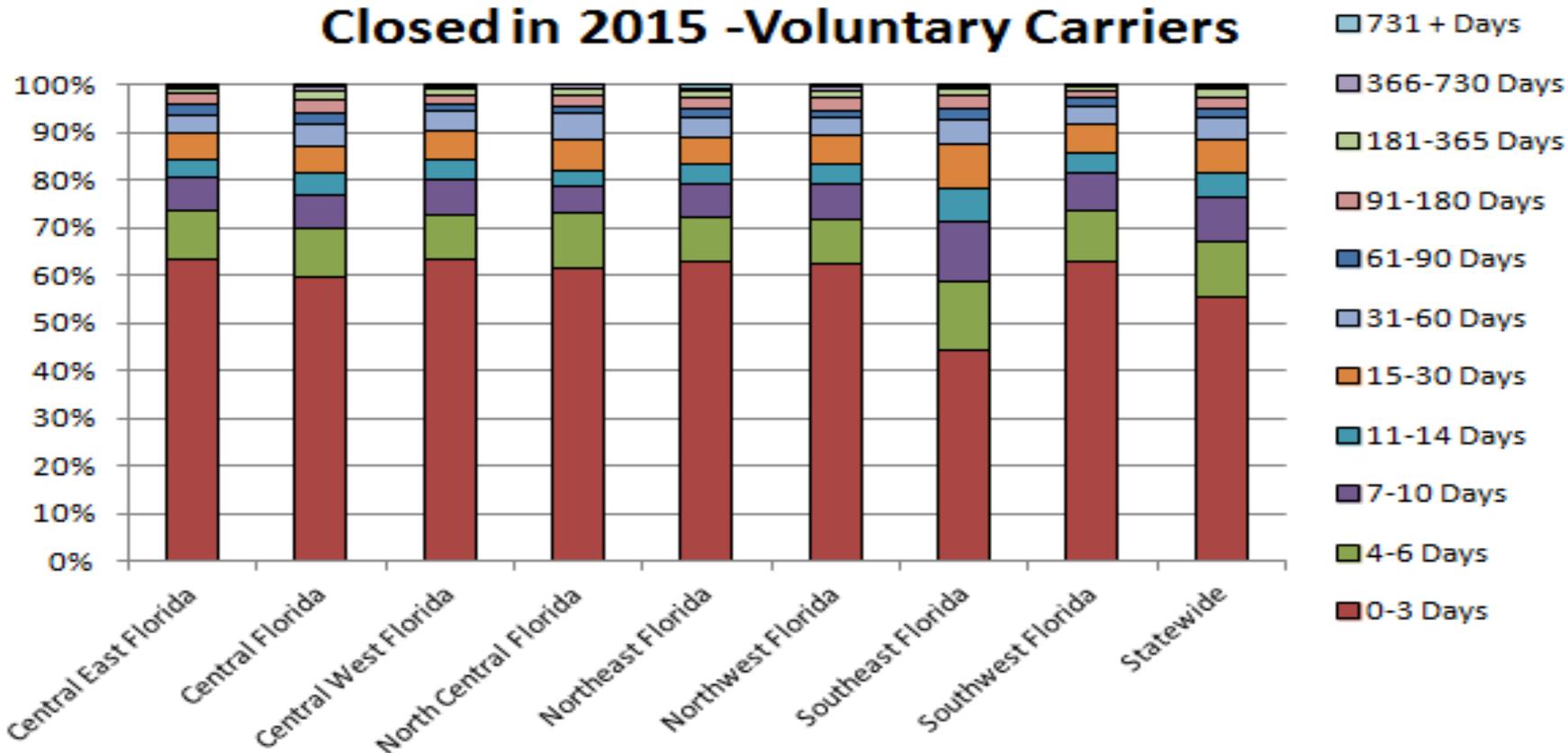
Number of Days to Report - Water Claims Closed in 2010 - Voluntary Carriers



Source: FLOIR Assignment of Benefits Data Call. Data based on claims for voluntary carriers with dates closed between 1/1/2010 and 12/31/2010. Insurer must have been able to provide a valid report date for HO-3/Dwelling Fire claims for water losses.



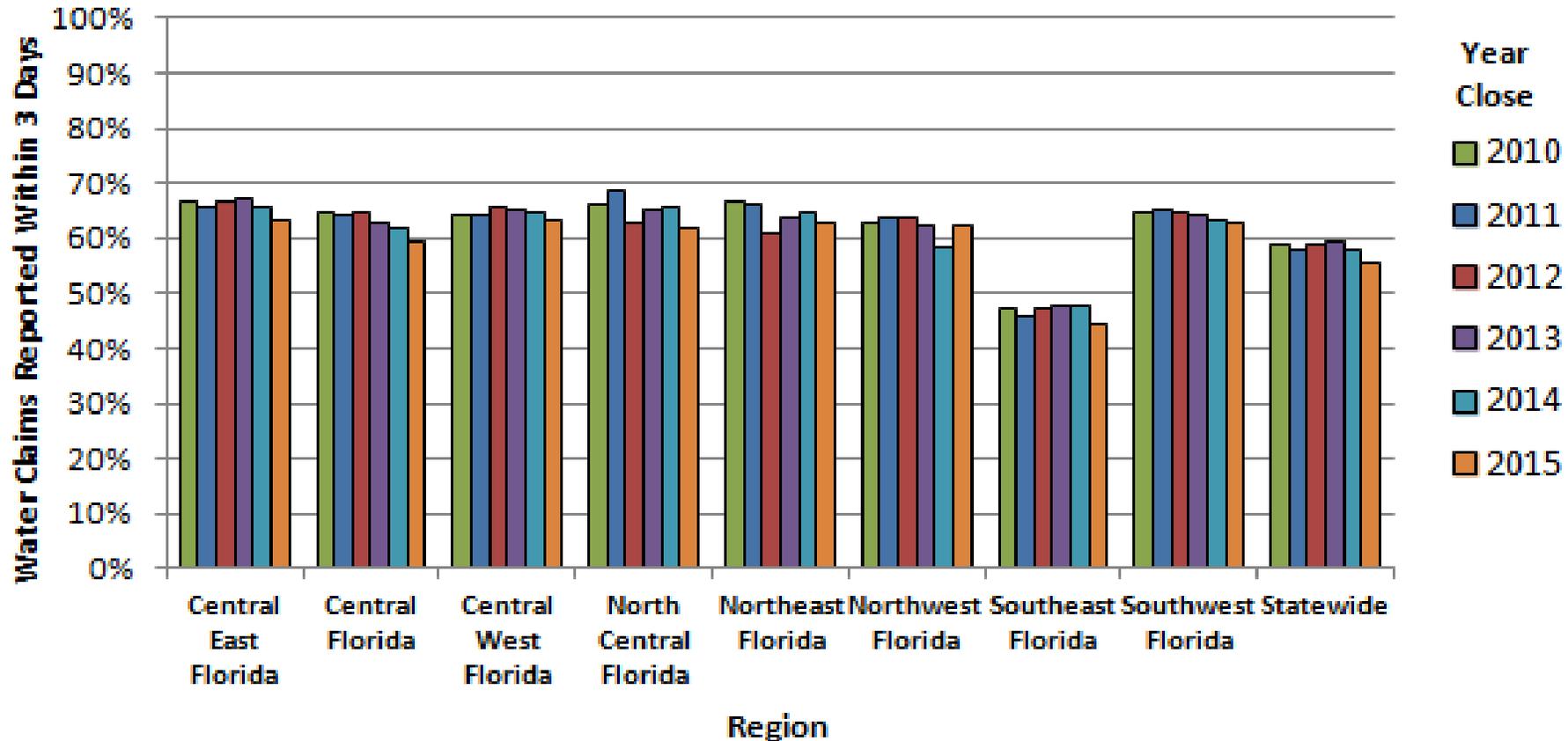
Number of Days to Report - Water Claims Closed in 2015 -Voluntary Carriers



Source: FLOIR Assignment of Benefits Data Call. Data based on claims for voluntary carriers with dates closed between 1/1/2015 and 9/30/2015. Insurer must have been able to provide a valid report date for HO-3/Dwelling Fire claims for water losses.



Percentage of Water Claims Reported Within 3 Days



Source: FLOIR Assignment of Benefits Data Call. Data based on claims for voluntary carriers with dates closed between 1/1/2010 and 12/31/2010. Insurer must have been able to provide a valid report date for HO-3/Dwelling Fire claims for water losses.



Citizens

Main Changes to HO-3 Policy (FCP 16-02737)

Emergency Measures

Filed:

Approved:

2. Temporary And Emergency Measures

- a. We will pay up to \$3,000 for the reasonable costs incurred by you for necessary and temporary measures taken solely to protect covered property from further damage, when the damage or loss is caused by a Peril Insured Against.
- b. We will not pay more than the amount in **a.** above, unless we provide you written approval to exceed the limit, but only up to the additional amount for the services we authorize.

However, if form **CIT 24** is part of your Policy and a covered loss occurs during a hurricane, as described in form **CIT 24**, the amount we pay under this additional coverage is not limited to the amount in **a.** above.

2. Reasonable Emergency Measures

- a. We will pay up to the greater of \$3,000 or 1% of your Coverage **A** limit of liability for the reasonable costs incurred by you for necessary measures taken solely to protect covered property from further damage, when the damage or loss is caused by a Peril Insured Against.
- b. We will not pay more than the amount in **a.** above, unless we provide you approval within 48 hours of your request to us to exceed the limit in **a.** above. In such circumstance, we will pay only up to the additional amount for the measures we authorize.

If we fail to respond to you within 48 hours of your request to us and the damage or loss is caused by a Peril Insured Against, you may exceed the amount in **a.** above only up to the cost incurred by you for the reasonable emergency measures necessary to protect the covered property from further damage.

- c. If however, form **CIT 24** is part of your Policy and a covered loss occurs during a hurricane as described in form **CIT 24**, the amount we pay under this additional coverage is not limited to the amount in **a.** above.
- d. A reasonable measure under this Additional Coverage **F.2.** may include a permanent repair when necessary to protect the covered property from further damage or to prevent unwanted entry to the property. To the degree reasonably possible, the damaged property must be retained for us to inspect.



Duties After a Loss

Filed:

B. Duties After Loss

We do not insure for loss caused directly or indirectly by your failure to perform the duties described in paragraphs **B.1.** through **4.** below. Such loss is excluded regardless of any other cause or event contributing concurrently or in any sequence to the loss.

In case of a loss to covered property, we have no duty to provide coverage under this Policy if the failure to comply with the following duties is prejudicial to us. These duties must be performed either by you, an "insured" seeking coverage, or a representative of either:

- 1.** Give notice to us or your insurance agent within 72 hours after you discover the loss or damage, or within 72 hours after you knew or should have known of the loss or damage.

In the event of an emergency circumstance preventing your notification to us or to your insurance agent as described above, you must:

- a.** Give us prompt notice; and
- b.** Provide supporting documentation explaining why you were unable to report your loss or damage to us or your insurance agent within 72 hours.

If in the event of an emergency circumstance, you or your representative notifies another party who provides claim support or expert claim advice regarding the loss or damage, you must provide immediate notice to us or your insurance agent.

Approved:

B. Duties After Loss

In case of a loss to covered property, we have no duty to provide coverage under this Policy if the failure to comply with the following duties is prejudicial to us. These duties must be performed either by you, an "insured" seeking coverage, or a representative of either:

- 1.** Give prompt notice to us or your insurance agent.

Except for Reasonable Emergency Measures taken under Additional Coverage **F.2.**, there is no coverage for repairs that begin before the earlier of:

- a.** 72 hours after we are notified of the loss;
- b.** The time of loss inspection by us; or
- c.** The time of other approval by us;





Insurance Consumer Advocate's Forum:

TROUBLED WATERS: FINDING A BALANCED APPROACH TO FLORIDA'S WATER LOSS CRISIS

Florida Atlantic University
June 14, 2016



Break



Insurance Consumer Advocate's Forum:

TROUBLED WATERS: FINDING A BALANCED APPROACH TO FLORIDA'S WATER LOSS CRISIS

Florida Atlantic University
June 14, 2016



Alan Haskins, Director
Governmental Affairs
National Insurance Crime Bureau



A Broader Perspective: National Water Damage Claims

Alan Haskins

Director of Government Affairs

June 14, 2016

Mission

- To lead a united effort of insurers, law enforcement agencies and representatives of the public to prevent and combat insurance fraud and crime through Data Analytics, Investigations, Training, Legislative Advocacy and Public Awareness.

Key Facts

- Non-profit organization
- 1,100 P&C insurance companies, rental car companies and self-insureds
- 103-year history of established cooperation with federal, state and local law enforcement agencies
- Corporate Headquarters – Chicago
- 380+ employees (investigators - former federal, state and local law enforcement)
- 2015 Revenue – \$49M

NICB Disciplines



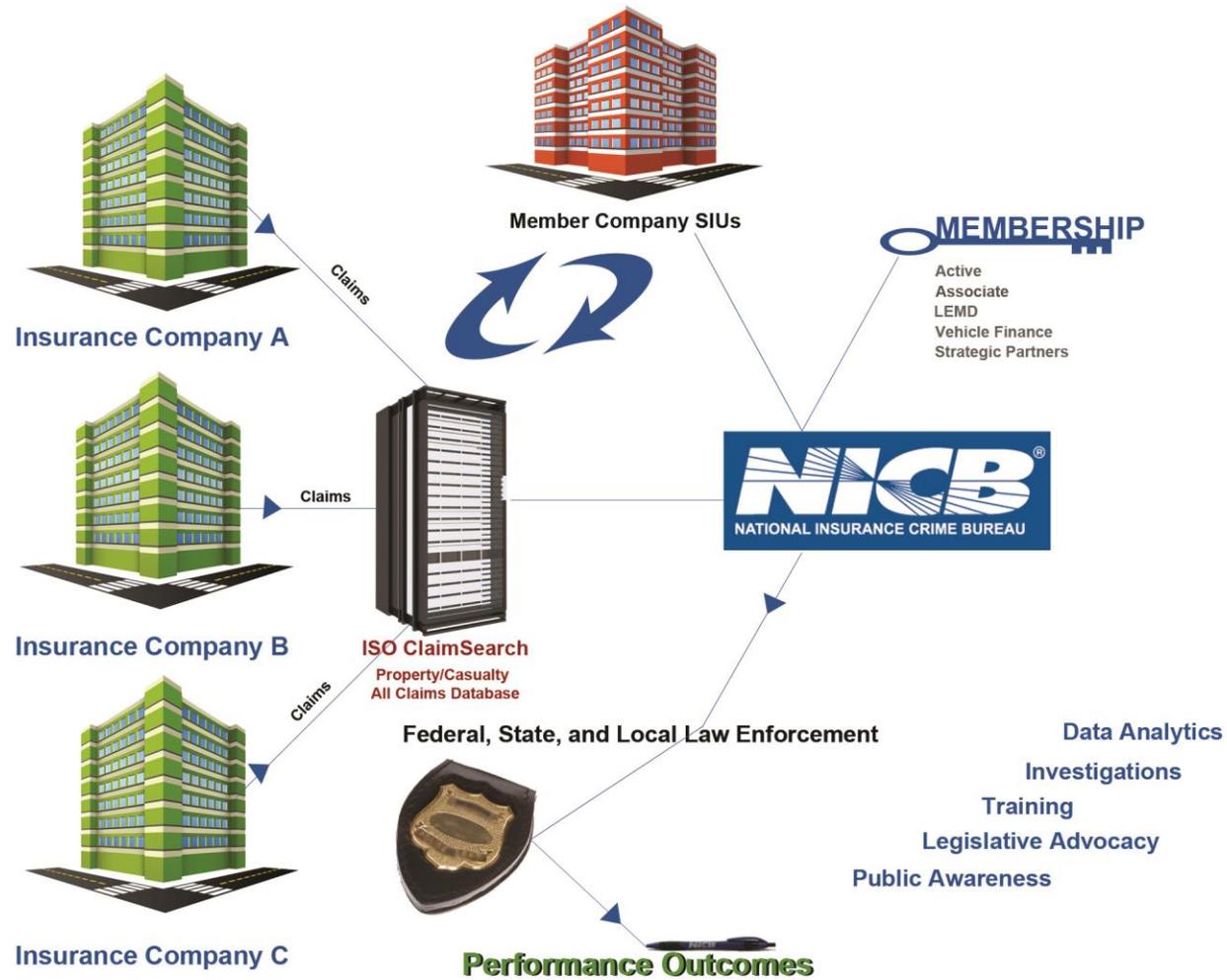
- Data Analytics
- Investigations
- Training
- Legislative Advocacy
- Public Awareness



Foreign Operations
The Foreign Operations Office is located in Chula Vista, CA and is responsible for repatriation of stolen vehicles from all countries outside the United States border.

	<u>Director of Operations</u>	<u>Location</u>	<u>Phone</u>	
Midwest Region	George C. Worsham	Chicago, IL	800-447-6282	James Schweitzer - Chicago, IL Senior Vice President and Chief Operating Officer Director of Property and Casualty Operations (Commercial) Mary Aftanas - Baumann - Chicago, IL 847-544-7021 Director of Vehicle Operations Ivan Blackman - Chicago, IL 847-544-7042 Vice President, Data Analytics Brian Smidt - Chicago, IL 847-544-7026
Northwest Region	Dana MacDonald	Seattle, WA	888-241-8130	
West Region	Robert Jones	Los Angeles, CA	888-815-9064	
	Ralph Lumpkin	Los Angeles, CA	888-815-9064	
Southwest Region	Frederick Lohmann	Dallas, TX	888-241-8127	
Southeast Region	Dennis Russo	Tampa, FL	888-241-8270	
Mid-Atlantic Region	Gary Healy	Washington, DC	888-241-7159	
New York Region	Kevin Gallagher	New York, NY	888-241-8280	
Northeast Region	Keith Carlough	Hartford, CT	888-306-7710	
Foreign Operations	Ralph Lumpkin	Chula Vista, CA	888-241-5021	

NICB Business Model



Insurance Service Office (ISO)



- ISO ClaimSearch[®] is the property/casualty insurance industry's first and only comprehensive system for improving claims processing and fighting fraud.
- Each year, participating insurers and other organizations submit tens of millions of reports on individual insurance claims. ISO stores those reports in a single database that helps insurers, self-insurers, law enforcement agencies, and state fraud bureaus detect and prevent fraud, evaluate risk, and process meritorious claims.
- The ISO ClaimSearch system furnishes essential data for researching prior-loss histories, identifying claims patterns, and detecting suspect claims. ISO's Internet interface lets users conduct broad and flexible searches of the data.

Water Damage Claims

- NICB's 2014 – 2015 ForeCAST report illustrates the trends in Water Damage claims in the U.S.
- Water Damage claims in all Policy Types
- Identified 2.8 million claims
- 1% increase

Water Damage Claims

For the purpose of this study, water damage can be defined as property damage due to accidental discharge, leakage, or overflow of water from plumbing systems, heating, air conditioning, and refrigerating systems, rain or snow through broken doors, open doors, windows, and skylights resulting in damage or destruction of the property scheduled in the policy.

By Month of Loss

Water Damage Claims 2014 - 2015: By Month of Loss				
Month	2014	2015	Monthly Average	Monthly Total
January	204,581	111,593	158,087	316,174
February	140,422	173,849	157,136	314,271
March	109,796	132,753	121,275	242,549
April	110,165	99,412	104,789	209,577
May	111,345	112,269	111,807	223,614
June	113,045	130,761	121,903	243,806
July	109,595	118,711	114,153	228,306
August	125,793	107,785	116,789	233,578
September	103,734	102,582	103,158	206,316
October	88,223	117,868	103,046	206,091
November	81,694	91,986	86,840	173,680
December	90,884	103,485	97,185	194,369
Totals	1,389,277	1,403,054		

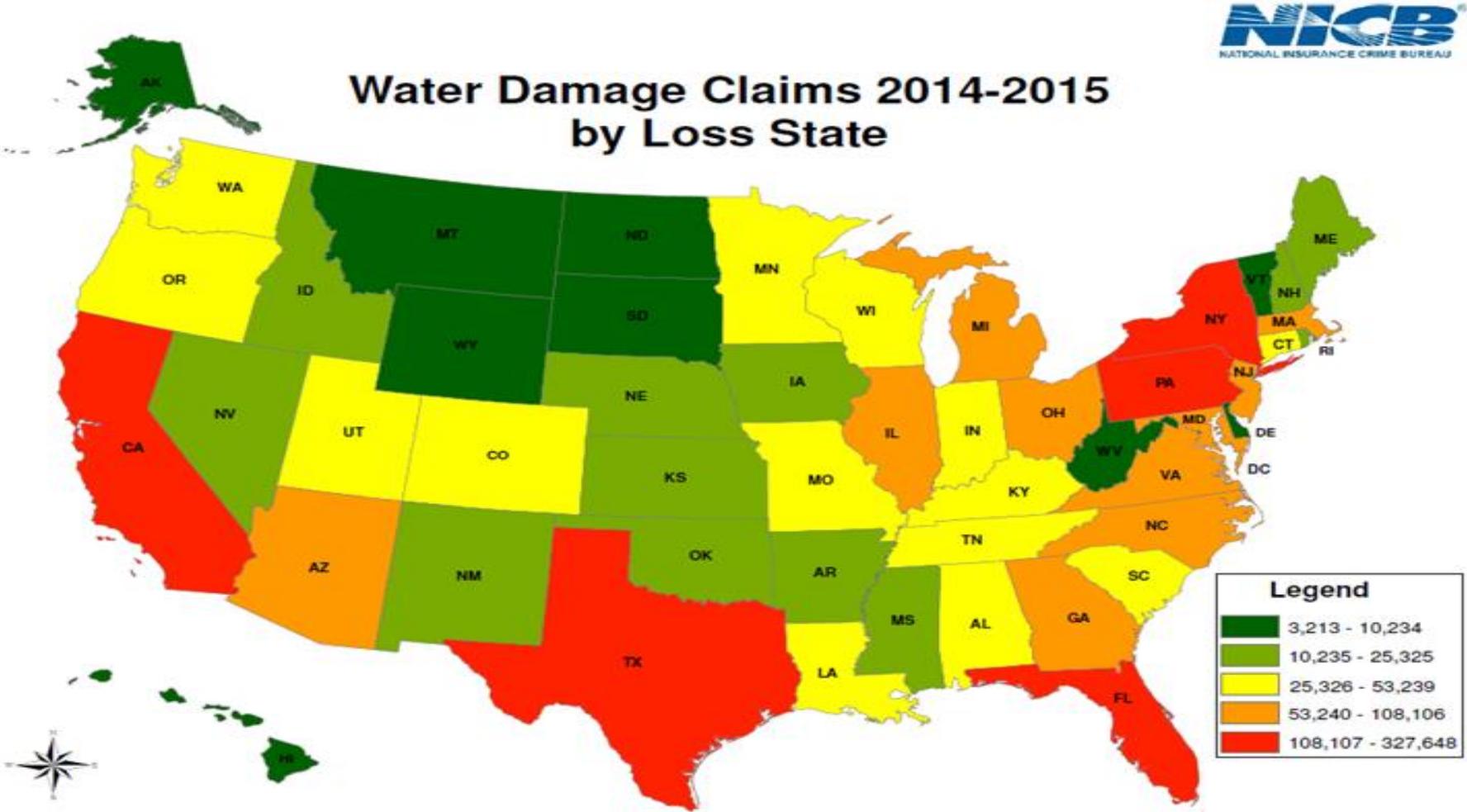
Top 10 States



Water Damage Claims 2014-2015: Top 10 States				
State	2014	2015	Total	Percent change 2014-2015
California	172,128	155,520	327,648	-10%
Florida	105,473	119,749	225,222	14%
Texas	100,445	122,527	222,972	22%
New York	69,415	75,975	145,390	9%
Pennsylvania	75,687	68,101	143,788	-10%
Georgia	56,157	51,949	108,106	-7%
Illinois	55,001	40,378	95,379	-27%
Massachusetts	30,081	64,725	94,806	115%
Virginia	43,789	46,455	90,244	6%
North Carolina	42,911	45,496	88,407	6%
Yearly Top 10 Total	751,087	790,875		
Top 10: Percent of Yearly Total	54%	56%		

Note: Percentages have been rounded to the nearest whole number.

2014-2015 Water Damage Claims



Top 10 Cities

Flood/ Water Damage Claims 2014 - 2015: Top 10 Loss Cities				
City	2014	2015	Total	% Change 2014-2015
San Antonio, Texas	8,863	10,481	19,344	18%
Chicago, Illinois	11,234	7,996	19,230	-29%
Houston, Texas	8,022	10,462	18,484	30%
San Diego, California	8,812	9,115	17,927	3%
Miami, Florida	7,045	8,446	15,491	20%
New York, New York	7,794	7,382	15,176	-5%
Philadelphia, Pennsylvania	8,051	6,938	14,989	-14%
Phoenix, Arizona	6,846	5,754	12,600	-16%
Las Vegas, Nevada	6,208	6,363	12,571	2%
Baltimore, Maryland	6,583	5,784	12,367	-12%
Yearly Total Of Top 10 Cities	79,458	78,721		

Note: Percentages have been rounded to the nearest whole number.

2014-2015 Florida Water Damage Claims: Top 10 Cities



2014-2015 Florida Water Damage Claims: Top 10 Cities				
City	2014	2015	Total Claims 2014-2015	% change 2014-2015
Miami	7,032	8,429	15,491	20%
Orlando	5,738	6,553	12,291	14%
Jacksonville	3,678	4,426	8,104	20%
Tampa	2,627	3,973	6,600	51%
Boca Raton	2,468	2,796	5,264	13%
Fort Lauderdale	1,846	2,152	3,998	17%
Naples	2,235	2,367	4,602	6%
Hialeah	1,041	1,262	2,303	21%
Hollywood	1,352	1,668	3,020	23%
Pembroke Pines	1,496	1,663	3,164	11%
Yearly Total Of Top 10 Cities	29,513	35,289	64,837	20%

Note: Percentages have been rounded to the nearest whole number.

Conclusions

- Water damage claims are the highest in winter months
- California and Florida lead the nation
- Miami in top 5 cities up 20%
- Florida's top 10 cities are up 20%
- Southeast Florida hit hardest

Questions

- NICB Contacts:
 - Alan Haskins, 847-544-7075, ahaskins@nicb.org

- Thank you!



Insurance Consumer Advocate's Forum:

TROUBLED WATERS: FINDING A BALANCED APPROACH TO FLORIDA'S WATER LOSS CRISIS

Florida Atlantic University
June 14, 2016



Lunch

Forum will resume at 1:00



Insurance Consumer Advocate's Forum:

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Florida Atlantic University
June 14, 2016



Welcome



Insurance Consumer Advocate's Forum:

TROUBLED WATERS: FINDING A BALANCED APPROACH TO FLORIDA'S WATER LOSS CRISIS

Florida Atlantic University
June 14, 2016



Paresh Patel, President & CEO
Homeowners Choice Property & Casualty
Insurance Company

Homeowners Choice

- About Us
- Numbers
- Possible Solutions

About Homeowners Choice

- Top Ten Carrier in Florida
- 157,000 Policies in Force (60,000 in Tri-County)
- 26,000 Tri-County customers have been 5+ years
- Handled 43,000 claims for \$440M
- 23,000 Claims in Tri-County
- Currently implementing 5% rate decrease

How Are Rates Set?

- Rates are calculated by Independent Actuaries
- Rates have to be approved by FLOIR
- Rates are set by looking at historical expenses and trends
 - Reinsurance
 - Administrative
 - Incurred Losses

Rate Trends

- Reinsurance costs are down
 - No hurricanes
 - Better Capital markets
 - Buying efficiency
- Administrative expenses are flat
- Incurred losses are up 50% in past two years in Tri-County
- Tri-County is 38% of business but 88% of lawsuits
- Multiple lawsuits on same claim
- Next rate adjustment is indicated to be much higher

Cause of Increased Losses

- Almost entirely due to AOB and lawsuits
- Each lawsuit adds approximately \$9,000 in legal fees
- About \$2,000 more in Indemnity
- Across our 26,000 long term Tri-County customers, 600 such claims a year
- Means \$6,600,000 in increased losses
- Or \$250 per customer

*numbers are approximate based on aggregated data

Summary

- 26,000 customers get charged additional \$250
- To Benefit
 - 600 policyholders \$2,000 on average
 - lawyers about \$5,400,000 in total
- We think that is unfair to 25,000+ people

Possible Solutions

- Legislative / Regulatory Remedy
- Increase Rates on all 26,000 Insureds
- Allow Insureds to Choose
 - Retain current process and pay higher rates
 - Agree to claim escalation process for lower rates



Insurance Consumer Advocate's Forum:

TROUBLED WATERS: FINDING A BALANCED APPROACH TO FLORIDA'S WATER LOSS CRISIS

Florida Atlantic University
June 14, 2016



Barry Gilway, President, CEO &
Executive Director
Citizens Property Insurance Corporation

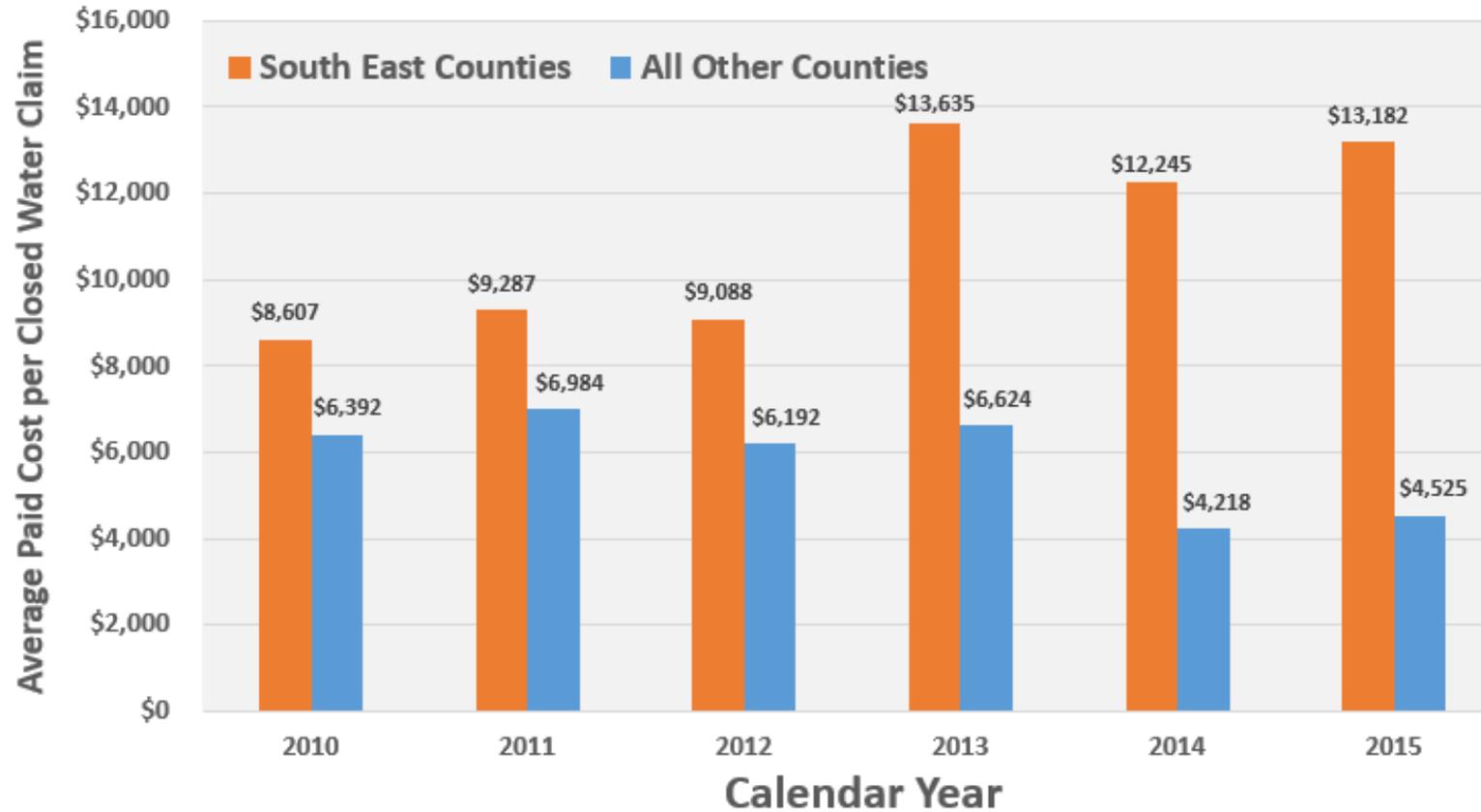
ICA Forum: Finding a Balanced Approach to Florida's Water Loss Crisis

June 2016

Barry Gilway, President/CEO



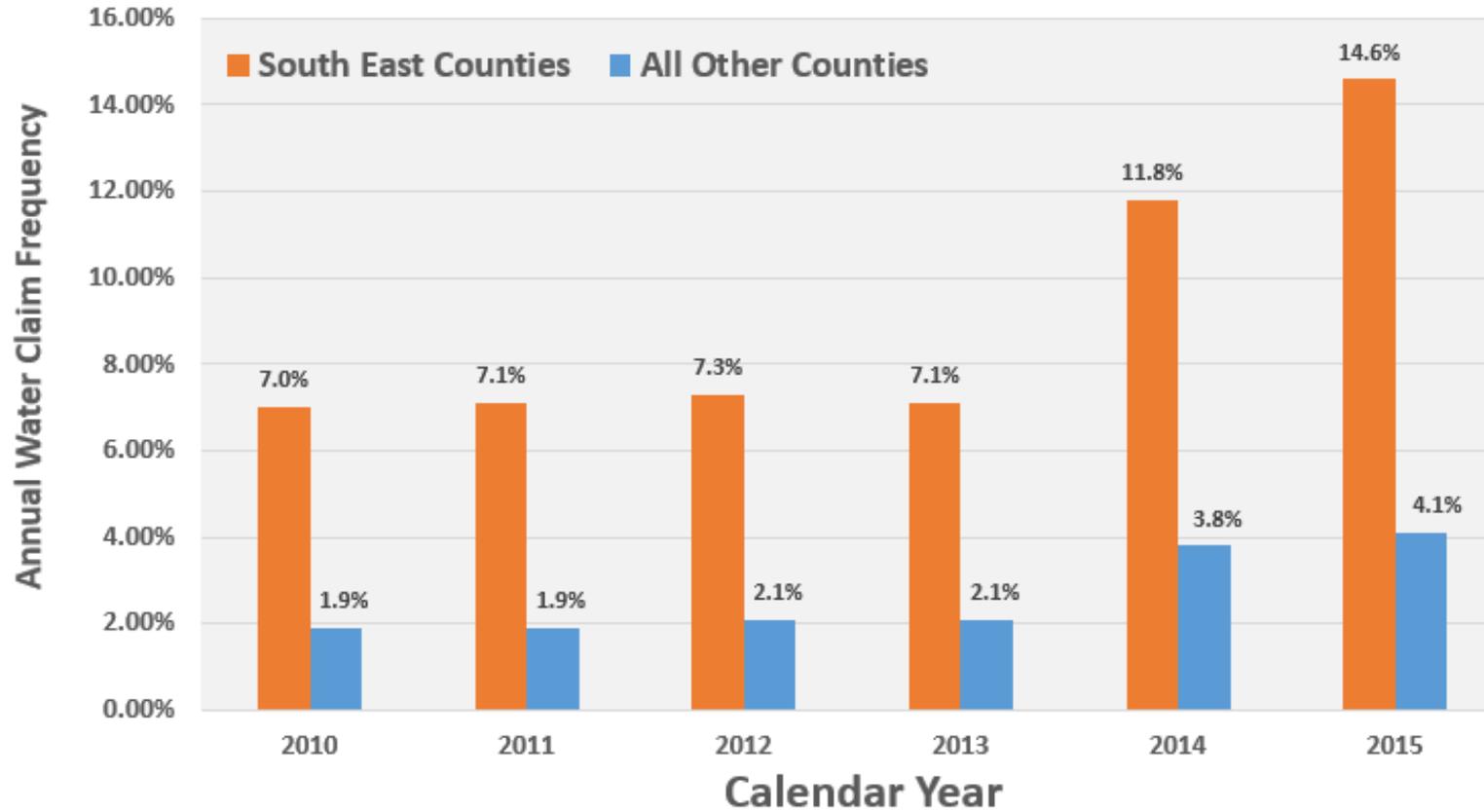
The Average Cost of Water Claims Is Increasing in the South East Region



NOTES:

- 1) Figure above shows calendar year trends based on paid water losses and water claims closed in the calendar period for Homeowners policies
- 2) **South East Counties** include Palm Beach, Broward, and Miami-Dade counties

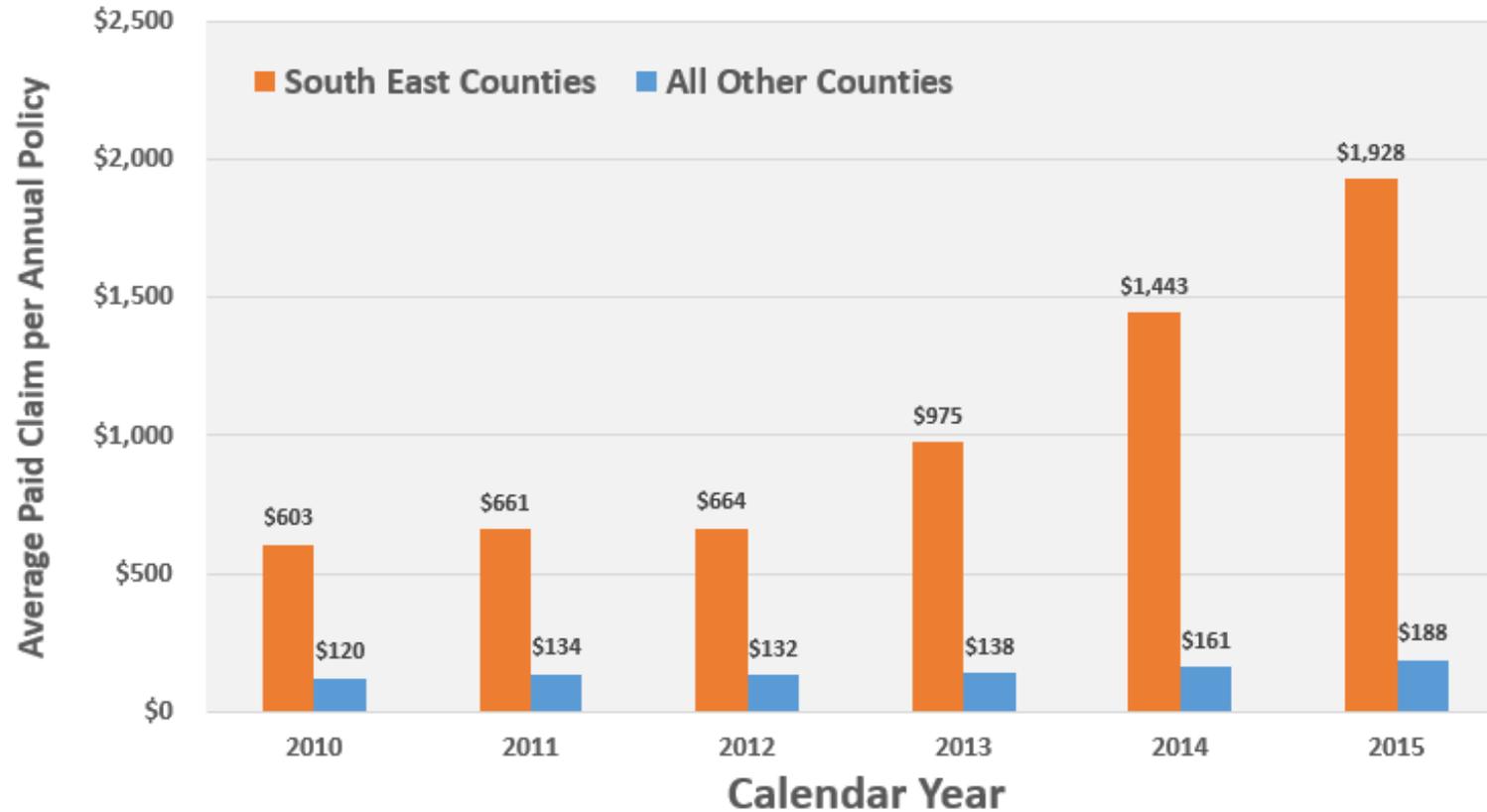
Water Claim Frequency Has Increased in Recent Years



NOTES:

- 1) Figure above shows calendar year trends based on paid water losses and water claims closed in the calendar period for Homeowners policies
- 2) **South East Counties** include Palm Beach, Broward, and Miami-Dade counties

Water Losses: A Significant Cost Driver

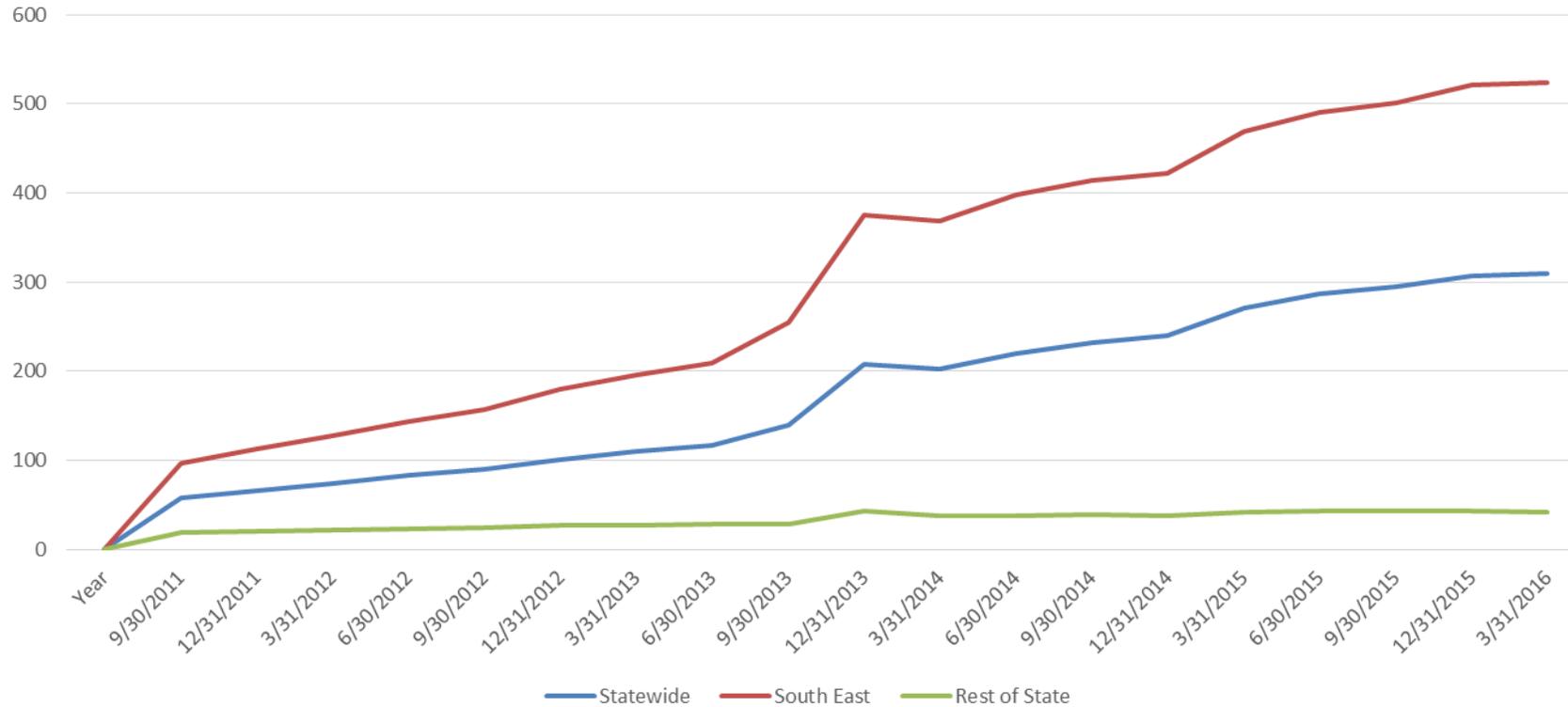


NOTES:

- 1) Figure above shows calendar year trends based on paid water losses and water claims closed in the calendar period for Homeowners policies
- 2) **South East Counties** include Palm Beach, Broward, and Miami-Dade counties



Average Water Loss Adjusting Expenses are Increasing



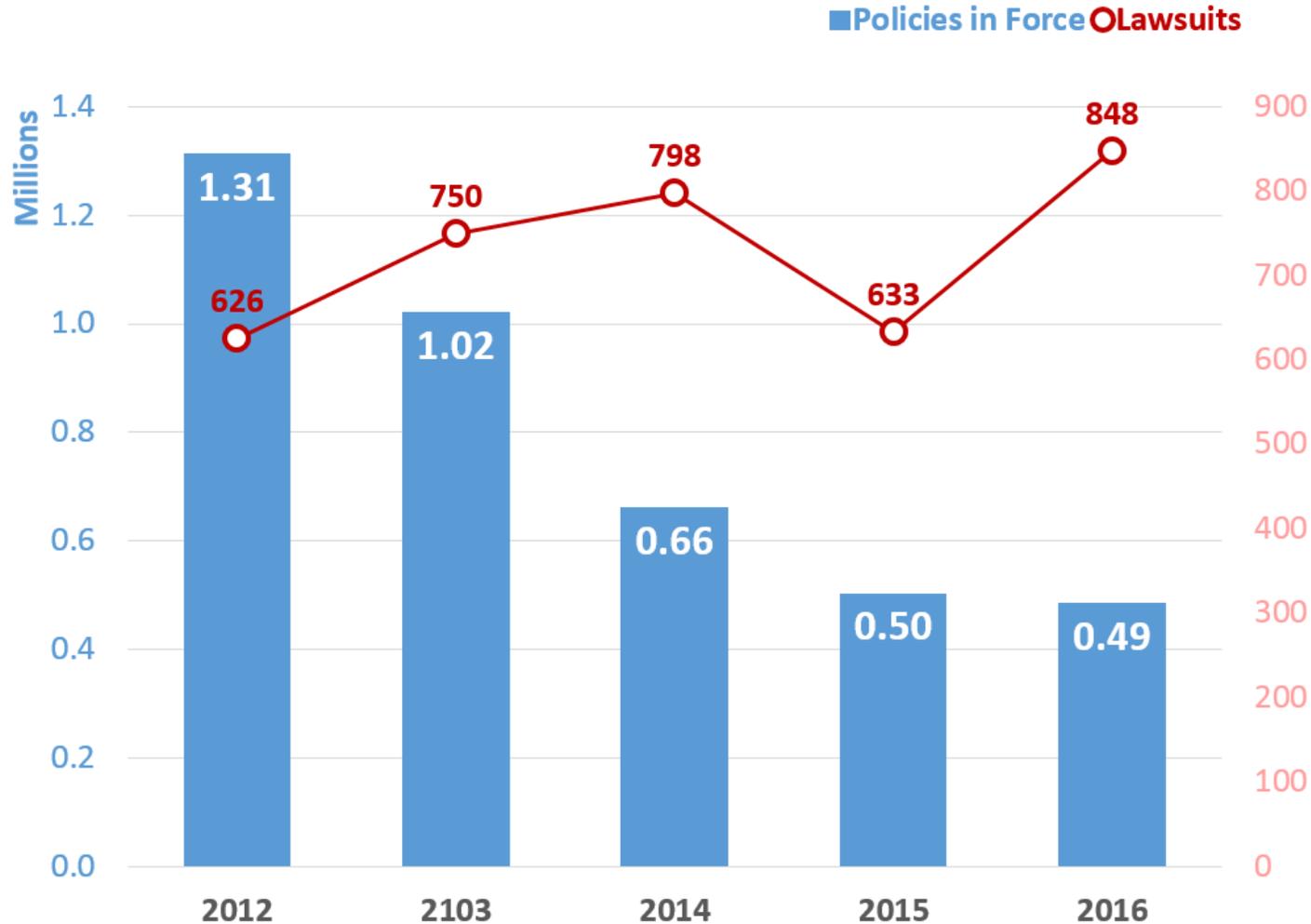
NOTES:

- 1) Figure above shows average loss adjustment expenses for Homeowners policies for water only.
- 2) **South East Counties** include Palm Beach, Broward, and Miami-Dade counties



Calendar Year Loss Adjustment Expense Cost

Calendar Year End	Statewide LAE Cost	South East LAE Cost	Rest of State LAE Cost
2011	\$66	\$112	\$20
2012	\$101	\$179	\$26
2013	\$207	\$375	\$43
2014	\$240	\$422	\$38
2015	\$307	\$521	\$43
Mar 2016	\$309	\$523	\$41



In March Citizens received over 1,000 lawsuits – **the highest in our history.**

Water Lawsuits by Opposing Counsel

WATER LAWSUITS

	2014	2015	2016	Grand Total	% of Grand Total
Strems Law Firm, P.A.	768	528	261	1,557	10%
Morgan Law Group, P.A.	382	307	140	829	5%
Militzok & Levy, P.A.	305	254	144	703	5%
Marin, Eljaiek & Lopez, PL	317	229	95	641	4%
Trujillo Vargas Ortiz & Gonzalez, LLP	278	259	87	624	4%
Kenneth R. Duboff, P.A. (Duboff Law Firm)	273	170	127	570	4%
The Cardenas Law Group, P.A.	271	167	72	510	3%
Cohen Battisti & Grossman, P.A.	201	201	57	459	3%
Mineo Salcedo Law Firm, P.A.	172	120	104	396	3%
Law Offices of Leo A. Manzanilla, P.A.	258	123	4	385	3%
Tabares Law, P.A.	101	147	65	313	2%
Law Offices of Michael Biberman, P.A.	178	127		305	2%
Law Offices of Marcote & Marcote De Moya, PLLC	60	140	38	238	2%
The Diener Firm, P.A.	48	89	83	220	1%
Ligman Martin, P.L.	1	143	71	215	1%
Greenberg, Stone & Urbano, P.A.	105	77	20	202	1%
Rogatinsky & Matthews, P.A.	92	68	22	182	1%
Joseph W. Ligman, P.A.	163	18		181	1%
Benjamin Legal Group, P.A.	60	91	29	180	1%
Cernitz & Shanbron, P.A.	89	62	25	176	1%
Grand Total	6,540	5,713	3,123	15,376	100%

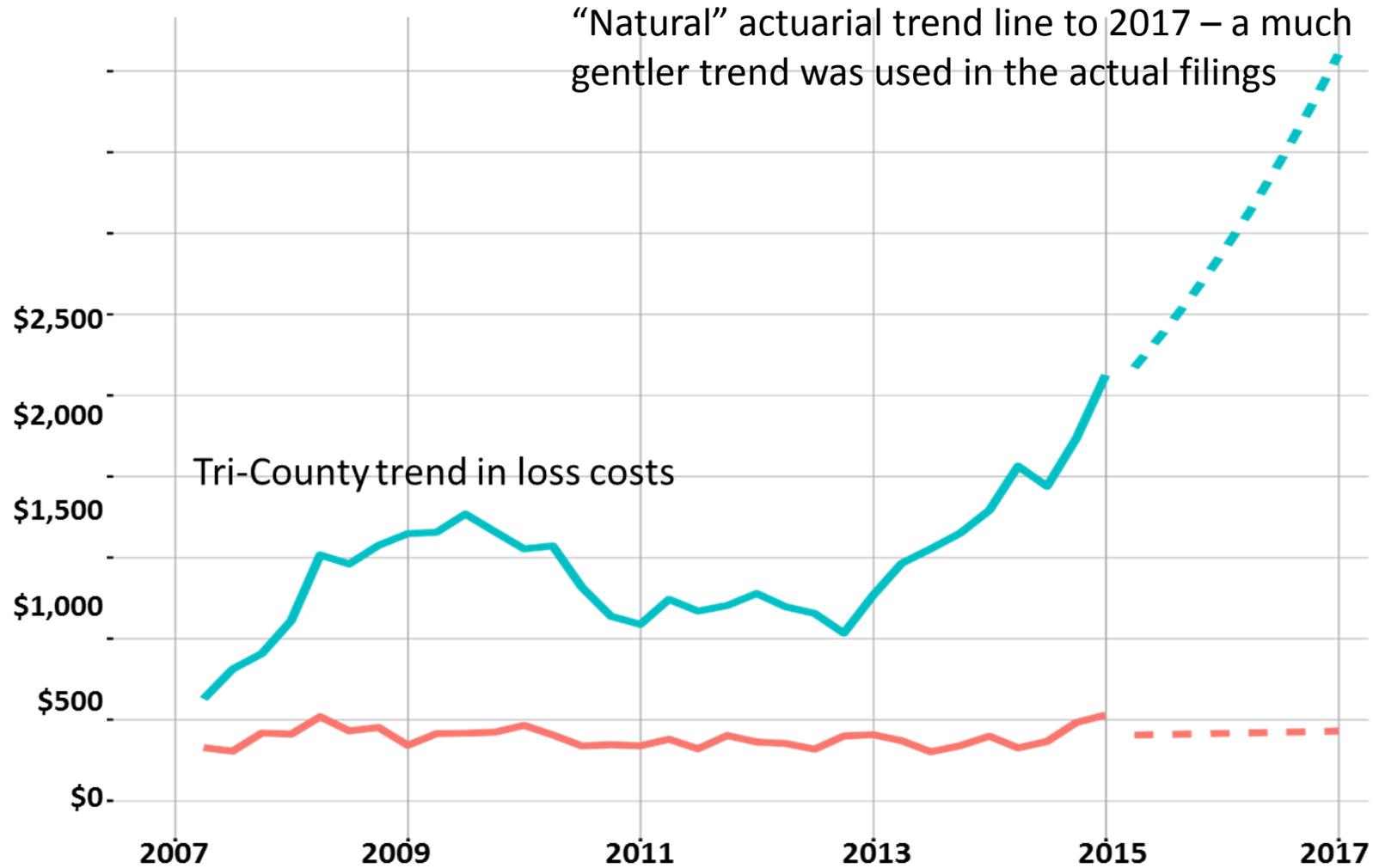


AOB Lawsuits by Opposing Counsel

AOB LAWSUITS					
	2014	2015	2016	Grand Total	% of Grand Total
Cohen Battisti & Grossman, P.A.	252	240	63	555	16%
Trujillo Vargas Ortiz & Gonzalez, LLP	105	89	42	236	7%
Mineo Salcedo Law Firm, P.A.	57	84	83	224	6%
MAS Collections, LLC	27	106	47	180	5%
Marin, Eljaiek & Lopez, PL	118	26	30	174	5%
Militzok & Levy, P.A.	22	60	52	134	4%
The Diener Firm, P.A.	17	46	71	134	4%
Consumer Law Office, P.A.	54	15	64	133	4%
Law Offices of Michael Biberman, P.A.	55	64	1	120	3%
The Cardenas Law Group, P.A.	87	15	6	108	3%
The Gilchrist Law Firm P.A.		50	41	91	3%
Regueyra & Llerandi P.L	1	21	32	54	2%
Malik Law, P.A.	28	14	12	54	2%
David Low, P.A.	7	14	31	52	1%
Morgan Law Group, P.A.		21	31	52	1%
Mario Serralta & Associates		17	28	45	1%
Florida Professional Law Group, PLLC	10	27	7	44	1%
Perkins Law Offices, P.A.	17	15	9	41	1%
Insurance Litigation Group, PA		6	32	38	1%
The Hernandez Legal Group	4	13	18	35	1%
Grand Total	1,066	1,264	1,238	3,568	100%

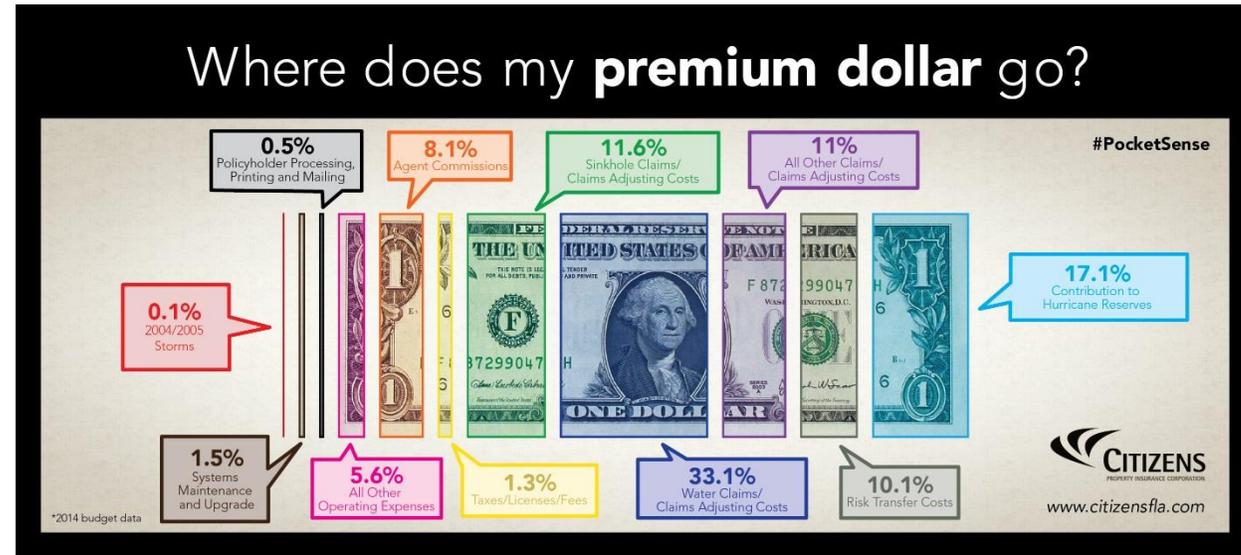
- Percentage of litigated claims with AOB 46.9% (in 2015) up from 9.6% in 2012
- AOB doubles the severity of non-litigated claims
- Litigation then doubles the severity of already inflated non-litigated claims
- Litigation triples the severity of non-AOB claims
- Tri-County non-litigated claims with AOB cost 74% more than with no AOB; 116% more in the rest of the state
- Percentage of claims reported with representation at First Notice of Loss (FNOL) Tri-County 90%; rest of the state 27.3%
- Percentage of claims in litigation with representation at FNOL – Tri-County 90%; rest of the state 27.3%
- Average water claim reported 33 days after event
- A recent ARTSSI report showed that AOB utilization was more prevalent on claims from newer homes than from older homes.

AOB Frequency and Severity Impact on Loss Costs

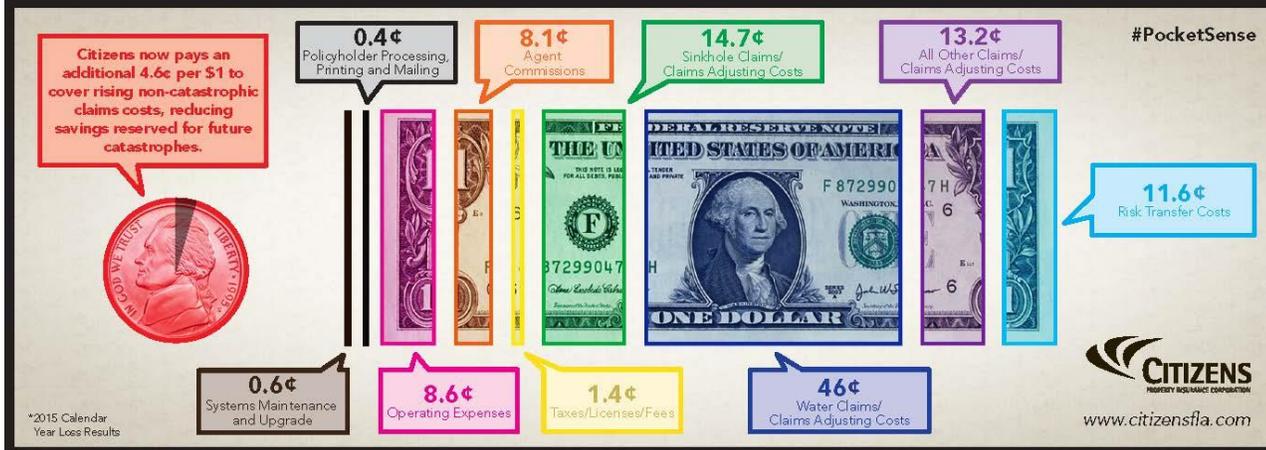


Threats to Financial Strength – Statewide

2014



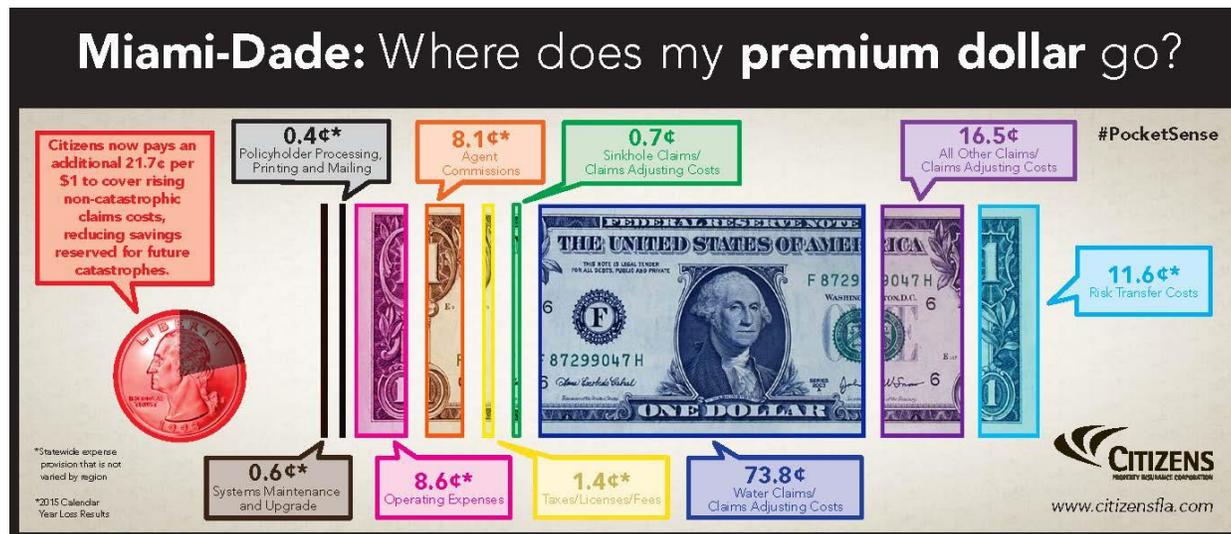
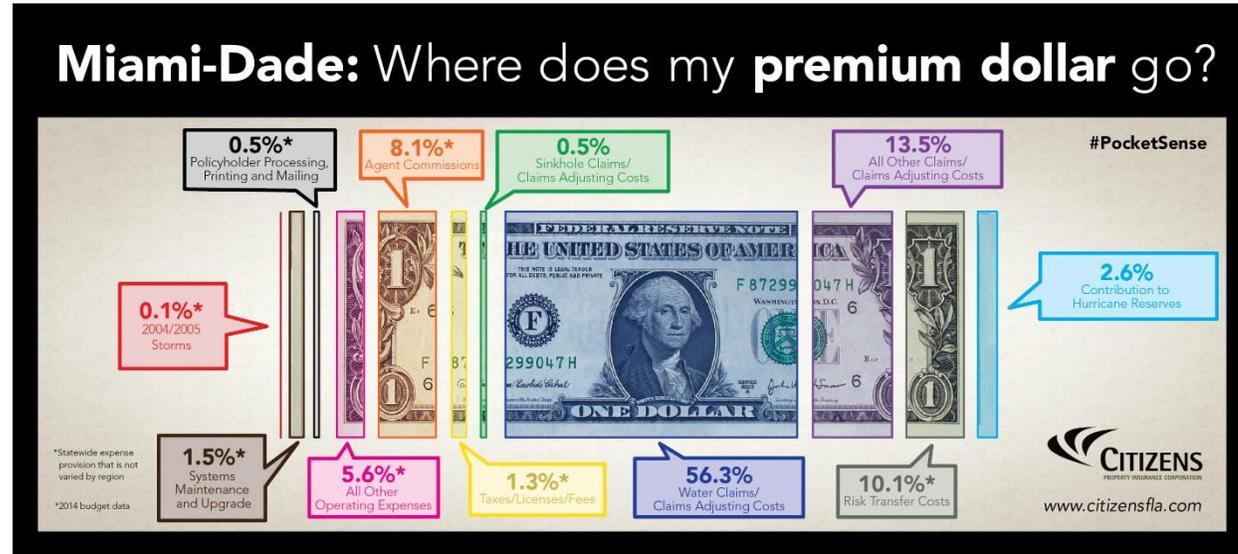
Where does my premium dollar go?



2015

Threats to Financial Strength – Miami-Dade

2014



2015

- Educate Consumers and Stakeholders
 - Call Citizens First Campaign
 - Messaging at committee and board meetings, business events, agent associations, legislative meetings, direct mail campaign, FPERN co-sponsor for 2016 hurricane season
- Claims Center of Excellence
 - Dedicated to AOB and water damage
 - Three in-house teams assigned to South Florida
- Optimize the Product
 - Policy language to encourage appraisal
 - Policy form changes which address prompt reporting of loss/reasonable emergency measures and requirements for permanent repair
- Contractor Repair Program
- SIU strengthened to 33 staff
- Water mitigation bill review for conformity with IICRC standards

PROPERTY DAMAGE?

Contact Us "BEFORE" You File An Insurance Claim.

The insurance company will send out their "own" adjuster and you'll need us to represent you to **MAXIMIZE YOUR CLAIM!**



HURRICANE FLOOD PLUMBING FIRE ROOF LEAK MOLD

- ✓ Commercial & Residential Claims
- ✓ Thousand of Satisfied Customers
- ✓ Millions \$ In Recovery Settlements
- ✓ Reopen Old Claims
- ✓ Experienced Adjusters
- ✓ Business Loss of Income
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WINDSTORM INSURANCE NETWORK Public Adjusting Services

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This is solicitation for business. If you have had a claim for an insured property loss or damage and you are satisfied with the payment by your insurer, you may disregard this advertisement.

YOUR INSURANCE COMPANY MAY OWE YOU MONEY!

We maximize and expedite your Insurance claim, whether it's a reopen claim or new insurance claim.

Reasons to Call

- Hurricanes
- Tornados
- Flood
- Mold
- Roof Leaks
- Kitchen Leaks
- Vandalism
- Fires
- Broken Pipe
- Air Conditioning Leaks
- Water Damage
- Loss by Collapse
- Bathroom Leaks
- Policy Review

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THIS IS A SOLICITATION FOR BUSINESS. IF YOU HAVE HAD A CLAIM FOR AN INSURED PROPERTY LOSS OR DAMAGE AND YOU ARE SATISFIED WITH THE PAYMENT BY YOUR INSURER, YOU MAY DISREGARD THIS ADVERTISEMENT.



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Questions and Answers



Insurance Consumer Advocate's Forum:

TROUBLED WATERS: FINDING A BALANCED APPROACH TO FLORIDA'S WATER LOSS CRISIS

Florida Atlantic University
June 14, 2016



Paul Handerhan, Senior VP of Public Policy
Florida Association for Insurance Reform

Florida's Consumer Advocate

Water Claims Forum



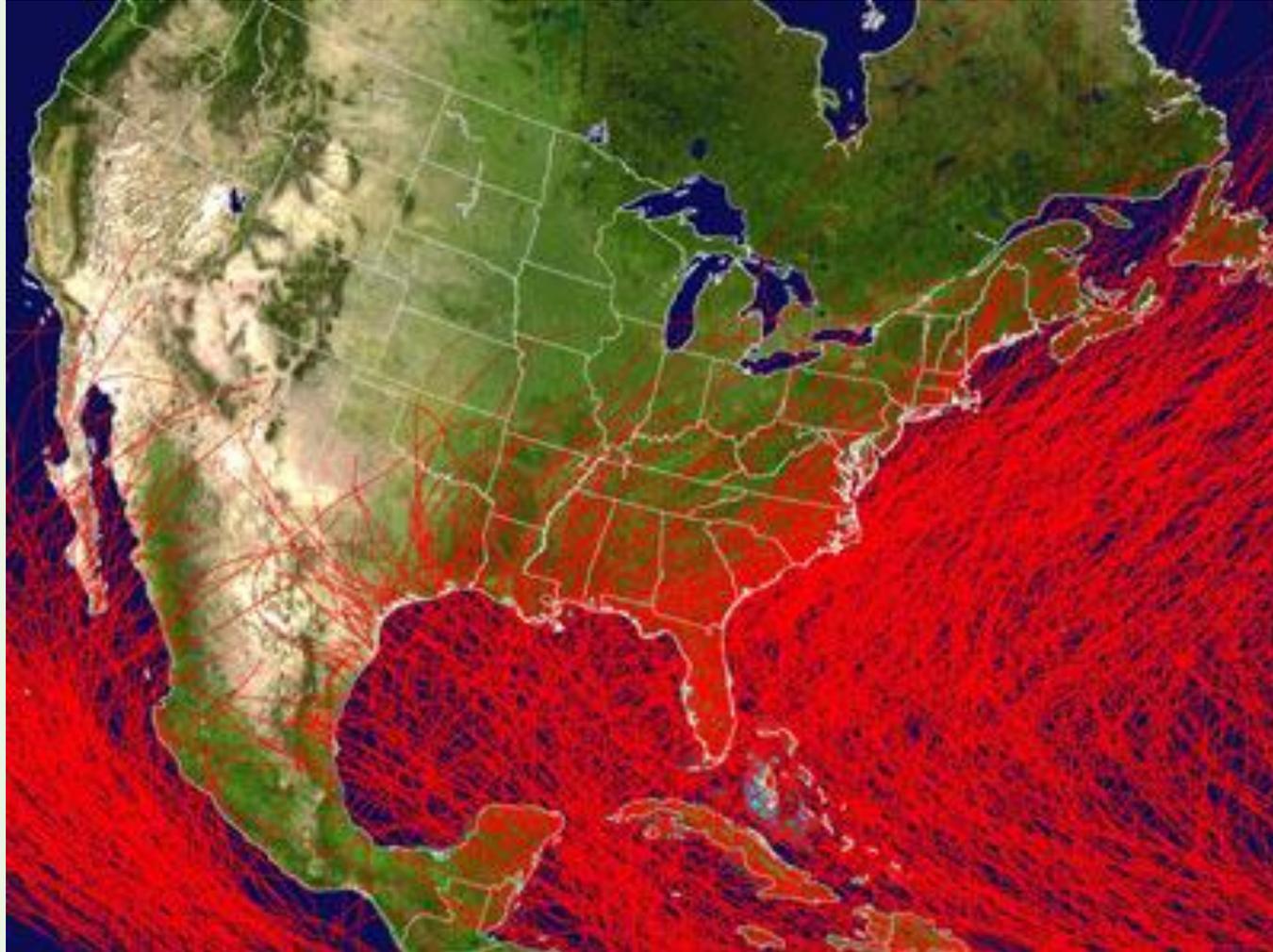
How Did We Get Here?

Florida Ranks #1 for Wind Risk

Florida Ranks #1 with a 95% score of the 18 states most vulnerable to catastrophic hurricanes along the Atlantic Coast and Gulf of Mexico Source: *“Rating The States: An Assessment of Building Code and Enforcement Systems for Life Safety and Property Protection in Hurricane-Prone Regions”*

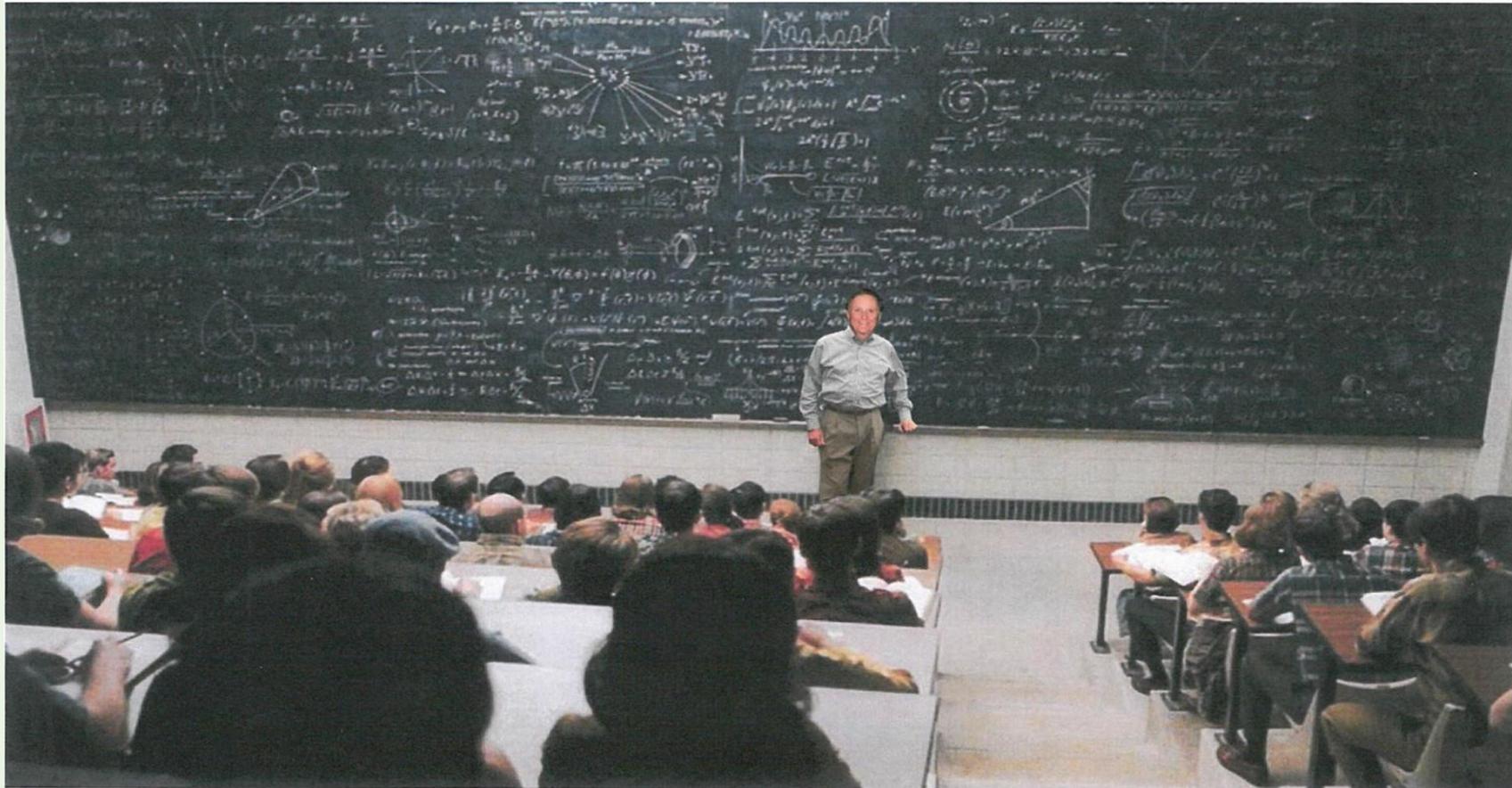


Hurricane Paths Since 1851



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Florida's Property Insurance Market 101



Florida's Major Insurance Institutions



Florida Hurricane Catastrophe Fund

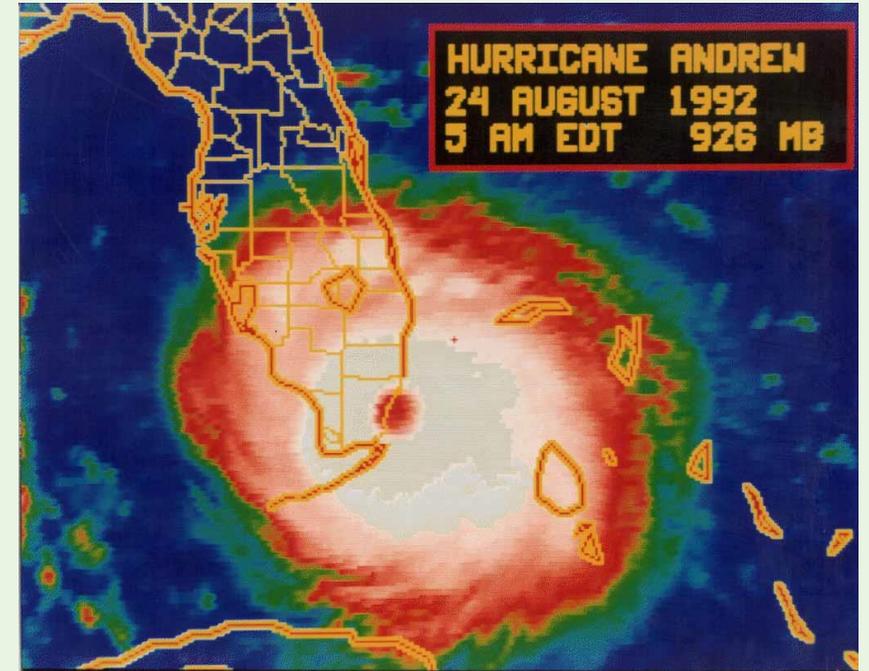
State of Florida Role in Property Insurance

“The Three Institutions”

- FIGA (Florida Insurance Guarantee Association)
 - Pays claims when a private market carrier becomes insolvent.
- FHCF (Florida Hurricane Catastrophe Fund)
 - State offered mandatory reinsurance fund designed to help stabilize rates.
- Citizens Property Insurance Corporation
 - Florida’s residual property insurance market.
 - Larger than all other residual markets in the U.S. combined.

Hurricane Andrew: The Impact

- Caused the insolvency of over a dozen insurance companies.
- Led to the exodus of legacy carriers.
- 100,000s of Policyholders flooded the Florida Residential Property and Casualty Joint Underwriting Association.
- Coverage diminished in the form of hurricane deductibles.



Hurricane Season 2004-2005: The Impact

- A repeat of Hurricane Andrew, with property insurers becoming insolvent.
- Citizens balloons to nearly 1.5 million policies.
- Coverage diminishes in the form of higher hurricane deductibles and reduced property coverage.
- OIR requires admitted carriers to carry surplus and/or reinsurance at historically high levels.
- Admitted carriers “Me Too” Citizen’s coverage reduction, diluting its intended purpose.



Policy Prescriptions

Policy Prescription #1: Reform the Cat Fund

- FHCF currently has a \$400 million surplus over its \$17 billion statutory claims paying capacity, taking into account its cash on hand, alternative risk transfer and pre-event bonds.
- Reduce the Rapid Cash Build-up factor from 25% to 10% and earmark that remaining 10% to the Division of Emergency Management for wind and water mitigation projects.



Policy Prescription #2: Better Communication

- Florida's Property & Casualty Insurers have a PR problem.
- In a effort to achieve scale many Florida insurers have streamlined their claims handlings practices.
- Claims evaluations are subjective and dependent upon coverage determinations and construction methodologies.
- Experienced and well trained field adjusters can be a competitive advantage for insurers.
- If your goal is to never over pay a claim then you will always underpay.
- All insurers are not monolithic: "When it's grey, we pay"

Policy Prescription #3: Assignment of Benefits

- Micro and Macro level perspective - Industry balance



Coming together is a beginning;
keeping together is progress;
working together is success.

Henry Ford

Questions?



Insurance Consumer Advocate's Forum:

TROUBLED WATERS: FINDING A BALANCED APPROACH TO FLORIDA'S WATER LOSS CRISIS

Florida Atlantic University
June 14, 2016



Scott Johnson

President of Johnson Strategies

Florida Association of Insurance Agents



Insurance Consumer Advocate's Forum:

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Break



Insurance Consumer Advocate's Forum:

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June 14, 2016



Lee Jacobson, Esq.

Partner, Hale, Hale & Jacobson, P.A.

Florida Justice Association



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Foyt Ralston, Director of Governmental
Relations for Bryant Miller Olive, PA
Florida Association of Restoration Specialists



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Doug Buck, Director of Governmental Affairs
Florida Home Builders Association



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June 14, 2016



Steve Geller, Esq.

Shareholder, Greenspoon Marder, PA
Florida Association of Public Insurance
Adjusters

The background of the slide is a light gray gradient with several realistic water droplets of various sizes scattered across it. The droplets have highlights and shadows, giving them a three-dimensional appearance.

INSURANCE CONSUMER ADVOCATE STAKEHOLDER MEETING

FINDING A BALANCED APPROACH TO FLORIDA'S WATER LOSS CRISIS

The logo for the Florida Association of Public Insurance Adjusters (FAPIA) is centered at the bottom of the slide. It consists of the acronym 'FAPIA' in a large, white, serif font, set against a dark blue rectangular background. Below this, the full name 'FLORIDA ASSOCIATION OF PUBLIC INSURANCE ADJUSTERS' is written in a smaller, white, sans-serif font on a black rectangular background.

FAPIA

FLORIDA ASSOCIATION OF PUBLIC INSURANCE ADJUSTERS

***“FOR MANY POLICYHOLDERS, INSURANCE IS THE MOST
CONCEPTUALLY CONFUSING INDUSTRY THEY WILL
INTERACT WITH OVER THE COURSE OF THEIR LIVES”***

”

DAX CRAIG, 5 STEPS TO SUCCESSFUL COMMUNICATION ON HOMEOWNERS' COVERAGE,

PROPERTY CASUALTY 360, 10-9-2013

WATER LOSSES ARE REAL AND CAUSE REAL DAMAGE TO HOMES AND BUSINESSES



POLICYHOLDERS MUST BE ABLE TO RELY ON THEIR INSURER
WHEN THEY SUFFER A LEGITIMATE LOSS.

INSTEAD THEY ARE FINDING THAT THEIR POLICIES OFFER
DECREASED PROTECTION.



DIMINISHING INSURANCE PROTECTIONS FOR POLICYHOLDERS

- ELIMINATING YOUR RIGHTS TO DISPUTE A CLAIM THROUGH APPRAISAL
- ELIMINATING OR DRASTICALLY LIMITING WATER DAMAGE PROTECTION
- ELIMINATING OR LIMITING COVERAGE FOR MOLD
- ELIMINATING COVERAGE FOR SCREEN ENCLOSURES
- ELIMINATING COVERAGE FOR FENCES
- RE-DEFINING “FALLING OBJECTS” TO INCLUDE COVERAGE ONLY FOR OBJECTS THAT COME DOWN FROM THE SKY THROUGH YOUR ROOF OR WALLS – LIKE METEORITES OR FALLING PLANES!



RESTORATION AND REMEDIATION COMPANIES ARE

UNLICENSED ENTITIES

UNREGULATED ENTITIES

UNTRAINED ENTITIES

UN BONDED ENTITIES

POLICYHOLDERS

SHOULD NOT BE REPRESENTED BY UNLICENSED PEOPLE ACTING AS PUBLIC ADJUSTERS



THE UNLICENSED PRACTICE OF PUBLIC ADJUSTING IS ILLEGAL

“IF YOU ARE ACTING AS A PUBLIC ADJUSTER IN ANY MANNER BY NEGOTIATING OR EFFECTING THE SETTLEMENT OF AN INSURANCE CLAIM ON BEHALF OF AN INSURED AND YOU ARE PERFORMING ANY OF THESE SERVICES FOR MONEY, COMMISSION OR ANYTHING OF VALUE WITHOUT BEING LICENSED AS A PUBLIC ADJUSTER, YOU COULD BE SUBJECT TO ARREST AND MAY BE CHARGED WITH A THIRD DEGREE FELONY AS PROVIDED BY SECTION 626.8738, FS”

THE FLORIDA DEPARTMENT OF FINANCIAL SERVICES WEBSITE

FLORIDA PUBLIC INSURANCE ADJUSTERS ARE AMONG THE MOST REGULATED LICENSEES IN THE NATION

SOURCE: OPPAGA REPORT ON PUBLIC ADJUSTERS OF JANUARY 2010

- WATER RESTORATION COMPANIES ARE NEITHER LICENSED NOR REGULATED
- WATER REMEDIATION AND/OR STORM REMEDIATION COMPANIES ARE NEITHER LICENSED NOR REGULATED
- THERE HAS BEEN AN INCREASING TREND FOR THESE UNLICENSED AND UNREGULATED ENTITIES TO ADVERTISE THAT THEY CAN “HANDLE” CLAIMS OR ARE “INSURANCE SPECIALISTS”
- THEY ARE USING “ASSIGNMENT OF BENEFITS” TO
 - ENGAGE IN A 3RD DEGREE FELONY – THE UNLICENSED PRACTICE OF PUBLIC ADJUSTING – CIRCUMVENTING THE GOOD REGULATIONS INTENDED TO PROTECT POLICYHOLDERS.
 - OR SOLICIT DIRECTLY FOR ATTORNEYS WHO ARE CIRCUMVENTING FLORIDA BAR SOLICITATION RULES

PUBLIC ADJUSTERS ARE PART OF THE SOLUTION



- FAPIA HAS BEEN WORKING WITH
 - THE INSURANCE INDUSTRY
 - BUSINESS AND GOVERNMENT LEADERS
 - THE DEPARTMENT OF FINANCIAL SERVICES
 - THE DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION
 - LEGISLATORS
 - CONSUMER ADVOCACY GROUPS
 - THE FLORIDA PROPERTY AND CASUALTY INSURANCE FRAUD TASK FORCE



[Redacted]

- Flood • Fire Damage • Mold
- Roofing • Water Proofing

INSURANCE SPECIALISTS

[Redacted]

CCC# 1330419

CCC# 1521901

LIMITED



[HOME](#)

[Water Damage](#)

[Mold Removal](#)

[Insurance Claims](#)

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Ask About Direct Insurance Billing.
You've Paid Your Insurance
Now Let Them Pay You!



LEGAL DIRECTORY

GENERAL CONTRACTOR
CCC1517096
CCC1330370, H11704, MRS55009,
MRSR060, EPA/ R-119129-11-01432
COMMERCIAL, INDUSTRIAL & RESIDENTIAL
INSURED AND BONDED



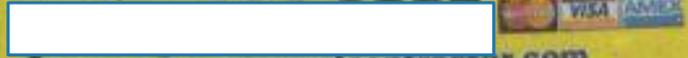
GENERAL CONTRACTOR
Insurance Claims Specialist & FHA

FULL SERVICE GENERAL CONTRACTOR

- Home Design and Interior Design*
 - The Best Full Service Company in South Florida.*
 - Home and Building Design Contractors
 - All Types of Remodeling
 - Architecture • Engineering • Blueprints • Permits
- Fast service guaranteed, Affordable prices,
Professional and Reliable

ROOFING, MOLD ASSESSMENT, MOLD REMEDIATION, HOME & PROPERTY INSPECTOR, LEAD AND RENOVATION EXPERT CONTRACTOR

We speak English, Spanish & Portuguese



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More than 20 Years of Experience

ROOFING SPECIALIST



[Redacted] Contractors
[Redacted] Contractors
specializes in helping
homeowners navigate the insurance claims
process to get a new roof due to severe
weather events. We offer free inspections for
your peace of mind.

PUBLIC NOTICE

Roof Warranty Void

IF YOU HAVE RECEIVED THIS NOTICE, YOUR ROOF WARRANTY IS NOW VOID! Recent hail storms & Hurricane IKE have voided your manufacturer's shingle warranty, and may have compromised your roofing system.

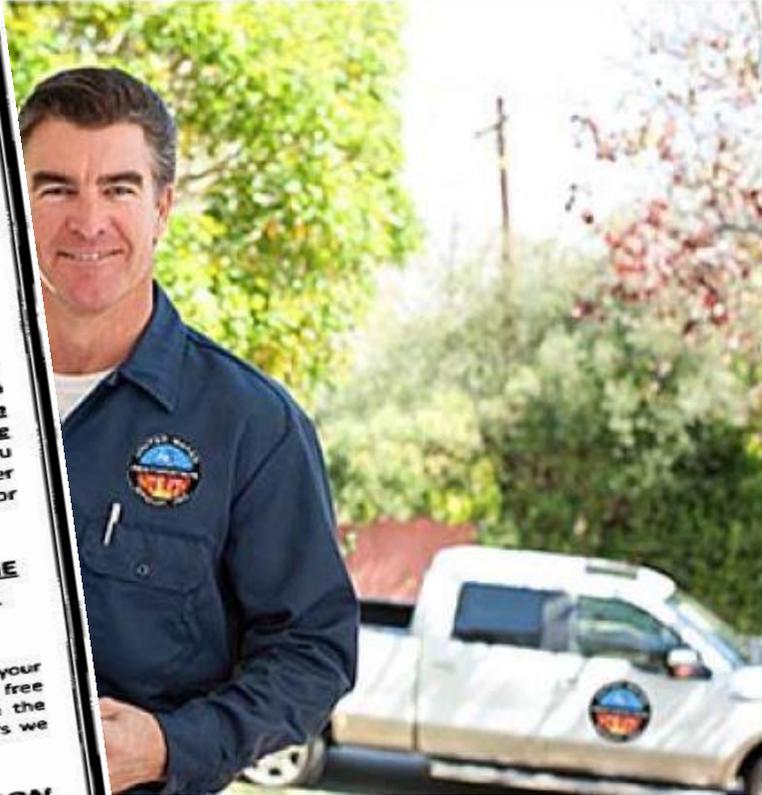
Based on current roofing inspection reports there is evidence of "HAIL SPORES & WIND LIFT" damage to the roofing systems in your neighborhood. The seals on your shingles have been broken and will not reseal on their own. This may cause the shingle to "CURL" during the next 18 months, and create the potential for future shingle "BLOW-OFF" causing your roofing system to leak. In addition hail spores will cause your roofing system to fail and may cause it to leak and age more rapidly.

Many homeowners have been told by an insurance adjuster that the roof "LOOKS OK" or only "NEEDS A MINOR REPAIR". However, many insurance companies use "Catastrophe Adjusters" after a major storm to help process the large number of homeowner claims. Unfortunately, many adjusters are not properly trained in the components of a roofing system, and in most cases overlook latent damage to shingles caused by hurricane winds and hail storms. Under the terms of your homeowner's insurance policy you have one year to file a claim after damage has occurred. Failure to file a claim timely will result in a "DENIED CLAIM", and the homeowner will incur all costs for the repair. Even if you have already made repairs, or replaced your roof after Hurricane IKE, you are entitled to have your roof repaired or replaced again.

IF YOU ARE CONSIDERING SELLING YOUR HOME WITHIN THE NEXT 5 YEARS YOUR ROOF MAY NOT PASS A HOMEOWNER'S INSPECTION.

We are currently providing free inspections to homeowners in your subdivision. There is no obligation, as we provide this as a free service to the community. Contact us and we will explain the process, as well as provide references of other homeowners we have helped.

TO SCHEDULE YOUR FREE ROOF INSPECTION CONTACT



Call

Restoration Group Inc. to assist you in reporting your insurance claim 24 hours a day 7 days week!

GET SERVICE

FAQ

Cease and Desist Orders have been issued by the Department of Financial Services.

FILED

APR 06 2016

Docketed by Eil



CHIEF FINANCIAL OFFICER
JEFF ATWATER
STATE OF FLORIDA

IN THE MATTER OF:

ROOFMAX CORP.

CASE NO.: 171241-15-AG

CONSENT ORDER

THIS CAUSE came on for consideration and final agency action. Upon consideration of the record, including the Settlement Stipulation for Consent Order dated March 23, 2016, and being otherwise fully advised in the premises, the Chief Financial Officer finds:

1. The Chief Financial Officer, as agency head of the Florida Department of Financial Services (the "Department"), has jurisdiction over the subject matter of this case and the parties.
2. The entry of this Consent Order and compliance herewith by Roofmax Corp. (the Respondent") shall conclude the administrative proceeding of Case No. 171241-15-AG before the Department.

IT IS THEREFORE ORDERED:

- a) The Settlement Stipulation for Consent Order dated March 23, 2016, and attached hereto as "Exhibit A," is hereby approved and fully incorporated herein by reference.
- b) The Respondent will not act as an adjuster without a license and shall conform to the Florida Insurance Code, including sections 626.112(1)(a) and (3), Florida Statutes.



CHIEF FINANCIAL OFFICER
JEFF ATWATER
STATE OF FLORIDA

FILED

AUG 28 2013

Docketed by FB

IN THE MATTER OF:

JAMES BETHEL OWENS

CASE NO.: 130179-12-AG

CEASE AND DESIST ORDER

THIS PROCEEDING CAME on for final agency action and the Chief Financial Officer, having considered the record, including the Notice of Intent to Issue Cease and Desist Order ("Notice of Intent") filed on February 13, 2013, and being fully advised in the premises, finds that:

1. JAMES BETHEL OWENS is not currently licensed by the Department of Financial Services ("Department") pursuant to the Florida Insurance Code.
2. On February 13, 2013, a Notice of Intent was issued against JAMES BETHEL OWENS alleging that he acted as, or advertised or held himself out as an adjuster without being properly licensed by the Department.
3. In accordance with Section 120.60(5), Florida Statutes, the Notice of Intent was served upon JAMES BETHEL OWENS by personal service on April 23, 2013.
4. JAMES BETHEL OWENS was notified by the Notice of Intent of the right to request a proceeding in accordance with Sections 120.569 and 120.57, Florida Statutes, and that failure to answer the Notice of Intent or request a proceeding within twenty-one (21) days would result in the imposition of a penalty.

FILED

JUN -7 2013

Docketed by AM



CHIEF FINANCIAL OFFICER
JEFF ATWATER
STATE OF FLORIDA

IN THE MATTER OF:

A+ RESTORATIONS, INC. AND
ALEX PEMBERTON

CASE NOS.: 127814-12-AG
127812-12-AG

CEASE AND DESIST ORDER

THIS PROCEEDING CAME on for final agency action and the Chief Financial Officer, having considered the record, including the Notice of Intent to Issue Cease and Desist Order ("Notice of Intent") filed on October 29, 2012, and being fully advised in the premises, finds that:

1. A+ RESTORATIONS, INC. and ALEX PEMBERTON are not currently licensed by the Department of Financial Services ("Department") pursuant to the Florida Insurance Code.
2. On October 29, 2012, a Notice of Intent was issued against A+ RESTORATIONS, INC. and ALEX PEMBERTON alleging that A+ RESTORATIONS, INC. acted as, or advertised or held itself out as an adjuster or adjusting firm without being properly licensed by the Department, and that ALEX PEMBERTON acted as, or advertised or held himself out as an adjuster without being properly licensed by the Department.
3. A+ RESTORATIONS, INC. and ALEX PEMBERTON were notified in the Administrative Complaint of the right to request a proceeding in accordance with Sections



WATER LOSSES ARE THE SECOND MOST COMMON
TYPE OF LOSS NATIONALLY

“MOST CLAIMS ARE LEGITIMATE”

MARCH 2016 REPORT ON WATER LOSSES FROM THE NATIONAL INSURANCE CRIME BUREAU





*“The bottom line is these policy changes (restrictions for water loss claims) and clarifications are necessary first steps to keep premiums as low as possible while protecting our policyholders who have legitimate claims. However, **they in no way fix the assignment of benefits cost-driver that must be addressed by statute.**”*

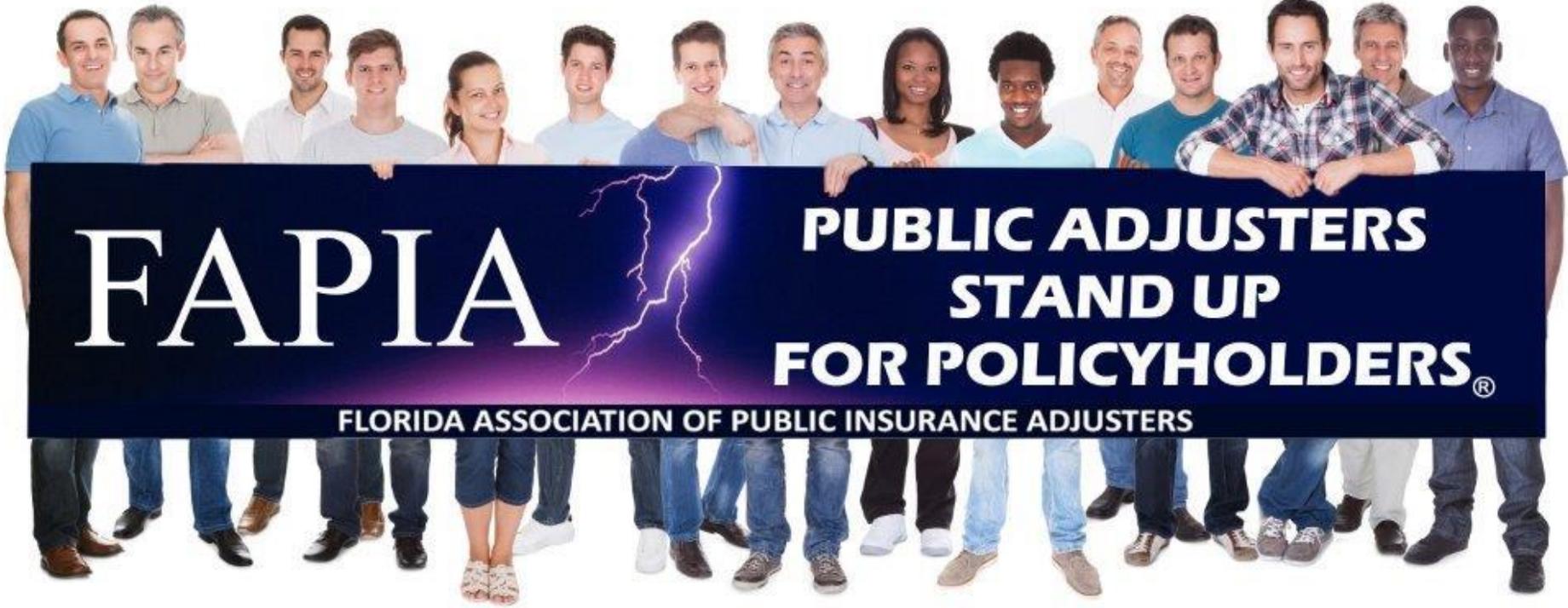
Barry Gilway, Citizens President, CEO and Executive Director.

As policyholder advocates, and insurance professionals, FAPIA cannot agree that diminishing coverage for legitimate claims “protects policyholders”



Six real solutions that provide good public policy protections

1. Prevent financial inducements relating to insurance claims with a strict limitation or ban on referral fees paid by contractors, etc.
2. Requiring contractors, etc. provide policyholders with an estimate before they can enter into an AOB agreement,
3. Clarification on the prohibitions against the unlicensed practice of public adjusting,
4. Providing a right of rescission to give policyholders a chance to step back and make sound financial decisions,
5. Limiting scope of AOB's to work actually performed by party receiving the AOB,
6. Prompt and timely claim reporting required by professionals.



FAPIA

**PUBLIC ADJUSTERS
STAND UP
FOR POLICYHOLDERS®**

FLORIDA ASSOCIATION OF PUBLIC INSURANCE ADJUSTERS



Insurance Consumer Advocate's Forum:

TROUBLED WATERS: FINDING A BALANCED APPROACH TO FLORIDA'S WATER LOSS CRISIS

Florida Atlantic University
June 14, 2016



Public Comment

Water-Mold-Fire



**Get A New
Bathroom & Kitchen**

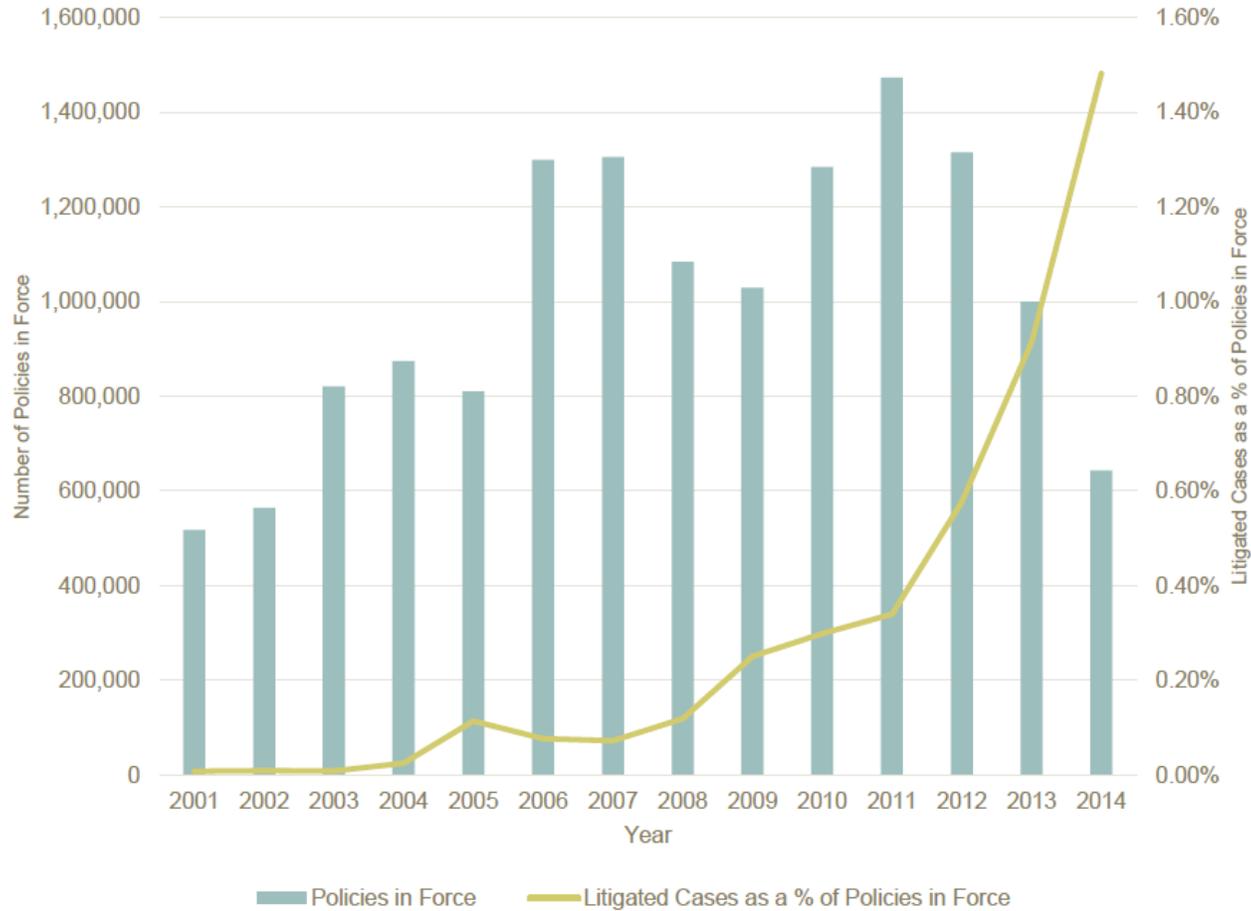
Direct INSURANCE Billing

954-200-0419

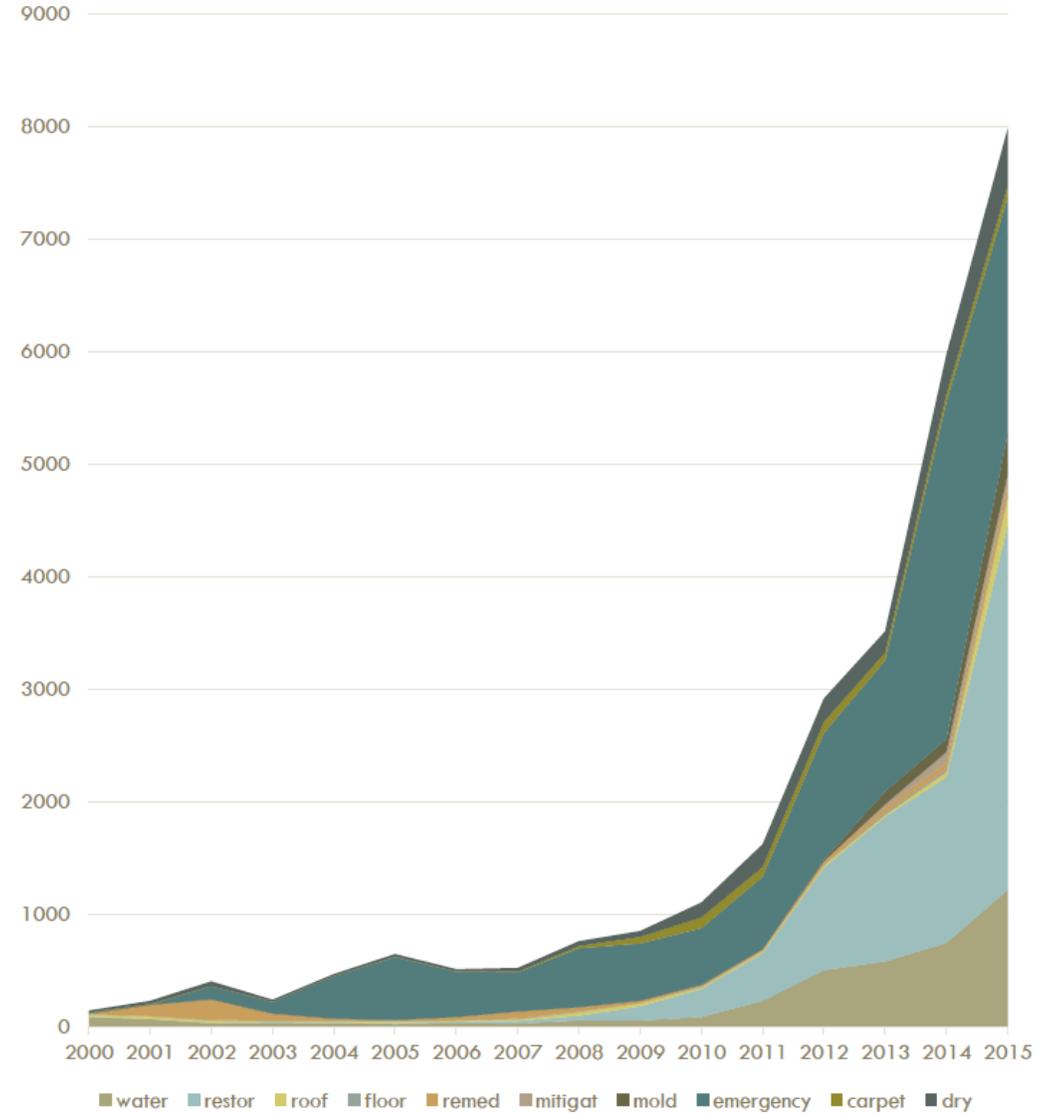
\$250 Referral Fee and Free Leak Detection

PROPERTY

Residual Market: Citizens, FWUA, FRPCJUA



Lawsuits by Plaintiff Keyword





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Closing Remarks