



AMERICAN  
ASSOCIATION  
of PUBLIC  
INSURANCE  
ADJUSTERS

## **AAPIA BLOG: MANAGED REPAIR AN IMPORTANT VICTORY!**

*By Jill Henniger Bowman  
Stockham Law Group P.A.*

Citizens announced it is delaying the planned summer roll-out of its Managed Repair program until early 2017. See, Citizens delaying managed repair program rollout until 2017, by Ron Hurtibise, [www.sun-sentinel.com/business/consumer/fl-citizens-managed-repair-20160622-story.html](http://www.sun-sentinel.com/business/consumer/fl-citizens-managed-repair-20160622-story.html). And, more importantly, it appears that the program will not be mandatory. THIS is an IMPORTANT VICTORY for Florida homeowners without private insurance alternatives. Public scrutiny no doubt helped to pump the brakes on the plan. The stories of several homeowners distraught and dissatisfied with their managed repair were highlighted in news stories featured in last month's blog [Shedding Light on the Dark Side of Managed Repair](#).

Indeed, Citizens' move from a mandatory to optional program has the potential to trickle down and force private insurers using Managed Repair to make their Managed Repair programs optional as well. This is good. Movement away from mandatory programs would be a step in the right direction for Florida homeowners. The true litmus test, however, will be the timing and nature of the disclosures surrounding the option.

*What Florida Homeowners Give UP with Managed Repair*

Florida homeowners should at a minimum be told that if "You", homeowner, select the Managed Repair option to save a few premium dollars now:

- YOU WILL GIVE UP the right to select, screen, and hire the contractor of your choice, (translation - who comes into your home is now up to the insurance company, not you);
- YOU WILL GIVE UP the right to say what the contractor should be paid to complete the work, (translation - the insurance company will pay as little as it can for the work and you get to hope they do it right and/or do it at all);



- YOU WILL GIVE UP the right to fire the contractor hired by the Insurance Company if you are dissatisfied, (translation - the contractor does not work for you); and
- YOU WILL GIVE UP the right to withhold payment from the Contractor for shoddy, unacceptable or incomplete work, (translation - the insurance company's approval and payment of the contractor is all that matters to the contractor; what you think is not relevant); and, most importantly,
- YOU WILL GIVE US complete control over your home repairs even though our loyalty is to our shareholders NOT YOU, (translation - insurance company employees are paid to care about the bottom line not about your house).

Though a bit tongue and cheek, these disclosures and their translations bluntly reveal the real world issues facing alarmed, discouraged, and frustrated homeowners dealing with Managed Repair across the state.

### *Two Cases on Point*

#### **Bert**

Bert is a Florida homeowner whose Insurer uses a direct affiliate to complete Managed Repairs. After a supply line to his refrigerator breaks and causes damage to his ceiling, kitchen, kitchen cabinets, and floors, the Managed Repair affiliate swoops in with its own agenda bungling the job and refusing to listen to the homeowner or his Public Adjuster. More specifically, the Insurer's Managed Repair affiliate:

- ripped out materials in the wrong part of the kitchen leaving exposed wiring with a small child living in the home;
- left the affected area of the kitchen untouched and un-remediated for more than a week;
- left water draining into an area where an electrical outlet they exposed remained openly accessible to the small child endangering Bert's family; and
- refused to even test the ceiling to see if it was wet even when both the homeowner and the Public Adjuster requested the inspection;

And Bert cannot tell them to get out of his house - Preposterous!!

As though the botched and dangerous beginnings of the Managed Repair were not bad enough, then came the corner cutting. The Insurer and Managed Repair contractor tried to convince Bert to replace his wood flooring (that runs through most of the house) with tile only in the area of the kitchen and said they can "repair" his water damaged cabinets. What happened to pre-loss condition? Adding insult to injury, the Insurer wants Bert to pay out of his own pocket to help cover the Managed Repair. Even though Bert has no control over what's being done to his own home, they want Bert's "deductible" to be paid to the contractor. Doesn't "deductible" mean an amount "deducted" from a payment - not cash collected by the bullying, bungling Managed Repair contractor?

#### **Ken**

Ken is a Florida homeowner who lives hundreds of miles from Bert. His house was recently damaged by a tornado. The Insurer sent its Managed Repair contractor to tarp the roof. The Managed Repair contractor botched the job using a patchwork of tarps, secured improperly, which ultimately detached allowing additional rain water into the house on more than one

occasion. And, when the homeowner requested an adequately sized and properly secured tarp be used to replace the patchwork job done - the Managed Repair contractor said the Insurance company would have to authorize it (i.e. pay them) and refused. Now the Insurer wants Ken to let that Contractor, who botched the simple tarp job, complete the repairs. Absurd!

### *Conflicts of Interest*

Bottom line, both of these homeowner's stories reveal the inherent conflicts of interest that plague Managed Repair - optional or not. Florida homeowners should be fleeing from these unworkable programs. This policyholder advocate certainly plans to continue to pound the drum, sound the warning bell, and reveal the truth. After all, giving policyholders a voice by telling their stories publicly seems to be having an impact.

