

Insurance Lobbyist Describes His Personal Story of Insurance Company Bad Faith

By [Chip Merlin](#) on December 14, 2018 Posted in [Bad Faith, Insurance Claim](#)



Scott Johnson

Insurance lobbyist [Scott Johnson](#) is a bulldog advocate for the insurance industry. He usually is trying to make policyholders, their attorneys or anybody other than the insurance claims executives and adjusters look bad to support the insurance industry's legislative efforts. I fell out of my chair when he described his own personal claim and why the insurance industry needs strong oversight and civil penalties to keep it in line.

Here is [his November 11, 2018 blog post](#):

I may have been in the insurance industry for 40 years, but...when it comes to Florida's mediation statute, I've been a lay person. I had no idea how useful and easy (and free) state sponsored mediation could be. That's until December 2010 when, late one holiday evening, our cozy fireplace popped a small flaming ember onto the rug immediately in front of the hearth.

In the seconds it took to find the TV remote and pause our movie, locate the appropriate fireside tool and flick the menacing cinder back from whence it came, a silver-dollar sized hole was seared into our high-end, deep pile carpet.

Anticipating our annual Christmas party my wife and I covered the scorch with a small foot stool. Later, I would patch it, hide it or, maybe, just ignore it.

My wife did not agree. Despite its small size, she was not content with a black spot in the middle of our main living space.

And so this instructive story begins.

I called my insurance agent and soon my insurance company dispatched a local claim representative accompanied by a local carpet expert to examine the damage. The carrier's expert

said...”It’s for sure this carpet can’t be patched. It’ll never match. You’ll have to replace the whole thing.”

My wife was giddy.

Small samples of the carpet cut from the back of our coat closet were sent to a laboratory in Indiana which confirmed the price per square foot. Unfortunately the insurer was only going to pay for the carpet in the room where the damage occurred and not in the two adjoining rooms.

I received a check for \$2,200 (\$3,200 minus a deductible of \$1,000). It was a precise and accurate computation based on the value of the carpet and the square footage in the room where the damage occurred.

That did not satisfy my wife, an interior decorator who was no longer giddy.

So we got two estimates on our own that included carpet replacement in the two adjoining rooms. Both estimates exceeded \$7,000. The lowest was \$7200. I told the adjuster I needed \$7,200 otherwise I would have two different colored carpets and an angry wife. I explained it’s an open concept with a great room and two adjoining rooms that flow into it, all of which can be seen from the front door. I said, the value of the home will suffer if the carpet doesn’t match.

At this point I should say that I had been very careful not to let the company know who I was. I didn’t want preferential treatment. I just wanted what I had paid for and what the contract said I was entitled to.

The adjuster said, “Sir, we have a line-of-sight rule”. I said, “Show me where it says that in the policy.” He said. “Sir, we don’t cover cosmetic damage”. I said, “Show me where it says that in the policy.”

Finally, I referenced Florida’s “Pair and Sets” statute with language that’s been used to require replacement of undamaged carpet in adjoining rooms. (See NOTE #1 below)

Also helpful was that, along with all the other policyholders of this carrier, I received an unrelated notice that when/if my policy renews it would be amended to limit coverage for “cosmetic damages” to \$10,000.

I called the adjuster. Obviously cosmetic damages were covered, I explained, “why would you ever apply a limit to something if it isn’t even covered?” He was getting irritated.

Finally, totally frustrated, he told me that if I wanted any more money, I would have to seek state sponsored mediation, which I immediately did with just a phone call to the toll-free number provided in the envelope that transmitted the \$2,200 claim check, which I never cashed. (See Note #2 below)

It’s been eight years since this happened but, my recollection is that the day before mediation the carrier’s attorney called and offered a higher settlement. “In grey area’s such as this” she said,

“we see no need for the expense and hassle of mediation if we can reach an acceptable payment number with you.”

Ultimately, they agreed to give me \$6,000 minus the \$1,000 deductible for a total of \$5000. If I had hired a public adjuster, it would’ve cost me up to 20% of \$6200 (\$7,200 minus \$1000 deductible) a maximum yield of only \$4800 minus the PA’s 20%. So I saved \$200 by making one phone call.

While this case might be too small for most attorneys, it would have been better to hire one rather than a public adjuster as attorney fees are usually paid by the insurer.

Here’s the ironic conclusion.

I was lazy, and though I intended to, I didn’t replace the carpet. We just covered it with a small area rug and pledged to fix it someday. Someday never came, but...one day a carpet repair man came to the house and I showed him the scorch in the living room and explained how an expert from the insurance company said it couldn’t be repaired.

He exclaimed, “I can fix it and no one will ever know it’s there! I do it all the time.”

“How much?” I asked incredulously. “I wouldn’t charge anything for a job that easy”, he said. Then, he went to the closet, cut a small piece of carpet from the back corner, patched it over the scorch and within ten minutes... Voila’ ...it was repaired.

Eight years later, I still have the same carpet and neither me nor my wife, “eagle-eye”, can even find the patch job.

I did not send the \$5,000 back to the insurance company. (see Note #3 below).

Scott Johnson gets the same treatment that many policyholders receive every day from some insurance companies. Trained adjusters know they have to pay for cosmetic damage and they know the insurance laws regarding matching. Johnson just exposed the intentional scams so many policyholders face every day by the same insurance industry he is paid to represent. He was a potential victim trying to be duped by an insurance adjuster that knew better. Fortunately, Scott Johnson’s tenacity, self-education and experience helped him overcome this wrongful claims practice my clients and Merlin Law Group attorneys face every day.

Johnson should be congratulated for exposing another example of insurance company wrongdoing which can be shown to legislators and insurance commissioners.

Quote For The Day

“Businesses have moved from doing business to doing lobbying, and I think that’s a very bad thing.”

Four COMMENTS:

Dear Chip:

P.S. The Johnsons take the time to find their remote, pause their movie, "...locate the appropriate fireside tool...and then "flick" the fireplace's "...small flaming ember...back from whence it came, a silver-dollar sized hole was seared into our high-end, deep pile carpet.."

Do these people live in a Unicorn world or something? When you see fire you IMMEDIATELY take action to put it out (not find the remote, pause the movie, etc.)!! If the defense had known this, they could've asserted a mitigation defense.

Respectfully,
SHIRLEY HEFLIN
TAMPA, FL



[Anthony](#) • [2 days ago](#)

If you used a Public Adjuster you likely would have got paid a bit more. There was likely smoke damage that went unaddressed, not to mention the O&P which may also have been part of a proper settlement. Was the floor under the carpet damaged? Debris removal and other coverages could also have been triggered. Dont be so foolish to think you dont need representation or that you 'saved'.

Think of all the time that was also wasted instead of getting a proper settlement using a public adjuster in the first place.



[Chip Merlin](#) • [8 hours ago](#)

Shirley, Edward, Jim, Tad et al,

Thank you for taking the time to make some very important comments.

I did not indicate that Scott Johnson did anything unethical regarding the claim. While I have significant problems with his lobbying rhetoric which is often amateurish mudraking rather than factual and logical, I do not think he did anything unethical or is a bad person. Scott Johnson is an insurance lobbyist doing the best he can with the talents he has.

Instead, the insurance company claims actions were very unethical. If they would break the law to underpay his claim, think how they treat less sophisticated policyholders.

Finally, the fact that his wife was “giddy” about having a replacement of her carpet, there is nothing wrong with that. Policyholders pay extra money to obtain a Replacement Cost policy. You get new for old if the old item gets damaged and the damage is not excluded and cannot be repaired back to pre-loss condition.

The insurance company should be happy and “giddy” to pay their customer as well because that is what their product is advertised to do. But, the insurance company managers seem “giddy” to obtain the premiums and revenues while making these promises and very greedy and downright angry when their customers ask them to pay what they promised to do in the first place.

As always, I Thank You for your time, efforts and dedication.

You are Correct Chip about your point.....

You definitely did not imply any such allegations. And someone less savvy surely would have been steamrolled into accepting the original offer.

***** Is it proper insurance policy procedure to collect the entire RCV payment without even contracting for the full replacement, let alone not ever having it done in the 8 years that had elapsed? *****

In your position, I understand you choose not to incite a potentially formidable adversary, which is a wise choice for such a small matter.

Only when the peril became a "Fortuitous Event", did Mr. Scott Johnson suddenly become naive about the workings of an Insurance Claim. Only when he gained Thousands of Dollars in RCV payments did he feel the Adjusters Rulings were the "Final Word."

HERE:

"... but...it was not fraudulent or even dishonest, not even close. If I'd sent the money back it probably would not have been accepted and by the time the carpet was patched I was already with another insurer. Besides, it was the insurer's expert that declared the scorch to be unrepairable and I thought that was the final word.

Yet, during the negotiations of the claim, this was his and his Wife's disposition towards the damage.

HERE:

Recall how his self described Wife's Eagle Eye from being an Interior Decorator absolutely could not live with the charred appearance.

"My wife did not agree. Despite its small size, she was not content with a black spot in the middle of our main living space."

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