

# RED FLAGS: AVOID FALLING VICTIM TO PROPERTY INSURANCE FRAUD SCHEME

*Property insurance fraud, in particular contractor and roofing fraud schemes, is a common and serious problem in Florida. In fact, these schemes are one of the factors increasing the cost of property insurance across the state. Avoid falling victim and protect yourself by familiarizing yourself with these warning signs.*



## Offers to sell or increase your insurance coverage just before or during a disaster.

Insurance coverage cannot be purchased until 72 hours after a hurricane or tropical storm watch or warning is lifted.



## The promise of services at no charge, and/or offers to waive or pay your insurance deductible.

One common scheme is the offer of a “free” roof. This is a warning sign because there is no such thing as a free roof. In addition, it is **illegal** for a contractor to waive/pay your insurance deductible.



## Pressure to sign an Assignment of Benefits (AOB) contract.

An AOB contract allows the policyholder to transfer your insurance rights to a third party, like a contractor. They can be paid directly for services, endorse checks on your behalf, communicate with the insurance companies, and file a lawsuit against the company. Recently, **direction to pay agreements**, which allow the insurance company to make direct payments to a contractor for completed services have also been used in fraud schemes. Although these kinds of agreements are often used by contractors such as roofers, plumbers, etc., you should never feel pressured to sign.



## Pressure to file an insurance claim.

Feeling pressure to file a claim against your insurance company can often be a sign of a fraud scheme.



## Appears at your property unsolicited with offers of a free inspection and/or gift card.

Fraudsters often canvas neighborhoods and knock on doors with offers of free inspections and gift cards for agreeing to an inspection.



## Does not or refuses to provide a copy of a signed contract or agreement.

A key warning sign is if a person or company does not or refuses to provide you with a copy of a signed contract or agreement. Fraudsters often use an iPad to do exactly that, leaving consumers with minimal knowledge of what they have signed.



## Prefers to conduct ALL communication in person.

Unwillingness to put communications in writing (i.e. text or email) is a red flag.



## Contractor does not provide a detailed estimate of services.

You should expect to receive a detailed estimate of services requested from contractors.

This is **not** a comprehensive list. It is important to know insurance fraud is a serious problem in Florida and to be on the lookout for suspicious behavior. Always be wary of someone making promises that seem too good to be true.

## PROTECT YOURSELF:

➔ **Verify & Check References:** Confirm that the contractor, adjuster, insurance agent, and/or insurance company you want to work with are licensed and in good standing with the state of Florida. Ask potential contractors, agents, and adjusters for recent references and check them.

- To verify contractor licenses and view/file complaints, visit the Florida Department of Business & Professional Regulation at [www.myfloridalicense.com](http://www.myfloridalicense.com) or call (850) 487-1395.
- To verify insurance agents, adjuster licenses, and insurance companies visit the Florida Department of Financial Services at <https://www.myfloridacfo.com/Division/Consumers/PurchasingInsurance/> or call (877) 693-5236.

➔ **Insurance & Permits:** Make sure that any contractor you work with has either workers' compensation insurance or proof of an exemption. In addition, ensure the contractor has the proper permits for the work by checking with your local permitting office. The contractor (insured) should get a certificate of insurance with the homeowner as "additionally insured".

➔ **Inspect:** Ensure that your insurance company inspects damage before signing any contractor paperwork or starting construction or work on the property.

➔ **Payments:** Protect yourself by not making cash or full upfront payments prior to contractor services. Advanced payments should **never** be 50% or more of the full cost of services. In addition, do not make the final payment to the contractor until all work has been completed and passed inspection by the permitting authority and you have been provided a Contractor's Final Payment Affidavit.

➔ **Copies:** Carefully read and request a copy of contracts signed. Do not sign a contract with excessive blank space where additional language may be added without your knowledge.

➔ **Representation in a Claim:** Only attorneys and licensed public adjusters can represent you in an insurance claim. If someone that calls themselves a "loss consultant", or any title other than an attorney or public adjuster, wants you to sign a contract regarding a claim, **or** if a loss consultant, public adjuster, or anyone else that doesn't work for a law firm wants you to sign a contract with a law firm regarding an insurance claim, please **report them** to the Florida Department of Financial Services at <https://first.fldfs.com/>.

➔ **Read Carefully & Ask Questions:** Thoroughly read and ask questions about your insurance policy. Ask your insurance agent or company for clarification on aspects of the policy you do not understand. Do **not** rely on a contractor for information about your policy. Likewise, carefully read and understand **any** contract you sign related to your insurance policy.

## ADDITIONAL RESOURCES:

*For more information about fraud, homeowners' insurance, and related topics, check out these helpful resources:*

- **Office of Florida's Insurance Consumer Advocate:** Find a variety of educational materials and information about your consumer rights in English, Spanish, and Creole, and contact the office directly if you have questions, concerns, or issues. Visit: [www.myfloridacfo.com/division/ica/consumeroutreach](http://www.myfloridacfo.com/division/ica/consumeroutreach) or contact the office at (850) 413-5923 & [YourFLVoice@MyFloridaCFO.com](mailto:YourFLVoice@MyFloridaCFO.com).
- **Office of Florida's Chief Financial Officer, Division of Consumer Services:** Find a variety of educational materials, verify agents and companies, and get insurance help. Visit: <https://www.myfloridacfo.com/Division/consumers/> or contact the toll-free helpline at (877) 693-5236.
- **National Association of Insurance Commissioners (NAIC):** Learn more about insurance, fraud, and report fraud. Visit: <https://content.naic.org/> or call (816) 783-8500, option 1.