



CLAIMS DISPUTE RESOLUTION ROUNDTABLE
AND
ALTERNATIVE DISPUTE RESOLUTION ROUNDTABLE

RECOMMENDATIONS / SUMMARIES

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SEAN M. SHAW, Esq.
Florida Insurance Consumer Advocate



Representing Alex Sink
Chief Financial Officer
State of Florida

Table of Contents

	Page Numbers
Background	3
Office of the Insurance Consumer Advocate - Recommendations	
Education	
Insurance Adjusters / Residential Contractors	4
Communication	4
Insurance Companies / Residential Contractors	5
Insurance Company / Homeowner	6
Florida Building Code	6
Ordinance or Law Coverage	7
Demand Surge	7
Appraisal Process	8
Licensure of Property Insurance Loss Appraisers	10
Licensure of Appraisal Umpires / Impartial Selection Process	11
Solicitation	13
Standard Homeowners Policy - Comprehensive Coverage	13
Claims Dispute Resolution Roundtable Summary	15
Alternative Dispute Resolution Roundtable Summary	19
Exhibit I Claims Dispute Resolution Roundtable – Participants	24
Exhibit II Alternative Dispute Resolution Roundtable – Participants	25
Exhibit III Continuing Education	26
Insurance Adjusters	
Exhibit IV Optional Continuing Education	27
Residential Contractors	
Exhibit V Contractors Adjusting Insurance Claims	28
Exhibit VI Solicitation Examples	29 - 31

Background

As the 2009 hurricane season began, my office continued to receive calls from Florida homeowners¹ who were in various stages of the claims dispute resolution process involving property damages that occurred during the 2004/2005 hurricane seasons. A common complaint was that, although it was clear that a home had suffered damage caused by a hurricane, the insurance company (insurers) would not agree to pay the amount of the estimate for repairs prepared by the homeowner's residential contractor².

In order to assist homeowners who may suffer future hurricane losses, my office hosted the Claims Dispute Resolution Roundtable (Exhibit I) to bring representatives of the insurance and residential construction industry together to discuss how disputed claims issues can be identified and resolved in a fair manner.

It was noted that the appraisal process, which had long been viewed as a cost-effective alternative claims dispute resolution process, has become almost as costly as the litigation process. Insurers were also becoming increasingly frustrated with the appraisal process because of the increased abuse of the system. As a result, several insurance companies have removed or filed to remove the appraisal provision from their residential insurance policies. Citizens Property Insurance Corporation has not removed the appraisal provision, but has amended it from a mandatory provision (if requested by either party, both parties must participate in the appraisal process) to a permissive provision (both parties must agree to go to appraisal).

In order to gain a clear understanding of the concerns with the appraisal process, my office hosted the Alternative Dispute Resolution Roundtable (Exhibit II). Insurance industry representatives were invited along with public adjusters, property insurance loss appraisers (appraisers), umpires and attorneys to help find ways of improving the appraisal process.

The goals for these roundtables were to get homeowners back into their homes quickly after a loss, mitigate further damage to the property, hold down the cost of claims, allow contractors to make repairs without burdensome delays, and return the appraisal process to its intended cost-effective dispute resolution process.

Note: Both roundtables were shown live on The Florida Channel WFSU and there was a conference call-in number available for those who were interested. In addition, we received public comments and solicited recommendations from interested parties. Information and videos of the roundtables can be found at <http://www.myfloridacfo.com/ICA>.

¹ Homeowners includes all residential policyholders, such as Condominium Unit-Owners and Mobile Homeowners

² Contractors includes residential contractors and general contractors

OFFICE OF THE INSURANCE CONSUMER ADVOCATE

RECOMMENDATIONS

The Insurance Consumer Advocate's Office offers the following recommendations in order to improve the claims handling process for Florida's consumers and to return the appraisal provision to its intended role as a cost-effective dispute resolution process. Both consumers and insurers will benefit from a stable, cost-effective and equitable process. Consumers will be able to re-enter their homes in a more timely fashion after a loss. Insurers will benefit from an impartial system that protects both sides from abuses and unjust awards.

Education

The claims process can be improved by fostering open communication between insurance adjusters and contractors through the development of continuing education courses (hours). The insurance market will be strengthened by better informed market participants who will process claims more efficiently and reduce costs associated with claims errors.

Insurance Adjusters

The Florida Home Builders Association and the Florida Insurance Council, Inc. have committed to work with the Department of Financial Services, Division of Agent and Agency Services to prepare a syllabus for continuing education (CE) hours, which specifically pertains to the claims handling process. The purpose is to ensure that insurance adjusters gain an understanding of basic residential construction techniques and how to identify areas where hidden damage is prevalent as well as other topics which will facilitate the claims process (Exhibit III).

Recommendation:

It is recommended that the Legislature amend Section 626.869(4)(a), Florida Statutes, to include 2 hours which relate to claims handling procedures.

Residential Contractors

The Florida Home Builders Association and the Florida Insurance Council, Inc. have agreed to work with the Department of Business & Professional Regulation, to prepare a syllabus for optional continuing education (CE) hours for contractors. The purpose is to provide training on how to prepare estimates in a format needed by insurers, as well as other topics which will facilitate the claims process. The syllabus will be submitted to the Florida Construction Industry Licensing Board for approval. This recommendation will not require legislation since not all contractors perform insurance claim related restorations and the CE hours are optional (Exhibit IV).

Communication

The claims process can be improved by fostering open communication between insurance adjusters and contractors by removing or clarifying perceived barriers to communication. Further communication will allow insurance companies to ascertain better information regarding claims and make better financial decisions pertaining to claims.

Communication (cont.)

Consumers will no longer have the burden of relaying communication between contractors and insurance adjusters. These changes will improve the experience for the consumer and eliminate some of the uncertainty insurers face when processing claims.

Insurance Companies / Residential Contractors

Communication between the insurers' claims personnel and the homeowners' contractor or potential contractor is essential to enable them to address differences on their respective written estimates. Contractors should not obtain power of attorney or try to represent the homeowner as a public adjuster and negotiate a settlement. However, there is a need to remove any barrier that prevents these parties from being able to discuss and clarify any misunderstanding pertaining to their written estimates (Exhibit V).

Recommendation:

It is recommended that the Legislature amend Section 626.854, Florida Statutes, to clarify that a potential contractor is not acting as a public adjuster when engaging in communication with insurers in order to facilitate repairs and resolve any miscommunications relative to their written estimates. A proposed amendment would be the following:

626.854 "Public adjuster" defined; prohibitions.--The Legislature finds that it is necessary for the protection of the public to regulate public insurance adjusters and to prevent the unauthorized practice of law.

- (1) A "public adjuster" is any person, except a duly licensed attorney at law as hereinafter in s. [626.860](#) provided, who, for money, commission, or any other thing of value, prepares, completes, or files an insurance claim form for an insured or third-party claimant or who, for money, commission, or any other thing of value, acts or aids in any manner on behalf of an insured or third-party claimant in negotiating for or effecting the settlement of a claim or claims for loss or damage covered by an insurance contract or who advertises for employment as an adjuster of such claims, and also includes any person who, for money, commission, or any other thing of value, solicits, investigates, or adjusts such claims on behalf of any such public adjuster.*
- (2) This definition does not apply to:*
 - (a) A licensed health care provider or employee thereof who prepares or files a health insurance claim form on behalf of a patient.*
 - (b) A person who files a health claim on behalf of another and does so without compensation.*
 - (c) A contractor, as defined in ss. 489.105(3), 489.505(10) or 489.551, who contracts with or submits a bid or estimate of costs to an insured for the repair or replacement of loss or damage to property, when*

Communication (cont.)

Recommendation:

engaged for the “limited” “sole” purpose of discussing the contractor’s estimated repair or replacement costs “or methods employed in repair or construction of damaged property” with an insurer.

Insurance Company / Homeowner

All parties that work directly with homeowners during the claims process have identified a need for the insurer to do a better job of communicating with the homeowner (their policyholder). The following are recommendations that will ensure the homeowner is made aware of the claims process, help mitigate damage, and facilitate communication between the field insurance adjuster, in-house claims staff, the homeowner and their representatives.

Recommendations:

It is recommended that the Legislature require all estimates submitted to an insurance company by the homeowner’s representatives to be signed and dated by the homeowner (named insured) as an acknowledgement that the representative explained the estimate with the insured.

It is recommended that the Legislature require insurers to give field insurance adjusters sufficient financial authority to settle claims which are pertinent to the mitigation of further damage (such as approval for roof replacement and repairs to the external shell of the structure).

It is recommended that the Legislature require insurance companies to notify every property insurance claimant within 15 days of receipt of notice of the loss that they may obtain, upon request, one free copy of all claim-related documents. Documents should be mailed within 15 days of receipt of the claimant’s request. “Claim-related documents” include, but are not limited to: field insurance adjusters’ signed and dated estimate; loss adjustment reports by in-house company adjusters; any other repair and replacement estimates and bids, appraisals, scopes of loss, property evaluation report; engineer reports; and investigation reports. All attorney work product and attorney-client privileged documentation, documents that the insurer reasonably believes indicate possible fraud by the insured and documents that contain medically privileged information should be exempt from disclosure.

Florida Building Code

The Florida Building Code and upgrade “triggers” have been identified as leading factors that contribute to claims disputes regarding Ordinance or Law Coverage. Currently, the Department of Community Affairs (DCA), Florida Building Commission’s (FBC) website at www.FloridaBuilding.org requires the actual building code number in order to access the site.

Florida Building Code (cont.)

Recommendation:

It is recommended that the Legislature provide funds designated for the development of a “consumer friendly” link on DCA/FBC’s website. Both consumers and insurers will benefit from a more user friendly interface when investigating building codes. This will also ensure that repairs will comply with codes before completion and eliminate costly subsequent repairs. This type of information would also benefit the following organizations:

Build a Safer Florida, Inc. (www.buildingasaferflorida.org)

Disaster Contractors Network (www.dconline.org)

Ordinance or Law Coverage

Ordinance or Law Coverage is a mandatory coverage pursuant to the provisions of Section 627.7011, Florida Statutes. However, the statutes are silent regarding how policyholders are to be notified when this coverage has been “triggered” or how funds are to be disbursed. This issue has been identified as a contributing factor to claims disputes. The following recommendations have been made to ensure that this issue is addressed.

Recommendations:

It is recommended that the Legislature require insurers to provide their field insurance adjusters with the training and tools to write property damage estimates that include current building code requirements (statewide and local) and the “triggers” which require upgrades.

It is recommended that the Legislature require insurers to implement standard claims handling procedures for notifying policyholders when Ordinance or Law Coverage has been triggered and show the coverage separately on the damage estimate. If the funds are withheld until the repairs are completed, the insurer should also develop standard procedures to notify the policyholder how to obtain reimbursement.

It is recommended that the Legislature require stronger enforcement of the Florida Building Code on the local level.

Demand Surge

During a catastrophic event, the shortage of building materials and manpower drives the cost of repairs upwards. This issue has been identified as a source of claims disputes.

Recommendation:

It is recommended that the Legislature require the creation of a website to track the cost of materials and labor in the affected geographic area. This will help control price gouging and reduce claims disputes.

Appraisal Process

After evaluating all sides of this issue, I am convinced that eliminating the appraisal provision is not in the best interest of Florida's policyholders. If the insurer and the insured fail to mutually agree on the amount of loss or the cost of repair or replacement of property, the appraisal process is their best option for resolving claim disputes. With the implementation of licensure and educational requirements, standardized procedures, and an impartial selection of umpires along with regulation, the appraisal process can once again be a cost-effective alternative to litigation.

Recommendations:

It is recommended that the Legislature require policyholders, prior to demanding appraisal, to participate in the Department of Financial Services' Mediation Program, which is free to all residential policyholders.

*It is recommended that the Legislature require a uniform appraisal provision be included in all residential insurance products, **but only after appropriate standards and regulation have been established in law.** The following are recommendations that I believe will bring uniformity to the appraisal process:*

- *Insureds must sign and date the appraisal estimate as an acknowledgement that the appraiser explained the estimate to the insured.*
- *Appraisal forms should be developed for writing appraisal estimates. These forms should identify the cause of loss, insured item, the amount needed to repair the damage, the amount previously paid, receipts for expenditures, and a contractor's repair estimate.*
- *The insurer may refuse to accept the demand only if the insured failed to comply with the post-loss obligations of the insured as set forth in the policy conditions.*
- *Each party shall select a competent and independent appraiser and notify the other party of the appraiser that has been selected within 20 days after the date of the demand for appraisal.*
- *The appraisers must notify the Department of Financial Services to assign a licensed impartial appraisal umpire.*
- *If either appraiser rejects the Department of Financial Services' assigned umpire, notice must be submitted to the Department of Financial Services within five (5) working days. The notice must be submitted on a form provided by the Department of Financial Services. Upon receipt, another randomly selected umpire will be assigned. If both parties are still unable to reach an agreement either party may appeal the decision to the Division of Administrative Hearings. The hearing must be limited to the scope of the dispute and not to any of the other issues subject to appraisal. Neither party shall be deemed to have waived their rights to appraisal and the appraisal process shall resume once the disputed issues have been resolved.*

Appraisal Process (cont.)

Recommendations:

- *Appraisal proceedings are informal unless the insured and the insurer mutually agree otherwise. "Informal" means that no formal discovery shall be conducted, no formal rules of procedure or evidence shall apply and no court reporter shall be used for the proceedings.*
- *Upon notice to the umpire and each appraiser, each party may make statements and explanations, present documents, and offer opinions, including expert opinions, which shall be considered by the appraisers and umpire with regard to the loss.*
- *Each appraiser shall appraise the loss and submit a written report to the other appraiser, separately stating as to each item of property: (1) the cause of the loss; and, (2) the cost to repair or replace the property. All coverage issues or policy exclusions shall be identified by the appraisers and shall not be submitted to the umpire.*
- *The appraisers shall attempt to resolve any differences in their appraisals and reach a mutual agreement on all matters. If the appraisers are unable to agree, they shall submit only the differences in their findings to the umpire.*
- *The umpire shall review the differences in the appraisals submitted by the appraisers and provide the umpire's conclusions in writing to each appraiser within 20 days after receipt of the submissions from the appraisers, unless both appraisers mutually agree to waive the time period.*
- *If either appraiser agrees with the conclusions of the umpire, an itemized written appraisal award signed by the appraiser and the umpire shall be filed with the insurer and shall determine the amount of the loss.*
- *An award shall be itemized for each item of property by stating: (1) the cause of the loss; and, (2) the cost to repair or replace the property.*
- *The award shall separately state the amount and cause of loss to each item of property appraised over which any party contests the existence of insurance coverage. The amount of the award shall be itemized by the umpire for each item of property to state the following costs that are included in the award.*
- *The award shall state the amount of the loss for each item of property according to the line or type of insurance coverage shown in the schedules or declarations of the contract of insurance.*
- *Each party may request from the umpire that the umpire state in writing the scope of work, the information analyzed, the appraisal methods, techniques employed, and the reasoning that supports the analyses, opinions, and conclusions used to develop the appraisal award.*
- *The appraisal award is binding on the insurer and the insured with regard to the amount of the loss.*

Appraisal Process (cont.)

Recommendations:

- *Each appraiser shall be paid by the party who selects the appraiser and the expenses of the appraisal and fees of the umpire shall be paid by the parties equally. However, similar to the offer of settlement provisions for civil cases, the Legislature should adopt penalties that apply if the insurer's appraisal is so low that it is unreasonable in relation to the umpire's recommendation or if the insured's appraisal is so high that it is unreasonable in relation to the umpire's recommendation. If the insured's appraisal was prepared by a licensed professional, the penalty should be against the appraiser and not against the insured.*

As an alternative to the uniform appraisal process, it is recommended that the Legislature stipulate that in the event parties to an insurance contract enter into an appraisal, either party may demand that the procedures set forth in the Florida Arbitration Code (Section 682.02 et seq.) shall control in the appraisal process except as to the selection of the appraisers and appointment of the umpire. If mutually agreed to in writing, the parties may modify the procedures set forth in the Florida Arbitration Code.

It is recommended that the Legislature require public adjusters and appraisers to provide the homeowner with a signed release upon receipt of payment.

It is recommended that the Legislature require the venue be held in the same geographic area as the insured's property.

Licensure of Property Insurance Loss Appraisers

In an effort to protect Florida's consumers and ensure that the appraisal process is conducted by qualified and regulated property insurance loss appraisers (appraisers), it is recommended that the Legislature require that persons who act as property loss insurance loss appraisers be licensed by the Department of Financial Services.

Recommendations:

It is recommended that the Legislature require all applicants for licensure as a property insurance loss appraiser must pass a written examination.

- *Examination should cover: technical terms commonly used in property appraisal; building codes, building construction and building materials; reliable sources of appraising data; appraisal principles and theory; and, appraiser standards, ethics and prohibited acts.*

It is recommended that the Legislature stipulate that current licensed insurance adjusters, public adjusters, engineers, public accountants, general contractors, building contractors and residential contractors would be qualified to take the appraiser examination without taking courses and without having experience as an appraiser.

Licensure of Property Insurance Loss Appraisers (cont.)

Recommendations:

It is recommended that the Legislature stipulate that other applicants could qualify to take the examination by having taught or successfully completed 100 classroom hours in property insurance loss appraisal courses; having completed a correspondence course in property insurance loss appraisal and have at least 6 months of experience as an employee of a licensed property insurance loss appraiser; or having completed at least 1 year of experience as an employee of a licensed property insurance loss appraiser.

It is recommended that grounds for mandatory and discretionary refusal, suspension, or revocation of an appraiser's license should be adopted along with administrative actions or penalties for violating established appraisal procedures.

It is recommended that upon suspension, revocation, or refusal to renew or continue any license of an appraiser, the department shall at the same time likewise suspend or revoke all other licenses, appointments, or status of eligibility held by the licensee or appointee under the Florida Insurance Code.

It is recommended that the Legislature establish ethical standards to be adopted providing that appraisers:

- 1) Shall not charge any fee on a percentage basis or that is contingent on arriving at a particular result.*
- 2) Shall act as an objective estimator of value, repair cost and replacement cost.*
- 3) Shall not appraise property in which the appraiser has a present or future interest without fully disclosing that fact.*
- 4) Shall not advertise or solicit appraisal work through inaccurate, misleading, false or deceptive claims.*

It is recommended that the Legislature stipulate that a property insurance loss appraiser cannot be a convicted felon.

Licensure of Appraisal Umpires / Impartial Selection Process

Although, the courts have ruled that appraisal is binding on all parties, currently appraisal umpires are only required to be neutral and competent. Therefore, anyone can be an appraisal umpire. I believe an impartial review of the appraisal estimates by the umpire is essential in order to preserve the integrity of the appraisal process for all parties. In an effort to ensure that the appraisal process is conducted by fair and qualified umpires, it is imperative that appraisal umpires be licensed and that an impartial selection process be implemented.

Recommendations:

It is recommended that all applicants for licensure as an appraisal umpire must pass a written examination.

Licensure of Appraisal Umpires / Impartial Selection Process (cont.)

Recommendations:

- *Examination should cover: technical terms commonly used in property appraisal; building codes, building construction and building materials; reliable sources of appraising data; appraisal and umpire principles and theory; and umpire standards, ethics and prohibited acts.*

It is recommended that the Legislature stipulate that a umpire cannot be a convicted felon.

It is recommended that the Legislature stipulate that current licensed insurance adjusters, appraisers, engineers, public accountants, general contractors, building contractors and residential contractors who have been an appraiser for a minimum of five (5) years and/or completed 50 appraisals would be qualified to take the umpire examination without taking courses and without having experience as an umpire.

It is recommended that grounds for mandatory and discretionary refusal, suspension, or revocation of an umpire's license should be adopted along with administrative actions or penalties for violating established appraisal procedures.

It is recommended that upon suspension, revocation, or refusal to renew or continue any license of an appraiser, the department shall at the same time likewise suspend or revoke all other licenses, appointments, or status of eligibility held by the licensee or appointee under the Florida Insurance Code.

It is recommended that the Legislature establish ethical standards to be adopted providing that umpires:

- 1) Shall not charge any fee on a percentage basis or that is contingent on arriving at a particular result.*
- 2) Shall not act as umpire when the umpire has a present or future interest without fully disclosing that fact.*
- 3) Shall not advertise or solicit umpire work through inaccurate, misleading, false or deceptive claims.*

It is recommended that the Legislature require the Department of Financial Services to implement and manage an Umpire Selection Process to: assign umpires on a random basis; ensure that the umpire is knowledgeable in the area of the appraisal to be assigned; require a signed Disclosure of Affiliations; and, establish a process for disqualification for conflict of interest or for cause. If both parties are still unable to reach an agreement either party may appeal the decision to the Division of Administrative Hearings. The hearing must be limited to the scope of the dispute and not to any of the other issues subject to appraisal. Neither party shall be deemed to have waived their rights to appraisal and the appraisal process shall resume once the disputed issues have been resolved.

Solicitation

Florida's homeowners have become targets of persons offering "free" or "no risk" home inspections as a means of securing contracts to represent the homeowner and file insurance claims. This type of activity misleads the homeowner and puts them at risk of filing specious claims, which under certain circumstance could be cause for non-renewal. In the case of specious sinkhole claims, it could inadvertently devalue the home and surrounding properties. Insurers also bear the burden of these specious claims due to increased settlement costs. Florida's insurance market and consumers are best served by eliminating these specious claims (Exhibit VI).

Recommendations:

It is recommended that the Legislature prohibit use of the terms "free", "no fee", "no charge", "no risk", "no risk involved to open / re-open your claim", "free inspection", "Final Notice", "Post Claim Review", and "You Have No Risk", in all forms of advertisement or solicitation pertaining to residential insurance products or claims.

It is recommended that the Legislature require public adjusters' contracts to stipulate that all estimates and inventories will be completed and submitted to the insurer within 45-days from the date the contract is executed. Failure to meet the 45-days requirement voids the contract.

It is recommended that the Legislature prohibit public adjusters from executing a contract with a homeowner for services for a newly filed claim 3 years after the date of loss.

It is recommended that the Legislature prohibit public adjusters from executing a contract with a homeowner for services for a supplemental or reopened claim after 2 years has passed since the last claim payment was made.

It is recommended that the Legislature establish administrative penalties, including the suspension of the license of a public adjuster or persons who execute a contract for public adjusting services 3 years after the date of loss or after 2 years has passed since the last claim payment.

Standard Homeowners Policy - Comprehensive Coverage

Section 626.9641(1)(b), Florida States, Policyholders Bill of Rights, states, in part, that policyholders shall have the right to obtain comprehensive coverage. However, currently, policyholders are not given an opportunity to purchase comprehensive coverage in the State of Florida. Property insurance policies have been eroded over the years by coverage exclusions and limitations. Recently, there have been several form filings, which further erode coverage by placing limits or exclusions on items that the homeowner has no control over. Although there are several websites available for homeowners to *Shop and Compare*, these websites only compare prices and do not explain the vast difference in the coverage provided by each insurance company.

Standard Homeowners Policy - Comprehensive Coverage (cont.)

Recommendations:

It is recommended that the Legislature require all insurers writing residential insurance products to offer a standard policy along with their preferred policy form.

It is recommended that the Legislature require Citizens Property Insurance Corporation to offer the standard policy as well as their preferred policy form.

It is recommended that the Legislature require all insurers to provide a side-by-side comparison of the standard policy and the insurer's preferred policy form.

It is recommended that the Legislature phase these requirements in over a two to three year period for an orderly transition.

Claims Dispute Resolution Roundtable

Summary

The Office of the Insurance Consumer Advocate hosted the Claims Dispute Resolution Roundtable on July 23, 2009, to bring members of the insurance industry and building construction industry together, and a follow-up meeting was held on November 18, 2009 (Exhibit I).

It was determined that the initial claim dispute occurs when the homeowner receives a damage estimate from the insurance company (insurer) that is less than the contractor's estimate for repairs. Many insurers utilize a detailed, computerized claims estimating system, while contractors usually provide a more general, handwritten repair estimate. Since there is no compatibility between the two estimating processes, discrepancies cannot be identified, and this leads to a prolonged dispute resolution process. When this occurs an uninhabitable home will further deteriorate, the homeowner must remain in temporary housing and the insurer's costs to settle the claim will greatly increase over the initial offer. At the same time, the contractor is unable to schedule the home for repairs, will not be compensated for the time and effort taken to develop the initial estimate and will be unable to respond to other employment opportunities. After a hurricane, insurers have an extraordinary demand placed on their emergency claims units and contractors are in great demand.

The Office of the Insurance Consumer Advocate has summarized the concerns and recommendations made by the roundtable participants as follows:

Insurance Companies - Damage Estimates

Damage estimates from insurance companies (insurers) are often in a computerized form which consists of measurements, prices for labor and materials in increments along with payment for the total amount, but the scope of the damages noted by the insurer's field insurance adjuster is not provided. Most estimates include a contractor's overhead and profit, but may not include payment for building permits or Ordinance or Law (O&L) Coverage since these are considered incurred expenses. Insurers believe that the use of computerized estimating systems brings uniformity to the way damage estimates are written and can be updated to reflect demand surge for building materials during catastrophic events.

Insurers also identified several issues that often contribute to claims disputes. Contractor's estimates often include items which are not related to the insurance claims, such as wear and tear, normal maintenance, and use of upgraded materials. Insurers also acknowledged that direct communication with contractors, who are under contract with the homeowner, could resolve claims disputes quickly and benefit all parties involved.

Residential Contractors - Repair Estimates

Repair estimates from contractors are often handwritten and consist of a few pages with loosely worded narrative noting the damage in each room and the total cost to make the repairs. In addition, contractors build and make restoration repairs in accordance to local ordinances and building codes, therefore their estimates automatically include

costs for O&L Coverage. Usually, only contractors who specialize in restoration work and maintain a large volume of business utilize computerized estimating systems. Most contractors consider these computerized systems expensive for the type of work they do on a regular basis.

The contractors also identified several issues that often contribute to claims disputes. Insurers' estimates often focus on surface damage and overlook areas where hidden damage is prevalent and utilize the services of out-of-state independent adjusters, who are not familiar with Florida's required codes and building techniques. Contractors also stated that the ability to discuss the scope of damage and their written estimate with the insurer's field insurance adjuster would reduce claims disputes. However, they expressed concern that engaging in this type of communication with the insurer could be perceived as a violation of Section 626.854, Florida Statutes, which is a third-degree felony conviction pursuant to Section 626.8738, Florida Statutes.

Section 626.8795, Florida Statutes, prohibits public adjusters from engaging in both public adjusting and construction work on the same property. A violation of this provision is a third-degree felony conviction pursuant to Section 626.8738, Florida Statutes. Therefore, it has been asserted that a contractor would be in violation of the Florida Statutes, if he/she in any way aided the insured (homeowner) to affect a settlement of a claim.

Participant's Recommendations

The insurers and contractors agreed that in order to facilitate the claims recovery process for homeowners both parties need to work together and have open communications. The participants discussed uniformity and best practices. It was determined that the best way to accomplish this goal is through education. While both insurance adjusters and contractors are required to take continuing education (CE) hours to maintain their licenses, it was determined that both groups should be required to take CE hours which specifically relate to claims handling issues. However, it was determined that the CE hours would be optional for contractors, since not all contractors perform insurance claims related restorations. The participants prepared a list of topics to be included in the CE hours and these lists were submitted to Department of Financial Regulation, Division of Agent and Agency Services (A&A) for review (Exhibit III) and the Department of Business & Professional Regulation, Construction Industry Licensing Board (CILB) (Exhibit IV).

The CILB met on January 12, 2010 and reviewed the list of topics. Unfortunately, a determination was not made and the Insurance Consumer Advocate's office received a request for additional information regarding the material to be taught for each topic. The Florida Home Builders Association and the Florida Insurance Council, Inc. have agreed to work with the Department of Business & Professional Regulation, to prepare a syllabus to be submitted to the CILB for approval.

A&A reviewed the list of topics proposed for the insurance adjusters' CE hours and advised that Section 626.869(4)(a), Florida Statutes, would need to be amended to make it a requirement.

Florida Building Code (Triggers for Ordinance or Law Coverage)

Concerns

The roundtable participants identified the interpretation of the building codes as another area that contributes to disputed claims. It appears that the interpretation of the building codes often differs among contractors, insurance adjusters and local jurisdiction enforcement. This also makes it difficult for contracted (out-of-state) insurance adjusters to identify “triggers” for Ordinance or Law (O&L) Coverage requirements. There was not a consensus reached on this issue, but insurers view O&L Coverage as an incurred expense, so it is not always included in their initial estimate. In addition, it appears that some insurers actively work to ensure their policyholders are familiar with O&L Coverage and how to receive reimbursement after the repairs are made and others handle it on a case by case basis. However, contractors naturally include the latest building code requirements in their repair estimates. This type of inconsistency between the two estimates could take several weeks to reconcile without effective communication between the insurance adjuster and the homeowner’s contractor.

Currently, the Department of Community Affairs (DCA), Florida Building Commission maintains a website www.FloridaBuilding.org. However, the building code link is very complicated to use. The actual code number is required in order to access the site, and then the person must have the ability to interpret the code and its various jurisdictional amendments.

Participant’s Recommendations

The roundtable participants agreed that it would be helpful for all parties if the Florida Building Code is provided in a “consumer friendly” format which identifies the “triggers” for statewide and local code upgrades. The Insurance Consumer Advocate’s office discussed this option with the Florida Building Commission (FBC) and was advised that it is possible, but funding would be required from the Legislature. The Insurance Consumer Advocate’s office was also advised by the Building A Safer Florida, Inc. (<http://www.buildingasafeflorida.com>) and the Disaster Contractors Network (www.dcnonline.org) that if this information was in a “consumer friendly” format it would be helpful for all Floridians.

Mortgage Companies

Concerns

The roundtable participants also discussed the burden that mortgage companies place on homeowners during the rebuild process. Based on the mortgage company’s financial interest in the property, it is listed as an “additional insured” on the homeowner’s policy as well as on all claim payments. However, when mortgage companies fail to inspect the completed repairs and release insurance proceeds timely, the homeowner cannot pay their contractor and others, such as public adjusters, appraisers and umpires. Currently, Section 494.0026, Florida Statutes, states that mortgagees must promptly endorse checks related to compensation for damage to property, contents and additional living expenses. The mortgagee must also promptly disburse insurance proceeds related to contents and additional living expenses. Insurance proceeds for property must be promptly deposited into a federally insured financial institution. However, Florida laws are silent regarding the disbursement of property related insurance proceeds, such as, timelines for inspections and how proceeds are to be disbursed when the mortgage payments are in arrears.

Participant's Recommendations

The roundtable participants recommended that a uniform inspection and disbursement process should be implemented to address this issue. Since mortgage companies are not regulated at the state level, the Mortgage Bankers Association of Florida (MBAF) was asked to provide assistance. The MBAF advised that the disbursement of insurance property proceeds are governed by the Terms and Conditions of the Loan Agreement, which are usually products tied to either FannieMae or Freddie Mac. However, the MBAF and the Florida Bankers Association agreed to work with their members to ensure that insurance property proceeds will be disbursed in an expedient manner upon verification that repairs have been completed.

Demand Surge

Concerns

The roundtable participants identified demand surge, during a catastrophic event, as another contributing factor for claims disputes. During catastrophic events, the shortage of building materials and manpower drive the costs of repairs. While insurers, public adjusters and many contractors utilize computerized estimating systems, which can be programmed to address demand surge, this continues to be an issue. XACTWARE, which is one of the leading companies that develop computerized systems utilized to prepare estimates, was invited to demonstrate their Xactimate product. Most insurers in the State of Florida use Xactimate to prepare claims estimates. However, as demonstrated, unless the operators are trained, certified and the programming is consistent, there will always be inconsistencies.

Participant's Recommendations

The roundtable participants recommended that at a time of a catastrophic event, the State of Florida should create a website which tracks the costs of materials and labor in the affected geographic areas. This could eliminate claims disputes regarding costs and perhaps, control price gouging. In addition, it was noted that major hurricane damage is the result of 50-60 years of building structures in the path of naturally occurring weather patterns. Other recommendations include stronger enforcement of the Florida Building Code on the local level and reactivation of the My Safe Florida Home Program to retrofit structures to reduce damage and overall insurance costs.

Alternative Dispute Resolution Roundtable

Summary

Based on concerns regarding the appraisal process that were identified during the Claims Dispute Resolution Roundtable, the Office of the Insurance Consumer Advocate hosted the Alternative Dispute Resolution Roundtable on January 6, 2010. The participants at this roundtable included representatives from the insurance industry, public adjusters, property insurance loss appraisers, umpires and attorneys (Exhibit II).

Appraisal is a process for settling claims disputes between the insurer (insurance company) and the insured (homeowner). If an agreement cannot be reached about the cost of repairs or replacement of the damaged property, either party can request appraisal. The insurer and the insured each select a competent property insurance loss appraiser (appraiser). The two appraisers prepare estimates which reflect the amount needed to make repairs or replace the damaged property. If the appraisers cannot reach an agreement on the amount needed to make repairs or replace the damaged property, they then select an appraisal umpire. The umpire reviews the estimates completed by the appraisers and makes a determination on the amount needed to make repairs or replace the damaged property. Agreement by two of the three parties is binding with few exceptions. Currently, there are no standards for the appraisal process and it is perceived that the process is being abused. This has led several insurance companies to believe that the appraisal process is no longer a viable option in the claims dispute resolution process and they have filed to remove the appraisal provision from their policies.

The Office of the Insurance Consumer Advocate has summarized the roundtable participants' discussion and recommendations as follows:

Appraisal Process – Participant's Concerns

Insurance Industry

The insurance industry representatives identified several concerns regarding the current appraisal process, such as, no standards or procedures governing how estimates are written; estimates are not restricted to covered damage or coverage limits; after the public adjusters fees, property insurance loss appraisers fees plus umpire fees the homeowner often has insufficient funds to fully repair the property (too costly). Public adjusters interfere with the insurers' ability to communication with their policyholders. Public adjusters' estimates are often inflated and include normal maintenance issues, wear and tear, replacement rather than repair, and upgraded building materials. In addition, requests for appraisal are often years after the date of loss without explanation, which creates additional costs for inspections and various reports. There was further consensus regarding unethical solicitation practices, specifically related to re-open claims. It was also noted that property insurance loss appraisers and umpires are not licensed or regulated and there are no consequences for misrepresentation or fraudulent activities. The selection process for umpires is inadequate and their awards are often written as lump sums, which do not relate to the insurable damage.

Public Adjusters

The public adjuster's representatives identified several issues that they believe have increased the number of requests for appraisal, such as, insurance companies' failure to

effectively communicate with their policyholders and field insurance adjusters' lack of authority to discuss their report (scope of damage) with the homeowner or to settle claims has exacerbated claims disputes. Insurance adjusters are not held accountable for their work, they lack proper training and do not fully document the damages – this includes out-of-state insurance adjusters. In addition, claims payments are determined by in-house adjusters and based on in-house protocol not on a case by case basis. The initial payments are often insufficient, which leads to continuous re-inspections and prevents the homeowner from being able to start repairs. There is also a perception that some insurers force their policyholders into the appraisal process rather than adjusting the claim.

Property Insurance Loss Appraisers

The property insurance loss appraiser's representatives identified many of the same concerns as the public adjusters. However, they reported that the insurers' appointed property insurance loss appraisers often will not sign-off on their estimates for fear that they will not be re-appointed if they accept an offer that is unfavorable to the company. In addition, it was noted that the insurers' appointed property insurance loss appraisers do not write their own estimates, which puts them at a disadvantage in negotiating a settlement.

Umpires

The umpire's representatives agreed with the concerns identified by the public adjusters and property insurance loss appraisers. The umpires acknowledged that their awards do not take policy limits or coverage issues into consideration. Umpires also reported that they have not been re-appointed by some insurance companies and appraisers for making awards that were not favorable to them.

Attorneys

The attorney's representatives agreed that the appraisal process is broken, but that it is still more cost-effective than going to court. The attorneys agreed with many of the concerns identified by the other participants. In addition, they are concerned that appraisal is binding and insurance companies require a Signed Release in exchange for payment of the claim – this closes the door for additional supplements for hidden damages, which are often found once the repairs begin.

Appraisal Process – Participant's Recommendations

Insurance Industry

The insurance industry's representatives (insurers) did not come to a consensus on whether the appraisal provision should remain or be removed from the homeowners' policy. Insurers, that have removed the appraisal provision from their policies, recommend that no action be taken for 4 to 5 years so that an impact study can be done to review the overall impact on insurers and policyholders. If it is determined that litigation experience has increased and that the removal of the appraisal provision has negatively impacted consumers, the Legislature could take corrective action at that time. However, if the Legislature requires the appraisal provision to be a mandatory policy provision, it is recommended that the Department of Financial Services (DFS), through its rulemaking powers, adopt controlling procedural rules and guidelines for the appraisal process, with an emphasis on preserving neutrality and impartiality. Insurers also recommend that DFS have stronger authority over public adjusters' solicitation practices involving insurance products.

Public Adjusters

Public adjusters agreed that the appraisal process should be standardized, property insurance loss appraisers should be licensed, required to meet educational standards, and there should be an impartial mechanism for the selection of umpires. They recommend that there be penalties for submitting inflated estimates to the appraisal process, such as if the appraisal award is under 25% of the estimate, the party that submitted the inflated estimate should pay the appraisal expenses for both parties. In addition, they recommend that mortgage companies should be required to release the portion of the claim payment that reflects their fees rather than holding insurance proceeds along with their fees until the property has been repaired. Finally, they recommend that Florida's insurance companies should be required to offer a standard comprehensive policy in order to reduce coverage confusion for homeowners.

Property Insurance Loss Appraisers

Property insurance loss appraisers agree that their profession should be licensed and required to meet established educational requirements. They recommend that their profession be regulated by the Department of Financial Services in order to protect the public not only from unqualified property insurance loss appraisers, but from criminal elements who have infiltrated the appraisal process.

Umpires

Umpires agreed that there should be an impartial mechanism for the selection of umpires standardized appraisal process. They recommend that coverage issues and exclusions be identified by the property insurance loss appraisers and not submitted to the umpire. In addition, umpires should be knowledgeable in the area of the appraisals that they participate in, sign a disclosure of affiliations form, and inspect the property themselves, if requested by either party. Umpires stated that their fees are included in the insurance proceeds that are held by the mortgage companies and recommend that the insurance company be required to pay their fees directly to them from the insurance claim payment.

Attorneys

Attorneys recommended that the appraisal process should be standardized through policy language rather than through legislation or rule. They believe the umpire selection process should be a function of the courts. In addition, the claims process should be "transparent" and claims documents should be shared, such as the insurance adjuster's written scope of damages, engineer reports and any other documents that are used to either support or deny the payment of the claim. It is believed that sharing these documents would allow for mistakes to be easily identified and resolved through communication.

The following is the insurance industries' response to the concerns expressed by the other representatives who are also involved in the appraisal process.

The insurance industry's position on many of the issues raised by public adjusters, appraisers, umpires and attorneys were mixed. During the 2004/2005 hurricane seasons, the insurance industry was slammed by 8 hurricanes in a 2 year period and they acknowledged that this put stress on their claims handling processes. While most insurance companies recovered quickly, it took some time for others to implement policies and procedures for field insurance adjusters and in-house claims staff to ensure that claims are handled promptly and paid in a consistent manner. In addition, all insurers were actively working to handle claims in a timely manner. The aggressive solicitation by public adjusters, which negatively portrays the insurance industry, has impeded their ability to work with their policyholders to resolve claims timely. And, it has become common practice to receive notice that the appraisal provision has been invoked on claims that have been previously paid and considered settled. Notification is usually received directly from a public adjuster without any prior request from the homeowner for additional funds. Insurers would like an opportunity to work directly with their policyholders to adjust claims and prohibit public adjusters from being involved in the claims process until a dispute has been identified.

Insurers indicated that their policyholders often have no knowledge of the estimates prepared by their public adjuster or appraiser. They also have the perception that estimates written by public adjusters and property insurance loss appraisers are purposely inflated, misrepresent damages and include uninsured normal maintenance issues. Umpires do not adequately review appraisal estimates and often split the difference between the public adjusters and/or the property insurance loss appraisers estimate and the company's appraisal estimate (the term is "split the baby"). Insurers believe that this is a disservice to the homeowner, the insurance company and it affects the premiums of all of their policyholders. It was also noted that if Citizens Property Insurance Corporation experiences this same type of activity, all policyholders in the State of Florida will be assessed if funds are not available to pay claims.

Insurers also noted that they are regulated, subject to administrative action and penalties if they violate the Florida Insurance Code and susceptible to "bad faith" lawsuits. However, there are no repercussions for public adjusters or property insurance loss appraisers who inflate or misrepresent the damages on their estimates.

It has been argued that the removal of the appraisal provision will lead to increased litigation. However, it has been reported that removal of the appraisal provision has instead made policyholders more willing to communicate directly with their insurance company to resolve claim differences and that there has been a slight decrease in the number of claims that have gone to litigation. Insurers that have filed and received approval to amend or remove the appraisal provision from their residential products have made it clear that they will reinstitute the appraisal provision if it is statutorily required. Insurers that continue to provide appraisal as an alternative claims dispute resolution process wants a fair process that does not exploit their policyholders.

The following is the public adjuster's response to the concerns expressed by the insurance industry's representatives. The public adjuster's views are shared by the other representatives involved in the appraisal process, such as property insurance loss appraisers, umpires and attorneys.

The public adjusters' position is that they are the only type of insurance adjuster that works directly on behalf of the homeowner. They believe that the homeowner is best served, if they are involved in the claims process at the inception of the claim before the insurance industry has an opportunity to negate the role of the public adjuster. While it is true that most public adjusters aggressively solicit business, only a few consistently do so in an inappropriate manner. Public adjusters believe that the insurance industry consciously delays the claims process and denies claims or coverage in order to force the homeowner into settling the claim for less than what is needed to make repairs. Public adjusters point to the recent report issued by the Office of Programs Policy Analysis & Government Accountability (OPPAGA) as confirmation that they are meeting the needs of Florida's policyholders (a copy of the report can be found on OPPAGA's website at www.oppaga.state.fl.us). While the report was specific to Citizens Property Insurance Corporation, it states, in part, that policyholders using public adjusters to help them settle a claim received higher settlements and that complaints about public adjusters are relatively low. Public adjusters believe that the removal of the appraisal provision from the homeowner's policy will force homeowners to either accept less than what is needed to make repairs or into higher litigation costs. They acknowledge that appraisal is an informal dispute resolution process, but understand the need to standardize the process and support licensure of property insurance loss appraisers.

Finally, they believe that if their recommendations to improve the appraisal process are put into practice, insurance companies should statutorily be required to provide their policyholders with the option to settle disputed claims through the appraisal process.

EXHIBIT I

Claims Dispute Resolution Roundtable - Participants

Sean Michael Shaw, Esq. Insurance Consumer Advocate	Tallahassee
Johnny L. Moore, Esq. Deputy Insurance Consumer Advocate	Tallahassee
R. Terry Butler, Esq., Senior Attorney Office of the Insurance Consumer Advocate	Tallahassee
Carl Lott, President U.S. Cat Adjusters, LLC	Offices in Florida, New Orleans and Texas
James P. Romerill, Chief Claims Officer Tower Hill Claims Services, LLC, Tower Hill Insurance Companies	Gainesville
Darius H. Grimes, CRC, CSI, CDT, CWMS President / Founder, Disaster Smart Consulting, Inc	Cantonment (Panhandle)
Zac Extejt, Charlotte County Seawalls, Inc. Representing - Florida Home Builders Association	Port Charlotte
Mark Rodrigue, Lone Wolf, Inc. Representing - Tallahassee Home Builders Association	Tallahassee
Yong Gilroy, Senior Vice President of Claims Citizens Property Insurance Corporation	Jacksonville
Paul G. Neilson, Associate Manager – Property Travelers of Florida	Tampa
Bill Werther, Vice President Claims American Traditions Insurance Company/Modern USA Insurance Company	Pinellas Park
Stacey A. Giuliani, Chief Legal Officer Florida Peninsula Insurance Company	Boca Raton
Bert A. Kedroe, Director of Claims Universal Adjusting Corporation, Universal Property and Casualty Insurance Company	Fort Lauderdale
Terri Maricque, Claims Section Manager State Farm Florida Insurance Company	Jacksonville
Tami Torres, Director of the Division of Consumer Services Department of Financial Services	Tallahassee
Walt Zehnder, CPCU, Vice President Claims Security First Insurance Company	Ormond Beach
Horacio “Vincent” Jaimes, Director of Operations Skyhigh Siding & Roofing, Inc.	West Palm Beach
Mike Whitten, Vice President of Operations American Building Contractors, Inc. & Insurance Restoration Services, Inc.	Parkland

EXHIBIT II

Alternative Dispute Resolution Roundtable – Participants

Sean M. Shaw, Esq. Insurance Consumer Advocate	Tallahassee
Johnny L. Moore, Esq. Deputy Insurance Consumer Advocate	Tallahassee
R. Terry Butler, Esq. Senior Attorney, Office of the Insurance Consumer Advocate	Tallahassee
George Meros, Jr., Esq. The National Association of Public Insurance Adjusters	Tallahassee
Tim Zeak Florida Public Adjusting	Lakeland
Paul G. Neilson, Associate Manager – Property Travelers of Florida	Tampa
William “Chip” Merlin, Jr., Esq. Merlin Law Group	Tampa
Jim Reichle Florida Insurance Council, Inc.	Lake Mary
Art Newman Windstorm Insurance Network, Inc. (WIND) BELFOR Property Restoration	Deerfield Beach
John A. Voelpel, III, CPCU, AIC Voelpel Claims Service, Inc.	Orlando
Stephen A. Marino, Jr., Esq. Ver Ploeg & Lumpkin, P.A.	Miami
Frank Artiles J.D., LL.M. Insurance Appraisal and Umpire Association, Inc. PINNACLE	Miami
Christopher N. Mammel, Esq. Childress Duffy Goldblatt, Ltd.	Orlando
Leonard “Lenny” Bauman Florida Association of Public Insurance Adjusters, Inc.	Seminole
William Stander, Regional Manager Property Casualty Insurers Association of America	Tallahassee
Robert C. Groelle, Esq. Groelle & Salmon	Wellington
Jeff Vanderpool, Senior VP & Chief Claims Officer Sunshine State Insurance Company	St. Augustine

Continuing Education – Insurance Adjusters

Purpose: To facilitate the claims recovery process for the benefit of homeowners.

- Basic residential construction techniques.
- How to identify damages most often overlooked and where hidden damages are prevalent.
- Repair vs. Replace – Cost Effectiveness; Product Integrity; Safety Issues (When coverage is vague, give the benefit of doubt to the policyholder.)
- Write insurance estimates - separation in the estimate for unrelated or pre-existing damages, remodeling, upgrades, etc.
- What is Ordinance or Law Coverage? How to write an estimate for actual damages and a separate estimate for upgrades applicable to Florida Building Code.
- How to identify building materials that have been discontinued or no longer used by the construction industry.
- How to discuss the scope of damage with the homeowner and their contractor.
- How to identify normal wear & tear, actual damage and the differences between new construction and damage restoration construction.
- FEMA Flood Elevations and 50 Percent Rule

Optional Continuing Education – Residential Contractors

Purpose: To facilitate the claims recovery process for the benefit of homeowners.

- Identify the types of repairs that a contractor can perform to mitigate damages prior to the insurance adjuster visiting the damaged property.
- Inform the homeowner about the importance of hiring a licensed contractor who has workers compensation and liability insurance.
- Homeowners (HO3) Policy Basics for Contractors (highlights coverages and exclusions).-
- Insurance Adjusting Basics for Contractors (what adjusters look for and how estimates are prepared).
- What is Ordinance or Law Coverage? How to write an estimate for actual damages and a separate estimate for upgrades applicable to Florida Building Code.
- Contractor's warranty vs. Insurance coverage obligations
- Repair vs. Replace – Cost Effectiveness
- How to handle homeowners' request for upgrades (new construction) which are not associated with the insurance claims (damage restoration construction).
- How to identify, document and photograph evidence of hidden damage.
- Hurricane Mitigation Features: Identify and explain benefits of installing mitigation features to the homeowner when other repairs are being made. Hurricane Mitigation is becoming a specialty field; therefore, this type of consultation should only be done by qualified restoration contractors.
- FEMA Flood Elevations and 50 Percent Rule

Contractors Adjusting Insurance Claims **Message from the Florida Department of Financial Services**

Sometimes contractors attempt to help victims of disasters by offering assistance with their insurance claim. If they do so, they may illegally be engaging in the practice of public adjusting without being properly licensed by the Department of Financial Services.

The definition of a public adjuster, as explained in Section 626.854, Florida Statutes, is any person, except an attorney, who, for money or any other thing of value (which would include securing a contract for repairs):

- Prepares, completes or files an insurance claim form for an insured.
- Aids in any manner on behalf of an insured in negotiating for or effecting the settlement of a claim.
- Advertises or solicits for employment as an adjuster of such claims.

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 (Section 626.854, Florida Statutes), you could be subject to arrest and may be charged with a third-degree felony as provided by Section 626.8738, Florida Statutes.

If you should become licensed as a Public Adjuster, you cannot enter into a contract to do both the public adjusting and construction work on the same property per Florida Statute 626.8795, Public adjusters; prohibition of conflict of interest:

"A public adjuster may not participate, directly or indirectly, in the reconstruction, repair, or restoration of damaged property that is the subject of a claim adjusted by the licensee; may not engage in any other activities that may be reasonably construed as a conflict of interest, including soliciting or accepting any remuneration from, of any kind or nature, directly or indirectly; and may not have a financial interest in any salvage, repair, or any other business entity that obtains business in connection with any claim that the public adjuster has a contract or an agreement to adjust."

If you should have any questions about what activities constitute acting as a public adjuster, please contact the Department of Financial Services at 850-413-3136 or through its website, <http://MyFloridaCFO.com>.



FINAL NOTICE

Reference number: MKS-731

ZIP-CODE: 33325, 33326, 33327

Dear Broward County Resident,

Our records indicate that your insurance claim may have been underpaid.

If you are insured with: CITIZENS, CLARENDON, TOWER HILL, ALLSTATE, FIRST PROTECTIVE, CYPRESS, FEDERATED, UNIVERSAL, STATE FARM, LIBERTY MUTUAL or TOWERHILL. We would like to re-inspect and re-adjust your Hurricane claim.

There is no charge or risk to RE-OPEN your claim. Please call me at [redacted] to schedule your inspection

IMPORTANT: Our deadline for all claims is December 15, 2009, 2009

Regards,

[redacted]
Licensed by the Florida Department of Financial Service [redacted]

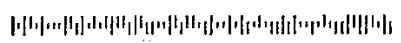
[redacted]
[redacted] Hollywood, Florida [redacted]
[redacted]

[Redacted]
Tel: [Redacted]
Fax: [Redacted]
email: [Redacted]



Licensed and Bonded

Attention Homeowners ! Sinkholes have been located in YOUR County.



Saint Petersburg, FL

Dear Insured,

If you are/were insured with:

STATEFARM, CITIZENS, BALBOA, CLARENDON, TOWERHILL, ALLSTATE, ALLIED, FIRST PROTECTIVE, SENTRY, CYPRESS, FEDERATED NATIONAL, UNIVERSAL, LIBERTY MUTUAL, AMERICAN SECURITY, ASSURANT, ARGUS, GULFSTREAM, ST. JOHN'S, FIRST FLORIDIAN, AMERICAN STRATEGIC, HOMEWISE, SOUTHERN OAK, QBE, ZC STERLING OR ANY OTHER INSURANCE COMPANY.

We would like to inspect and adjust your sinkhole claim. There is no charge or risk involved to OPEN/RE-OPEN your claim.

- Even if you have a forced place policy
- If your insurance company is leaving or has left the state
- We would like to inspect/re-inspect your damages, free of charge and help you get money. There is **NO CHARGE OR RISK TO OPEN/RE-OPEN YOUR CLAIM**
- **NO RECOVERY, NO FEE, YOU HAVE NO RISK**

To avoid the destruction of property and the contamination of groundwater, it is important to monitor potential sinkhole formation. Although a sinkhole can form without warning, specific signs can signal potential development:

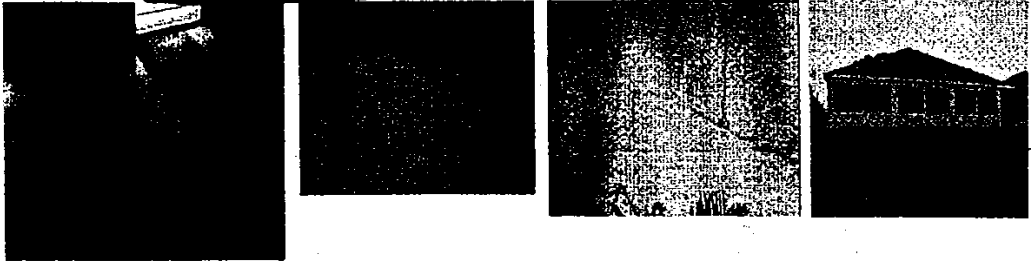
SIGNS TO WATCH FOR:

- Stair step cracks on exterior of house
- Drywall separation from ceiling and/or floors
- Slope in floor
- Cracks in ceiling near windows and doors
- Cracks in exterior block or stucco
- Cracks in windows, doors, and interior joint areas
- Windows and doors hard to close properly
- Cracks and separation of concrete driveways and sidewalks
- Cracks in pool decks
- Depressions in yard or street
- Neighbors reporting confirmation of sinkhole activity
- Slumping or falling fence posts, trees, foundations, etc.
- Sudden formation of small ponds
- Wilting vegetation
- Driveway, and Lanai cracks
- Structural cracks in walls, floors, etc.



WHAT TO DO if a SINKHOLE DEVELOPS on your PROPERTY

Contact [Redacted]



Sincerely,
[Redacted]



Reference number: UPAZ-3767

ZIP-CODE: 33437, 33467

Our records indicate that your Hurricane claim may have been underpaid.

If you are insured with: CITIZENS, CLARENDON, TOWER HILL, ALLSTATE, FIRST PROTECTIVE, CYPRESS, FEDERATED, UNIVERSAL, STATE FARM, LIBERTY MUTUAL, TOWERHILL. We would like to re-inspect and re-adjust your Hurricane claim.

There is no charge or risk to RE-OPEN your claim.

Regards,

[Redacted] licensed by the Florida Department of Financial Services [Redacted]

IMPORTANT: Our deadline for all claims is March 08, 2008

To schedule your inspection call: [Redacted]
[Redacted]
[Redacted]