

# DON'T BE A VICTIM! PREVENT CONTRACTOR FRAUD & ABUSE

Florida's Insurance Consumer Advocate (ICA) Tasha Carter and the American Property Casualty Insurance Association (APCIA) are working together to empower Floridians with the knowledge and resources to spot and stop contractor fraud and abuse, especially after a disaster.

The consumer tips and red flag warning signs outlined in this guide can help reduce your chance of being victimized by a contractor looking to commit insurance fraud or scam you out of your money.

## DO YOUR DUE DILIGENCE BEFORE HIRING A CONTRACTOR:

- ✔ **Watch for red flag warning signs.**
- ✔ **Before signing any contracts, contact your insurance company first to file your claim and make sure the damage is covered by your policy.**
- ✔ **Ask questions and do your research to ensure you are working with a licensed, insured, and reputable contractor.**

## UNDERSTANDING YOUR INSURANCE POLICY

Contractors are prohibited by law from providing policy coverage analysis and advice. If you have questions about your insurance policy or coverage, contact your insurance agent or insurance company for answers.

## INSURANCE COMPANY INSPECTIONS

If the work being done by a contractor is part of an insurance claim, allow your insurance company to come out and inspect the damages **BEFORE** you sign any paperwork and **BEFORE** a contractor starts work.



# CHOOSING A CONTRACTOR

**Don't let contractors pressure you into signing a contract.  
Take your time and do research first.**

## VERIFY CONTRACTOR LICENSE AND WORKERS' COMPENSATION INSURANCE

- Verify that the contractor has an active, valid Florida license at:  
**[www.MyFloridaLicense.com](http://www.MyFloridaLicense.com).**

- Verify that the contractor has either:

### **Workers' Compensation Insurance**

<https://dwcdataportal.fldfs.com/ProofOfCoverage.aspx>

### **Proof of a Workers' Compensation Exemption**

<https://dwcdataportal.fldfs.com/Exemption.aspx>

- Verify that the contractor has general liability insurance by requesting a Certificate of Insurance.

**Don't allow a contractor to inspect your property, including your roof,  
until you have verified that they are a licensed, insured contractor.**

## CHECK FOR COMPLAINTS

Check if the contractor has any complaints filed against him or her on the Better Business Bureau's website at [www.BBB.org](http://www.BBB.org).

## GET AT LEAST THREE ESTIMATES

Obtain detailed, itemized written estimates from at least three licensed, insured contractors. Ask friends, co-workers, or family members for referrals.

## ASK FOR REFERENCES

Ask the contractor for local references, preferably references that are less than 12 months old.



# CHOOSING A CONTRACTOR

## RED FLAGS



### USE CAUTION IF A CONTRACTOR:

- ▶ Shows up unsolicited and points out damage you have not previously noticed.
- ▶ Asks for full payment up front or asks for payment in cash only.



**Promises services at no charge to you or offers to waive your insurance deductible.**

- ▶ Offers you payment or a gift card for a free inspection.
- ▶ Is unable or unwilling to provide references for other work they have performed.



**Does not have a valid and active Florida license.**

- ▶ Is not willing to provide you with evidence of their Certificates of Insurance for General Liability and Workers' Compensation.

- ▶ Claims the price they are offering is for one-day-only or pressures you to act immediately because a deadline is approaching.



**Pressures you to file an insurance claim.**

- ▶ Provides an estimate notably lower or significantly higher in comparison to other estimates you have received for the same work.
- ▶ Provides you with an estimate that is a lump sum amount, or an estimate that is very general and lacks specific, itemized details.
- ▶ Tells you they prefer to handle all communications in-person and they are reluctant to provide you with written documents or use mail, email, or text message.
- ▶ Does not have an established business location or their place of contact is somewhere other than an established business, such as a motel, P.O. box, work truck, or work trailer.



# CONTRACTS AND DOCUMENTATION



**Always get a copy of every document you sign BEFORE the contractor starts work.**

## INSURANCE DOCUMENTATION

Always get a copy of the contractor's proof of General Liability and Workers' Compensation insurance or Proof of Workers' Compensation Exemption **BEFORE** signing a contract or repair agreement.

## NEVER SIGN DOCUMENTS THAT INCLUDE BLANK SPACES

Do not leave any blank areas on a signed contract or sign a contract with incomplete sections; this can allow for terms or conditions to be added at a later date that you did not agree to.

## UNDERSTAND EVERYTHING YOU SIGN

When signing a document, do not sign it if you do not understand it! If you need to, request assistance from a trusted professional, family member or friend with interpreting contract terms and understanding what you are about to sign.

## BUILDING PERMITS

Be sure the contract states that the contractor will obtain the necessary permits for the work.

## DOCUMENTATION OF ALL CONSTRUCTION DETAILS

Ensure **everything is in writing**, including a full description of the work the contractor will perform, the start date, the estimated completion date, an itemized budget, and a payment schedule.

## DIRECTION TO PAY

Know the consequences of signing an a Direction to Pay or similar agreement. A Direction to Pay agreement may require the insurance company to pay the contractor directly (sometimes before work is complete). You are not required to sign this documents to have work done. Look for language that seems to allow a contractor to submit claims to or ask for payment from your insurance company without consulting you first.

## CANCELLATION

By law, you can cancel a contract to replace or repair a roof without penalty or obligation within 10 days after the execution of the contract or by the start of work, whichever comes first. This provision applies to contracts entered into after a declared state of emergency, such as a hurricane. Contractors must include cancellation rights on the contract or as an attachment.



## RED FLAGS USE CAUTION IF A CONTRACTOR:



Does not or is unwilling to provide a copy of the contract or agreement.



Does not allow you to review the contract or agreement, or scrolls directly to the signature line.



Pressures you to sign a contract such as a Direction to Pay agreement.





# PAYMENTS

**Contractors should offer you multiple payment method options.**

## ADVANCE PAYMENTS

Do not pay in cash or pay the full payment up front. Sometimes advance payment to the contractor is necessary to pay for materials, but this advance payment should never be more than 50% of the full price for the service. Always get a receipt for payments made.

## FINAL PAYMENT

Do not make the final payment to the contractor until ALL work listed on the contract has been completed to your satisfaction. Do not pay with cash; use a check or credit card instead to create a record of your payment.

## CONTRACTOR'S FINAL PAYMENT AFFIDAVIT

Before making the final payment to a contractor, ask the contractor for the Contractor's Final Payment Affidavit to verify that the contractor has paid all of the subcontractors and suppliers. Florida law, **Section 713.06(3)(d), Florida Statutes**, requires contractors to provide a Contractor's Final Payment Affidavit when the final payment for the contract becomes due.

If debt remains unpaid, Florida law allows subcontractors/suppliers to place a lien on your home, as provided in **Sections 713.05 and 713.06, Florida Statutes**.

## USE CAUTION IF A CONTRACTOR:



## RED FLAGS



Asks for full payment up front or asks for payment in cash only.



Pressures you to encourage your family, friends or neighbors to hire them for services.



Offers you a discount for letting them use leftover materials from a previous job.



# RESOURCES



## FLORIDA DEPARTMENT OF FINANCIAL SERVICES

---

Verify workers' compensation insurance, verify proof of workers' compensation exemption or report suspected violation of workers' compensation insurance requirements to the Division of Workers' Compensation: **[www.MyFloridaCFO.com/Division/WC](http://www.MyFloridaCFO.com/Division/WC)**.

Report insurance fraud to the Criminal Investigations Division:  
**1 (800) 378-0445** or online at **[www.MyFloridaCFO.com/Division/CID](http://www.MyFloridaCFO.com/Division/CID)**.



## FLORIDA DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION

---

Contractors are licensed by the Florida Department of Business and Professional Regulation (DBPR). To verify a license or file a complaint for suspected unlicensed activity or other inappropriate actions by a contractor, contact DBPR: **(850) 487-1395** or online at **[www.MyFloridaLicense.com](http://www.MyFloridaLicense.com)**.

## FLORIDA HOMEOWNERS' CONSTRUCTION RECOVERY FUND

---

Florida Homeowners' Construction Recovery Fund offers reimbursement for monetary losses caused by certain acts of a licensed contractor or construction company. The fund is a last resort after all civil remedies have been exhausted.

For more information on the Construction Recovery Fund or to file a claim:

Construction Industry Licensing Board  
2601 Blair Stone Road  
Tallahassee, Florida 32399-2215

**(850) 921-6593**  
**[www.MyFloridaLicense.com/DBPR/Construction-Industry/Recovery-Fund](http://www.MyFloridaLicense.com/DBPR/Construction-Industry/Recovery-Fund)**



## LOCAL BUILDING PERMIT OFFICE

---

For information on required building permits or to file a complaint, contact your local building permitting office. This is typically overseen by county government.



BROUGHT TO YOU IN PARTNERSHIP BETWEEN  
FLORIDA'S INSURANCE CONSUMER ADVOCATE AND  
THE AMERICAN PROPERTY CASUALTY INSURANCE ASSOCIATION



(850) 413-5923

  @YourFLVoice

YourFLVoice@MyFloridaCFO.com

[www.MyFloridaCFO.com/Division/ICA](http://www.MyFloridaCFO.com/Division/ICA)

   @TeamAPCIA

[www.apci.org/contact-us](http://www.apci.org/contact-us)

[www.apci.org](http://www.apci.org)

[www.MyFloridaCFO.com/Division/ICA/FraudPrevention](http://www.MyFloridaCFO.com/Division/ICA/FraudPrevention)

[www.apci.org/Prevent-Contractor-Fraud-Abuse](http://www.apci.org/Prevent-Contractor-Fraud-Abuse)

**DEMOLISH** CONTRACTOR  
**FRAUD**   
STEPS TO AVOID FALLING VICTIM

[www.MyFloridaCFO.com/Division/ICA/Demolish](http://www.MyFloridaCFO.com/Division/ICA/Demolish)