

**JOINT REPORT TO
THE PRESIDENT OF THE FLORIDA SENATE**

**THE SPEAKER OF THE
FLORIDA HOUSE OF REPRESENTATIVES**

by

**THE FLORIDA DEPARTMENT OF FINANCIAL SERVICES
DIVISION OF INVESTIGATIVE AND FORENSIC SERVICES
BUREAU OF WORKERS' COMPENSATION FRAUD
&
DIVISION OF WORKERS' COMPENSATION**

January 15, 2021



The Florida Department of Financial Services, Division of Workers' Compensation (DWC) and Division of Investigative and Forensic Services (DIFS) / Bureau of Workers' Compensation Fraud (BWCF) submit this joint report to the President of the Florida Senate and the Speaker of the Florida House of Representatives, pursuant to subsection 626.989(9), Florida Statutes (F.S.) 2003. The joint report addresses the areas identified in subsection 626.989(9), F.S., for the period of July 1, 2019, through June 30, 2020.

January 15, 2021

**The Honorable Wilton Simpson
President of the Senate**

**Room 400-Senate Office Building
Tallahassee, Florida 32399-1100**

**The Honorable Chris Sprowls
Speaker of the House**

**The Capitol – Suite 420
Tallahassee, Florida 32399-1300**

Dear President and Speaker:

The Division of Investigative and Forensic Services and the Division of Workers' Compensation appreciate the opportunity to provide you with this joint report regarding workers' compensation fraud, pursuant to subsection 626.989(9), Florida Statutes.

This report is a summary of our efforts and activities in combating workers' compensation fraud for the period of July 1, 2019– June 30, 2020.

If you have any questions or concerns regarding this report, please give either of us a call.

Sincerely,



**Tanner Holloman, Director
Division of Workers' Compensation
(850) 413-1600**

Sincerely,



**Simon Blank, Director
Division of Investigative and Forensic Services
(850) 413-3115**

DIVISION OF INVESTIGATIVE AND FORENSIC SERVICES, BUREAU OF WORKERS' COMPENSATION FRAUD

The Division of Investigative and Forensic Services (DIFS), Bureau of Workers' Compensation Fraud (BWCF) is comprised of twenty-one detectives, two intelligence analysts, and four supervisors assigned to squads located in Miami, West Palm Beach, Orlando, and Tampa. The BWCF is overseen by a Captain and a Bureau Chief. In addition to these investigative resources, the Bureau currently has five dedicated prosecutors located in Miami-Dade, Hillsborough, Duval, Broward, and Palm Beach Counties. These resources allow investigators to obtain timely arrest warrants and a more cohesive prosecution of individuals charged with violating the workers' compensation fraud statutes and related criminal acts.

The BWCF has continued to prioritize investigative resources in the areas of: employee/claimant fraud, premium fraud, and joint operations concerning construction sites working without appropriate coverage, with our partners in the Division of Workers' Compensation (Division), Bureau of Compliance. The BWCF will continue to enforce criminal statutes regarding "working without coverage" and the violation of Stop-Work Orders as issued through the Bureau of Compliance.

The BWCF has participated in joint pro-active ventures with the Division, the Department of Business and Professional Regulation (DBPR), and multiple local law enforcement agencies in Tampa, Miami, and Orlando to prevent and prosecute unlicensed contractors and those working without the appropriate workers' compensation coverage at residential and commercial job sites. These operations resulted in arrests for unlicensed contracting and working without workers' compensation insurance.

The BWCF is engaged in pro-active field investigations concentrating on companies engaged in premium fraud and operating without workers' compensation insurance.

The BWCF continues to work closely with the Florida's Workers' Compensation Fraud Task Force, an independent body formed in 1992 by members from the insurance industry, employers, Bureau of Insurance Fraud personnel, and interested citizens.

The mission of the task force is to explore ways to combat insurance fraud through enhanced legislation, administrative rules, and education of both the public and the state of Florida prosecutorial agencies.

Over the years, the task force has proposed many legislative enhancements and administrative rule changes that have been enacted, that have greatly enhanced DIFS's ability to pursue criminal fraud and have helped the insurance companies prevent fraud from taking place.

Finally, the BWCF actively participates in the Florida Insurance Fraud Education Committee (FIFEC) annual conference in Orlando, Florida, to teach and conduct panel discussions related to workers' compensation fraud.

During this fiscal year, the BWCF faced several challenges in the completion of cases during the COVID-19 pandemic. The Bureau expects the investigation efforts and prosecution numbers to increase with the improved conditions across the state and nation.



CASE HIGHLIGHTS

Field Office: Miami Workers' Compensation Squad

FRD19-668

An investigation conducted by the BWCF revealed that a suspect (the owner) of EFC construction corp. actively concealed payroll to avoid paying a higher workers' compensation premium. The owner applied for workers' compensation insurance with Frank Winston Crum Insurance Company and based on the provided information, a workers' compensation policy was issued.

According to the agreement, the suspect indicated that the annual estimated remuneration for the policy year would be \$68,648. It was discovered that the suspect's company cashed a total of \$1,068,096 in business to business checks during the policy period. Financial records indicated the suspect was the primary person authorized to cash checks on behalf of the company. Furthermore, affidavits obtained from several contractors confirmed they hired and paid the suspect's company \$1,555,537 for labor only.

Had the suspect properly reported the \$1,555,537 in payroll exposure during the policy period, the insurance company would have charged a total of \$100,684 in workers' compensation premium. The suspect or a representative of the construction company never contacted the insurance company to relay any significant change in payroll from what was stated upon the initial application.

The suspect was charged with Workers Compensation Premium Fraud, Grand Theft, and Organized Scheme to Defraud.

FRD19-688

An investigation conducted by the BWCF revealed that a suspect operated their Miguel Delgado Service Corp. Inc. without workers' compensation insurance for its employees. A construction job site inspection was conducted in South Miami, where workers were observed performing outside molding and finishing work on a residential home that was undergoing a complete renovation.

The suspect, who was present on the job site, was interviewed and they identified themselves as the owner of the Miguel Delgado service Corp. Inc. They explained that they had owned the business for many years and admitted that they only had an exemption, not workers' compensation insurance.

A statement was obtained from the BWCC, who provided a confirmation of the suspect's statement. The company officer has a valid exemption effective January 2019 with an expiration date of January 2021.

The suspect was charged with failure to secure workers' compensation coverage.

Field Office: Orlando Workers' Compensation Squad

FRD19-887

An investigation conducted by the BWCF revealed that the suspect (owner) of GMAC Division, Inc. provided misleading documents to Travelers Property Casualty Company of America during the audit of their workers' compensation policy. The suspect claimed two employees and a payroll of \$41,000 for enumeration in the initial application. During an audit for the 2016-2017 policy period, the suspect claimed a total payroll of \$90,520.

The investigation revealed GMAC Division, Inc. had 109 employees in July, 188 employees in August and 173 employees in September 2017 with a payroll of \$983,840 for the 3rd quarter. GMAC Division, Inc. had 145 employees in October, 170 employees in November, and 114 employees in December 2017 with a payroll of \$860,944 for the 4th quarter. The above-mentioned scheme created a loss of \$283,023 in potential premium for Travelers Property Casualty Company of America. The suspect made factual misrepresentations when they falsely reported quarterly remuneration and the number of employees. Furthermore, the suspect failed to provide notice to the insurance company of any significant changes to their policy.

The suspect was charged with Workers' Compensation Fraud False Statement of Application, Workers' Compensation Fraud - Under Reporting Payroll, and Florida Communication Fraud Act "scheme to defraud" with aggregated value of \$50,000 or more.

Field Office: West Palm Beach Workers' Compensation Squad

FRD18-50, FRD18-51, and FRD19-1175

An investigation conducted by the BWCF revealed that a suspect avoided almost \$300,000 in workers' compensation premium payments and was arrested in July 2016 for Premium Fraud. The suspect provided a proffer and was placed on Pre-Trial Intervention (PTI) for his cooperation.

In September 2016, during a workers' compensation sweep, detectives located several employees performing work for the same suspect under the same company in violation of his PTI agreement. A second investigation revealed that the suspect had continued to work without insurance and had negotiated almost \$2.5 million in payments made to the company since his release from jail. Again, the suspect was arrested and charged in November 2017 in Palm Beach County for working without workers' compensation insurance. This time, the suspect was sentenced to six months of jail time.

In January 2017, March 2017, and March 2018, the suspect opened three new companies and continued the pattern of negotiating large sums of money. A search in the Coverage and Compliance Automated System (CCAS) revealed the suspect and his companies had active workers' compensation insurance policies through NorGuard Insurance Company. According to CCAS, the suspect documented his annual payrolls as \$47,900, \$56,000 and \$49,900 respectively. The policy periods varied from January 2017 to March 2019 for the three (3) companies. A third investigation was conducted when detectives learned that during the policy periods, the suspect negotiated \$721,000, \$590,000, and \$788,000 for each company, respectively, thus, severely underreporting the actual payroll.

In the affidavits of loss obtained from NorGuard Insurance, the victim stated the loss to NorGuard from the misrepresented and concealed payroll amounted to approximately \$189,600 in workers' compensation premiums.

The suspect was arrested and charged with Workers Compensation Premium Fraud and Organized Scheme to Defraud in Palm Beach County.

FRD20-162

An investigation conducted by the BWCF revealed that a suspect (the owner) of Morelos Enterprises Inc. actively concealed payroll to avoid paying higher workers' compensation premium. The suspect obtained workers' compensation insurance through Florida Citrus Business and Industries (FCBI) and reported his company's estimated annual payroll as \$40,700.

Detectives obtained documentation showing the suspect actually cashed \$512,585 in business to business checks for payroll during the policy period of January 2019 to January 2020.

Had the suspect properly reported the \$512,585 in payroll exposure during the policy period, the insurance company would have charged a total of \$33,471 in workers' compensation premium. The suspect or a representative of Morelos Enterprises Inc. never contacted FCBI to relay any significant change in payroll from what was stated upon the initial application.

The suspect was arrested for Workers' Compensation Premium Fraud, and Organized Scheme to Defraud.

FRD19-339

An investigation conducted by the BWCF revealed that the suspect (president) of Paloma Construction Group Inc. actively concealed payroll to avoid paying a higher workers' compensation premium. The suspect applied for workers' compensation insurance and initiated a minimal workers' compensation policy with their insurance company. The estimated annual premium was \$10,335 for the policy period of June 2018 to June 2019. The premium was based on an annual payroll of \$78,000.

Detectives discovered that the corporation cashed approximately \$911,006 in payroll checks. The suspect was the sole individual that cashed the checks within the policy period. An affidavit was obtained from one contractor who confirmed hiring and paying the suspect's corporation approximately \$891,886 for various labor jobs.

A statement of loss affidavit was obtained from the Florida Citrus Business and Industries (FCBI) insurance company indicating that had the additional payroll exposure amount of \$891,886 been reported, the suspect's company would have been charged an additional \$119,777 in workers' compensation

premium. The suspect never contacted the insurance company to relay any significant change in payroll from what was stated upon the initial application as required by Florida law.

The suspect was arrested and charged with Workers' Compensation Premium Fraud and Organized Scheme to Defraud.

Field Office: Tampa Workers' Compensation Squad

FRD18-998

An investigation conducted by the BWCF revealed that the suspect, an employee of the Hillsborough County Department of Health, reported being injured when exiting an elevator at work. The suspect said that they tripped on the elevator's threshold, an inch below the lobby floor, and landed on their right knee with their full body weight.

Security video showed the suspect exiting the elevator on the 1st floor and then walking out of an adjoining door. The video shows the elevator floor threshold was level with the 1st floor/lobby. At no time was the suspect seen tripping, stumbling, or falling.

The Covenant Bridge Group insurance company denied the suspect's claim based on the video. The suspect was subsequently terminated from their position with the health department.

The suspect was arrested for Workers' Compensation Fraud.

FRD18-347 & FRD17-214

This case involved multiple victims who were defrauded by Window Company of America LLC which was owned by a married couple (suspect 1 & suspect 2) in Pinellas County.

Detectives discovered that they were unlicensed and operating without workers' compensation insurance. Suspect 1 was arrested during an Unlicensed Contractor Sting operation conducted between BWCF and the Pinellas County Sheriff's Office (PCSO). After the arrest, a licensed contractor contacted PCSO to report that suspect 1 had been taking construction jobs and obtaining work permits using the reporting contractor's license number.

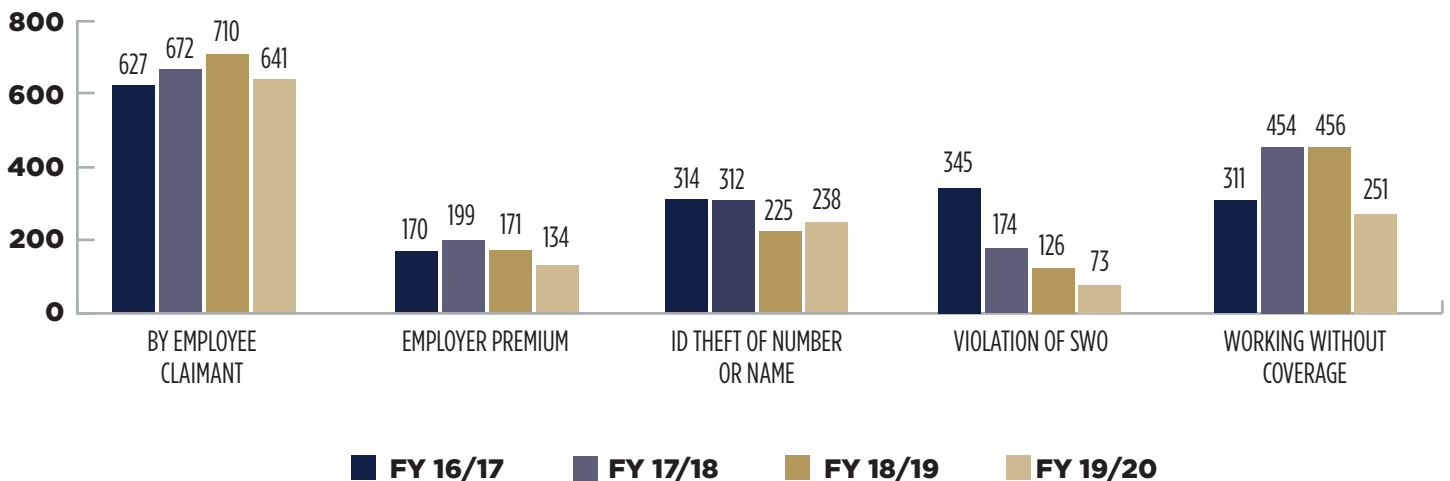
Further investigation by BWCF detectives revealed that Suspects 1 and 2 engaged in a scheme to defraud consumers into believing they were hiring a licensed contractor to do window installation.

Both suspects were arrested and charged with Organized Scheme to Defraud, several counts of Working Without Workers' Compensation Coverage, and several counts of Unlicensed Contracting. Both suspects were ordered to pay \$42,000 each in restitution to victims.

TYPES OF WORKERS' COMPENSATION REFERRALS

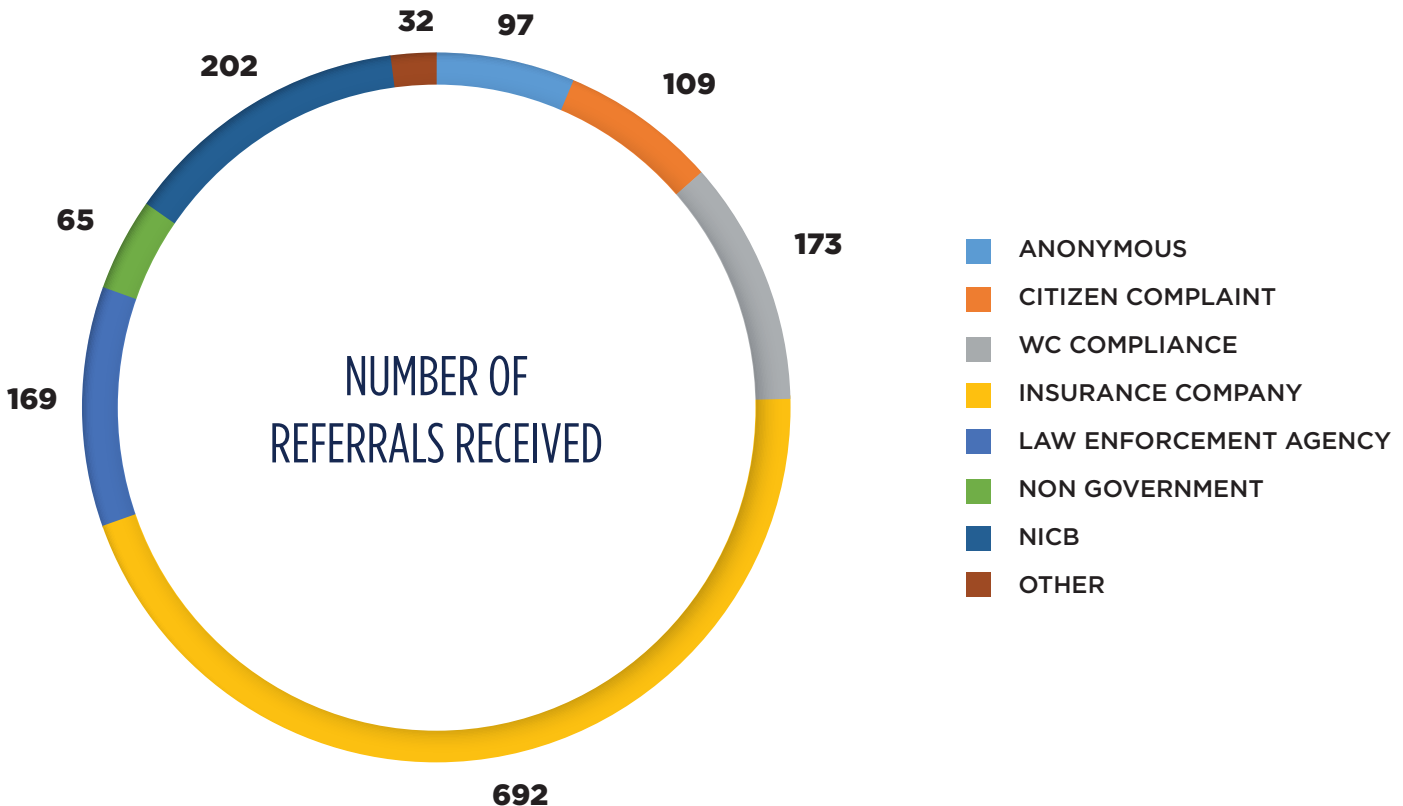
SUB TYPE	# OF REFERRALS
AGENT PREMIUM	0
APPLICATION	4
BY ATTORNEY	2
BY EMPLOYEE CLAIMANT	641
BY EMPLOYER	62
BY PROVIDER	16
EMPLOYEE PAYROLL DEDUCTION	3
EMPLOYER PREMIUM	134
FAILURE TO PAY PENALTY	50
FICTITIOUS CERTIFICATE OF EXEMPTION	4
FICTITIOUS CERTIFICATE OF INSURANCE	41
ID THEFT OF NUMBER OR NAME	238
MONEY SERVICE BUSINESS	20
VIOLATION OF STOP-WORK ORDER (SWO)	73
WORKING WITHOUT COVERAGE	251
GRAND TOTAL	1,539

WC REFERRALS



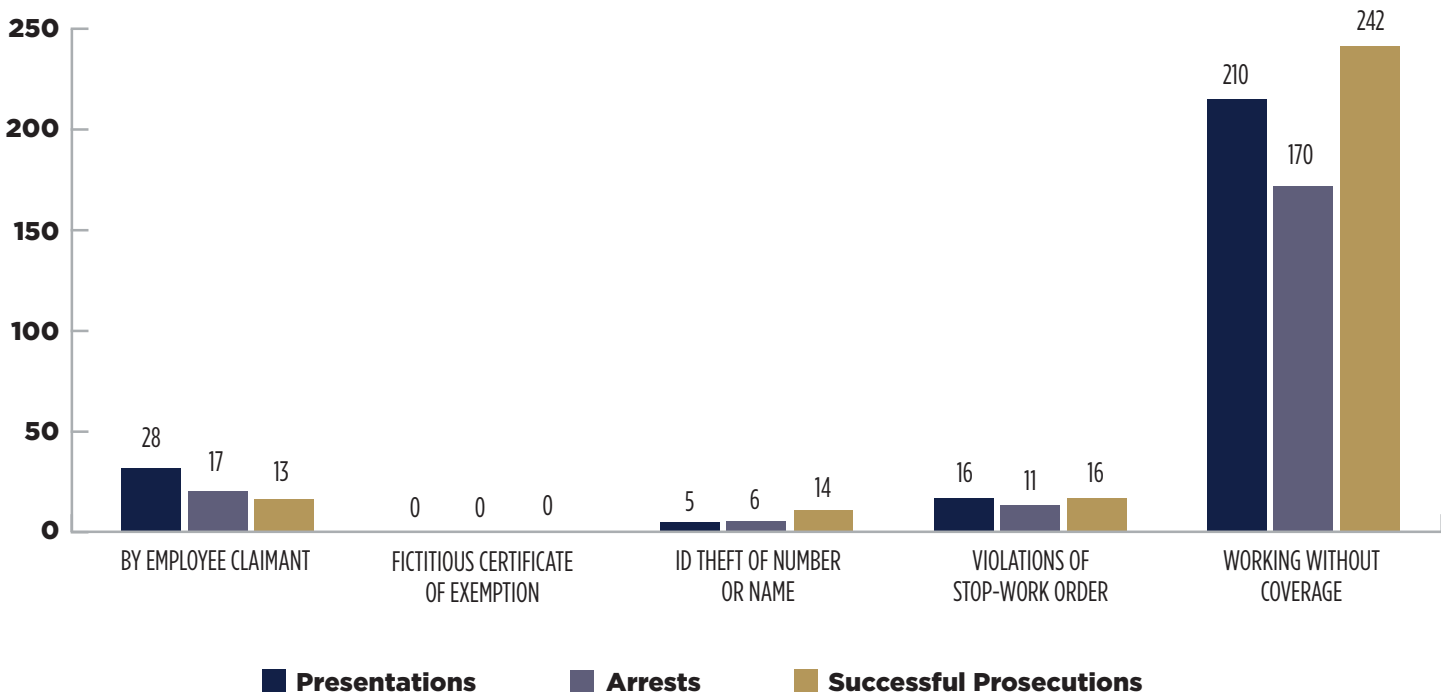
NUMBER OF SUSPECTED FRAUD REFERRALS & NUMBER OF CASES INITIATED

SOURCE	NUMBER OF REFERRALS RECEIVED	CLOSED: CASE INITIATED
ANONYMOUS	97	3
CITIZEN COMPLAINT	109	11
WC COMPLIANCE	173	63
INSURANCE COMPANY	692	105
LAW ENFORCEMENT AGENCY	169	150
NON-GOVERNMENT	65	59
NICB	202	6
OTHER	32	5
GRAND TOTALS	1,539	402

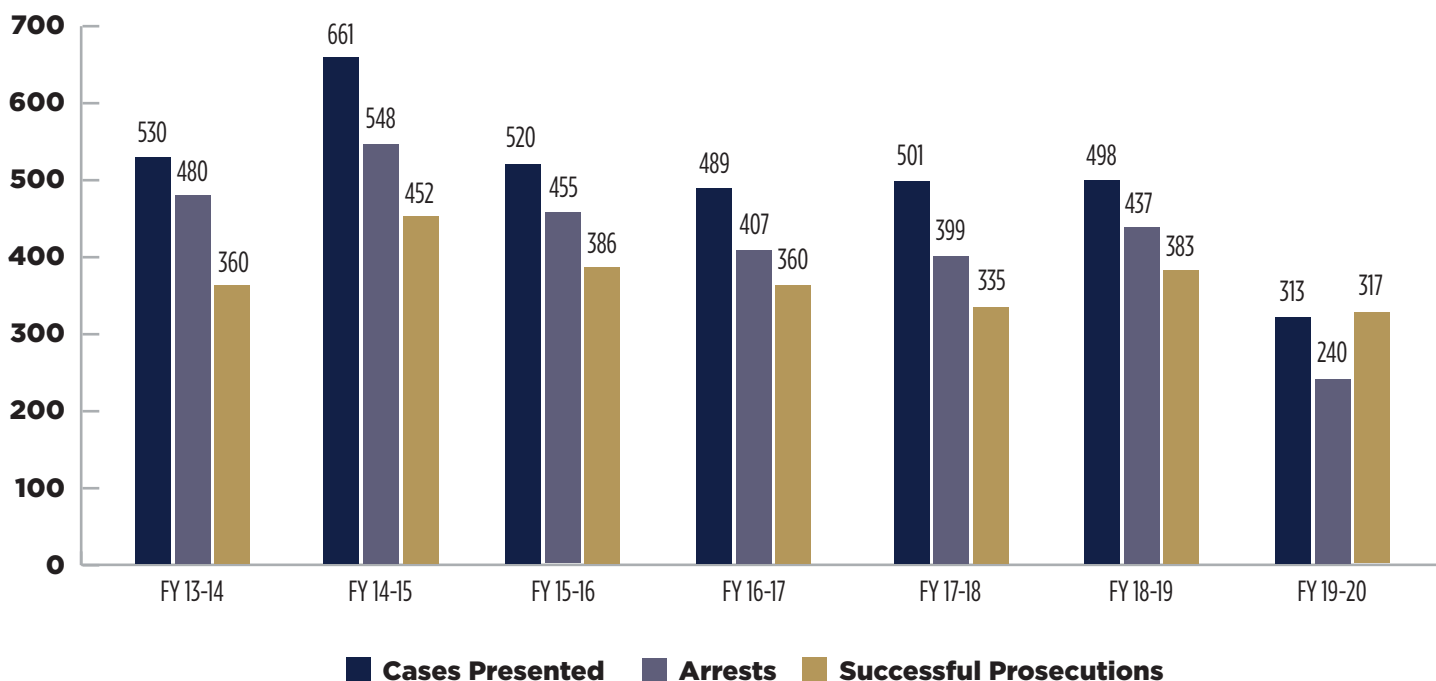


TYPES OF PRESENTATIONS, ARRESTS & SUCCESSFUL PROSECUTIONS

TYPE OF CASE	PRESENTATIONS	ARRESTS	SUCCESSFUL PROSECUTIONS
BY EMPLOYEE CLAIMANT	28	17	13
BY EMPLOYER	3	2	0
BY PROVIDER	0	0	0
EMPLOYER PREMIUM	45	32	20
FICTITIOUS CERTIFICATE OF EXEMPTION	0	0	0
FICTITIOUS CERTIFICATE OF INSURANCE	4	2	11
ID THEFT OF NUMBER OR NAME	5	6	14
MONEY SERVICE BUSINESS	0	0	1
VIOLATION OF STOP-WORK ORDER	16	11	16
WORKING WITHOUT COVERAGE	210	170	242
GRAND TOTALS	311	240	317

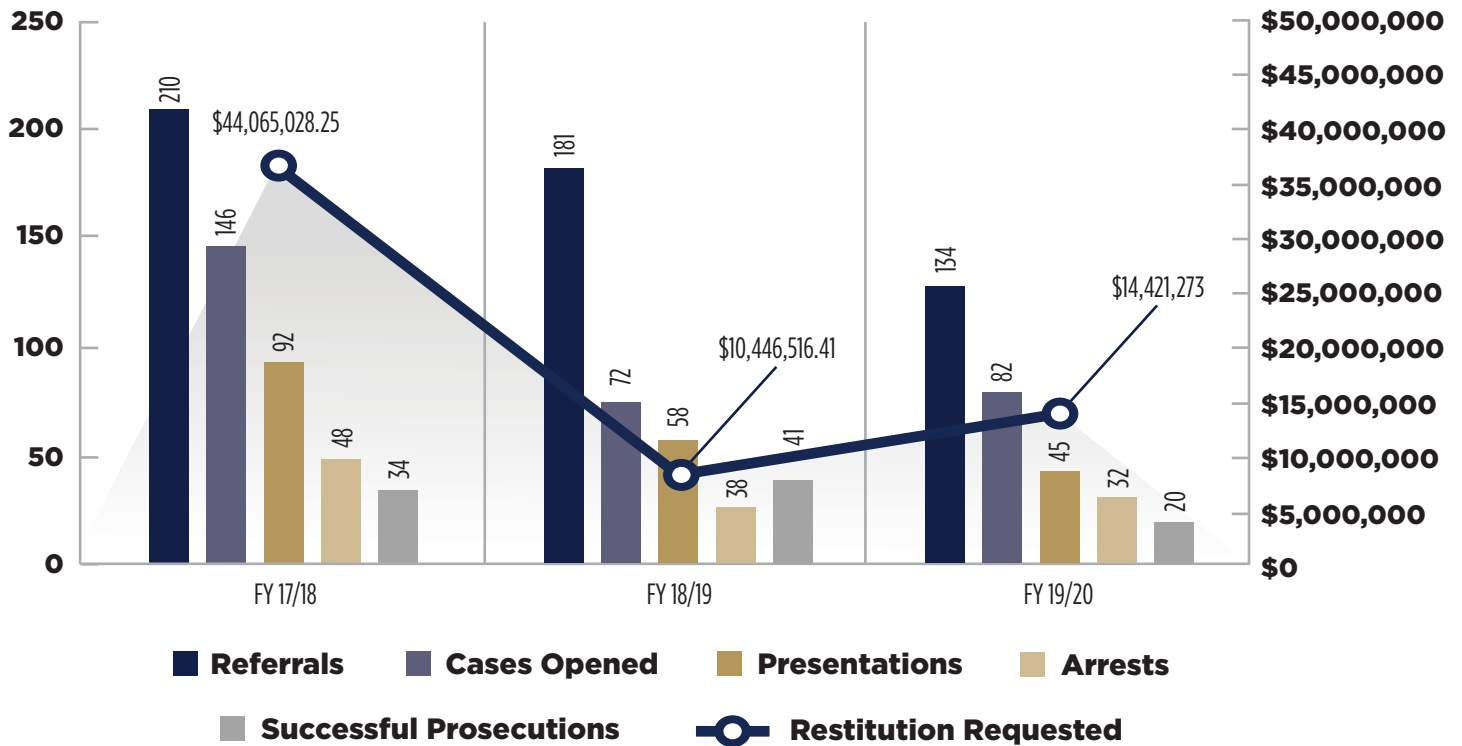


Measurement	FY 13-14	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20
Cases Opened	785	723	824	698	746	601	475
Cases Closed	840	697	761	670	652	601	617
Cases Presented	530	661	520	489	501	498	313
Arrests	480	548	455	407	399	437	240
Successful Prosecutions	360	452	386	360	335	383	317



WORKERS' COMPENSATION MSB/ PREMIUM CASES

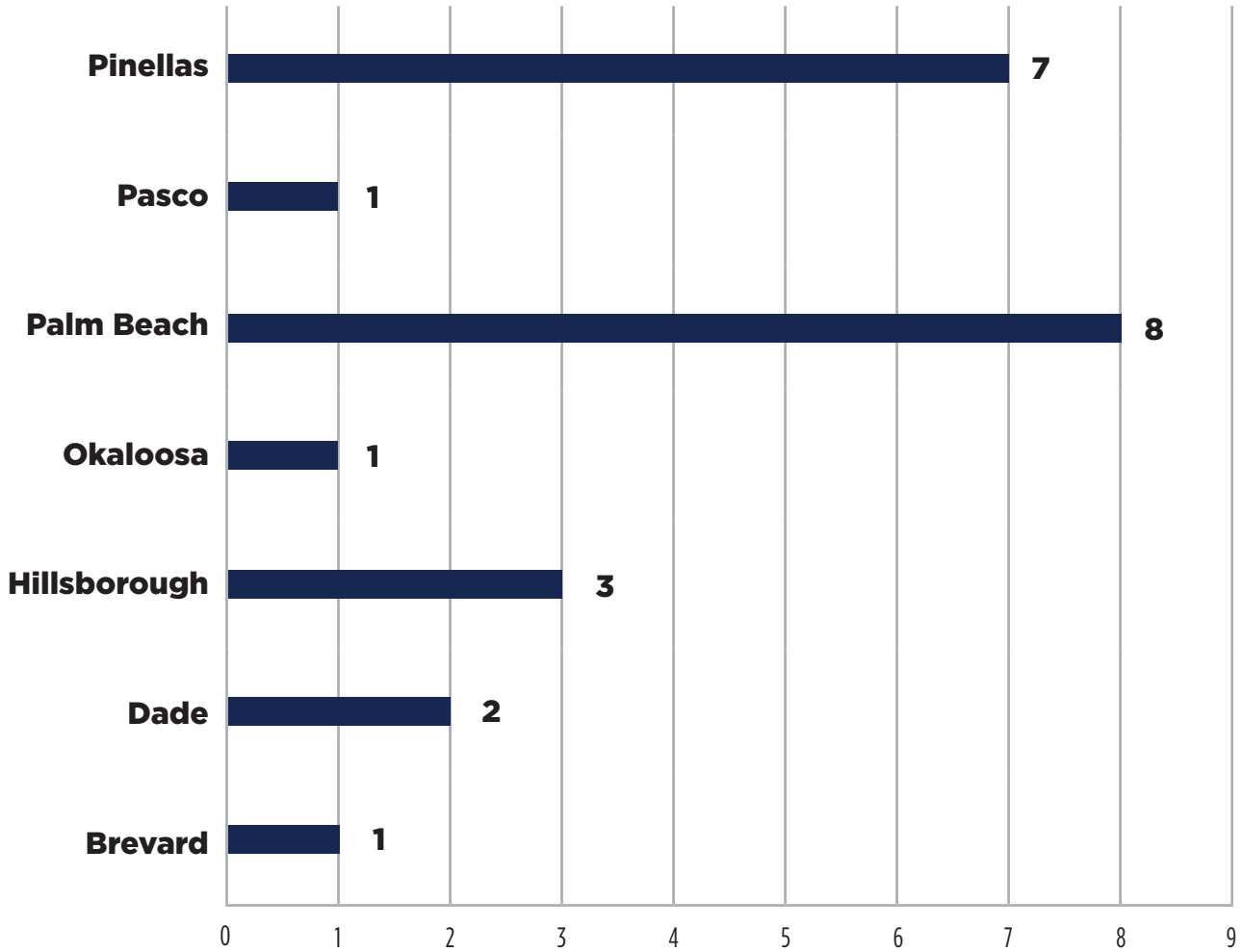
EMPLOYER PREMIUM/MSB	FY 17/18	FY 18/19	FY 19/20
REFERRALS	210	181	134
CASES OPENED	146	72	82
PRESENTATIONS	92	58	45
ARRESTS	48	38	32
SUCCESSFUL PROSECUTIONS	34	41	20
RESTITUTION REQUESTED	\$44,065,028	\$10,446,516	\$14,421,273



DECLINATIONS

There were 23 declinations for the BWCF during this reporting period.

of WC Declinations



DIVISION OF WORKERS' COMPENSATION (DIVISION, DWC)

The Division is responsible for ensuring employers are in compliance with Florida's coverage requirements by obtaining workers' compensation insurance for their employees. A strong employer compliance program results in coverage for employees who may have been previously without the required coverage; ensures that employees with work-related injuries receive all statutorily required benefits; levels the economic playing field for all employers; and adds premium dollars to the system that were previously evaded due to non-compliance.

The Division conducts investigations to determine employer compliance. During the months of March through June 2020, the Division temporarily adjusted its investigative activities due to COVID-19's impact on Florida's business community and economy. These investigative adaptations focused more on conducting "virtual" investigations using video communication platforms and educating employers on Florida's coverage requirements. The adaptations affected certain compliance outcomes for FY 2019-20 when compared to previous fiscal years.

The Division recognizes the importance of collaborative efforts with other state and local enforcement agencies, especially the Division of Investigative and Forensic Services (DIFS). The Division also has long established partnerships with a variety of state and local agencies as well as industry-related associations and organizations to make the best use of resources, share information to increase employer compliance, and leverage data.

Pursuant to subsection 626.989(9), F.S., the Division provides the following report of workers' compensation enforcement, compliance activities, and performance during FY 2019-20.

I. REFERRALS

Division of Investigative and Forensic Services (DIFS)

The Division and DIFS maintain a cooperative working relationship to carry out our respective statutory duties.

The Division enforces administrative compliance with the workers' compensation law, pursuant to section 440.107, F.S., while DIFS enforces the criminal provisions of the workers' compensation law, pursuant to section 440.105, F.S. Our jointly developed referral program facilitates the efficient referral of cases between the divisions and allows each division to determine if an investigation will be initiated based upon a referral. Referrals are made to each division within 24 hours of a suspected violation of the law and are considered a priority to be acted upon immediately.

Not only do the divisions communicate with each other upon receipt of a referral, but the Division often works jointly with DIFS on compliance sweeps seeking out employers that are not in compliance with the workers' compensation law.

During the period of July 1, 2019 through June 30, 2020, the Division's Bureau of Compliance and DIFS made the following referrals:

- The Division referred 159 employers to DIFS for possible criminal investigation.
- The Division received 4 referrals from DIFS for civil violations under Chapter 440, F.S.

Referrals to Other Agencies

The Division works cooperatively with local building and permitting agencies and provides timely responses to local agencies' calls for assistance in verifying employers who are in violation of the workers' compensation law. Joint operations have been conducted throughout the state with several city and county code enforcement offices, the Department of Business and Professional Regulation (DBPR), and DIFS.

In addition to the referrals for workers' compensation fraud, 7,070 employers were referred to other agencies where the employers were suspected of violating the laws regulated by those entities. Ninety-nine percent (99%) of those referrals were made to the DBPR. The primary reasons for the referrals are unlicensed activity in the trade in which the employer was working, failure to provide workers' compensation insurance to its employees (a violation of the condition for licensure) and for individuals who obtained exemptions and indicated that a DBPR license was not required for their trade listed on the exemption.

Non-Compliance Referral Database

The Division receives public referrals regarding employers who are suspected of failing to adhere to the workers' compensation coverage requirements through its online Non-Compliance Referral Database, emails and phone calls. The database streamlines the process to initiate investigations promptly and provides real-time feedback to the person who made the referral.

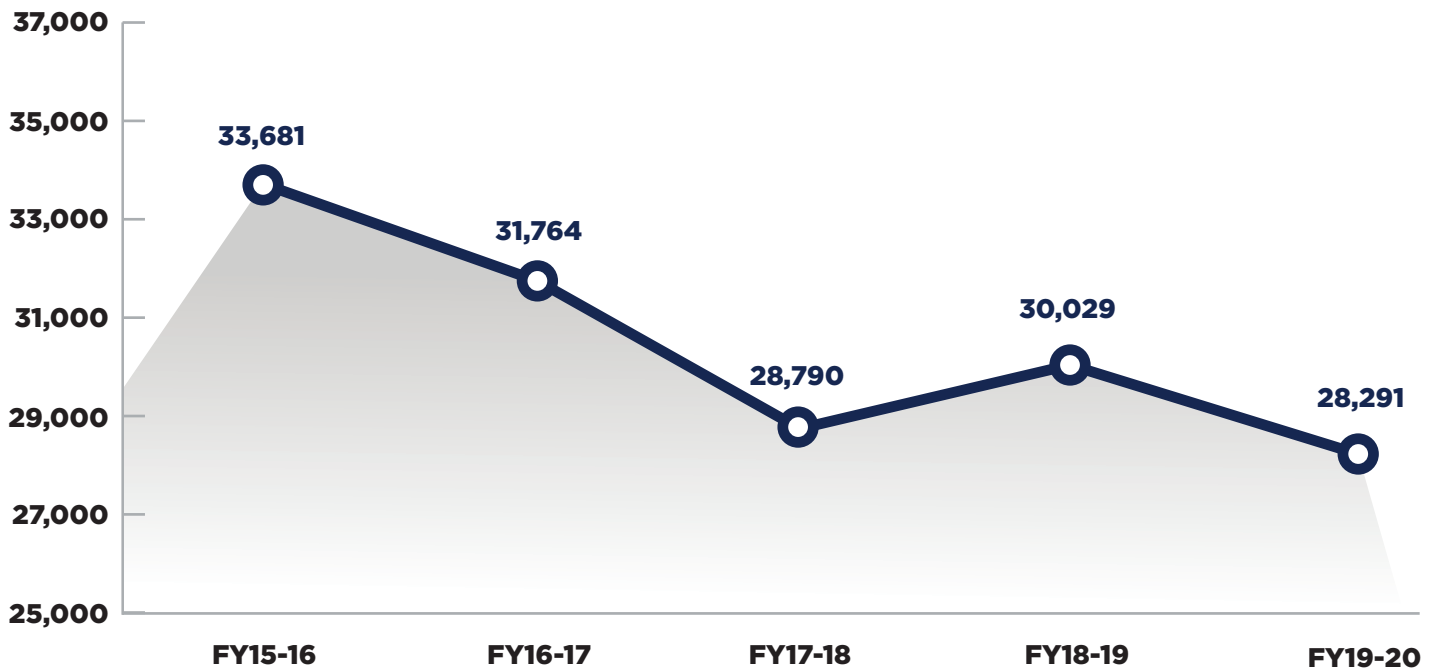
The Division investigated 1,268 referrals submitted via the Non-Compliance Referral Database during FY 2019-20. The investigations initiated by the referrals resulted in the issuance of 215 enforcement actions and \$9 million in assessed penalties against non-compliant employers.

II. ENFORCEMENT ACTIVITIES & WC EXEMPTION STATISTICS

During FY 2019-20, the Division:

- Conducted 28,291 investigations. Investigations are physical onsite inspections of an employer's job-site or business location conducted to determine employer compliance with the workers' compensation coverage requirements. The graphic below shows the total number of investigations conducted during the last five fiscal years.

Investigations Conducted

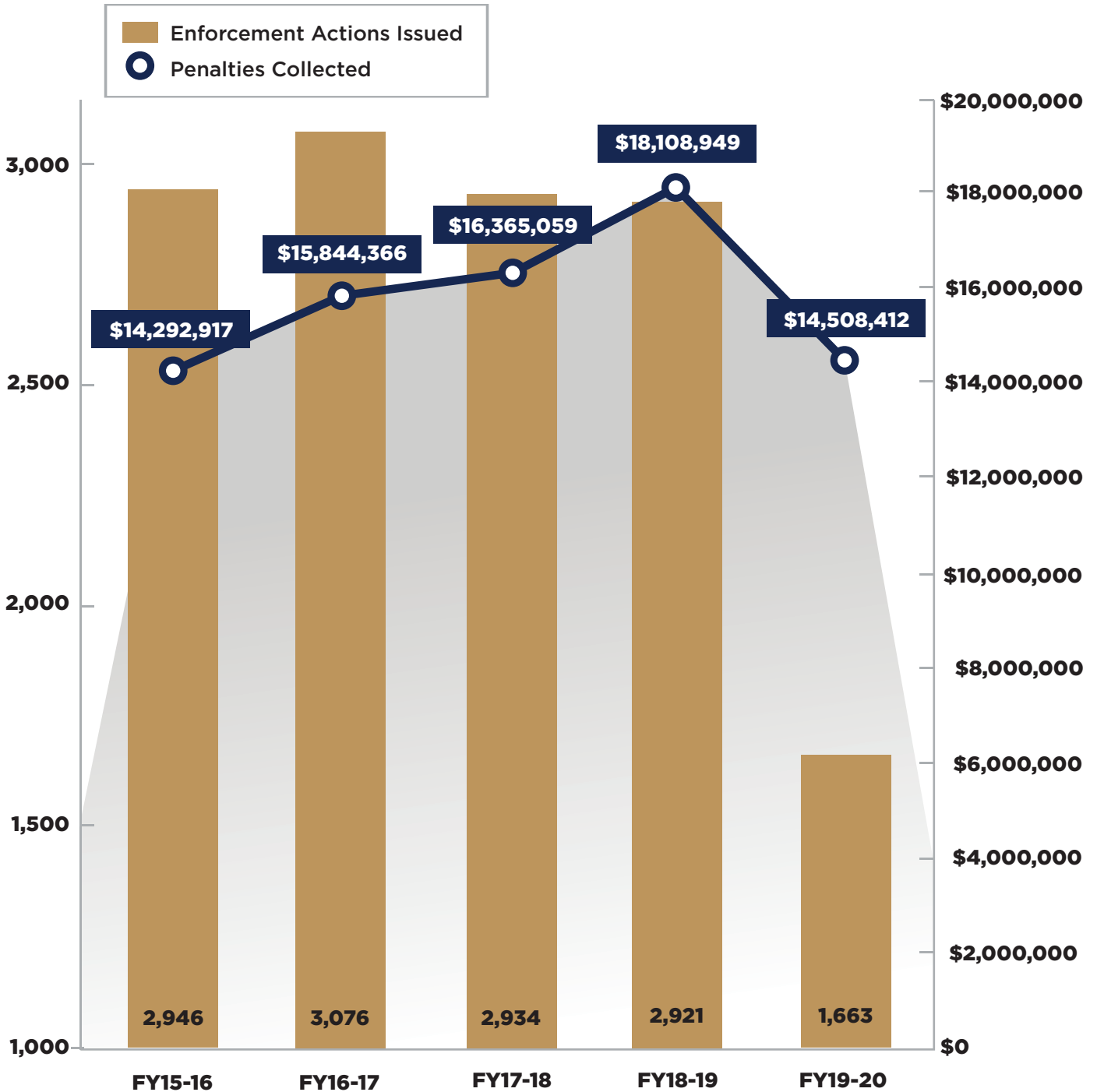


- Issued 1,663 enforcement actions. Enforcement actions are Stop-Work Orders and Orders of Penalty Assessment. Stop-Work Orders are issued for the following violations: failure to obtain workers' compensation insurance, materially understating or concealing payroll, materially misrepresenting or concealing employee duties to avoid paying the proper premium, materially concealing information pertinent to the calculation of an experience modification factor, and failure to produce business records in a timely manner. Orders of Penalty Assessment are issued in cases where the employer obtains coverage prior to the issuance of the enforcement action.
- Collected \$14,508,412 in penalties. An employer who has failed to comply with the workers' compensation coverage requirements is assessed a penalty based upon the methodology required by the workers' compensation law. Assessed penalties are equal to 2 times what the employer would have paid in workers' compensation insurance premiums for all periods of non-compliance during the preceding two-year period, or \$1,000, whichever is greater. Penalty amounts vary and are dependent on the employer's payroll, risk classification, and period of non-compliance.

The following graph represents the number of enforcement actions issued and the amount of penalties collected over the past five fiscal years.

The Division is required by statute to impute the employer’s payroll for each employee equal to 1.5 times the state-average weekly wage if the employer fails to provide requested business records. If employers timely provide their complete business records to enable the Division to calculate the penalty, the Division will reduce the penalty by 25%, provided the employer has not been previously issued an enforcement action.

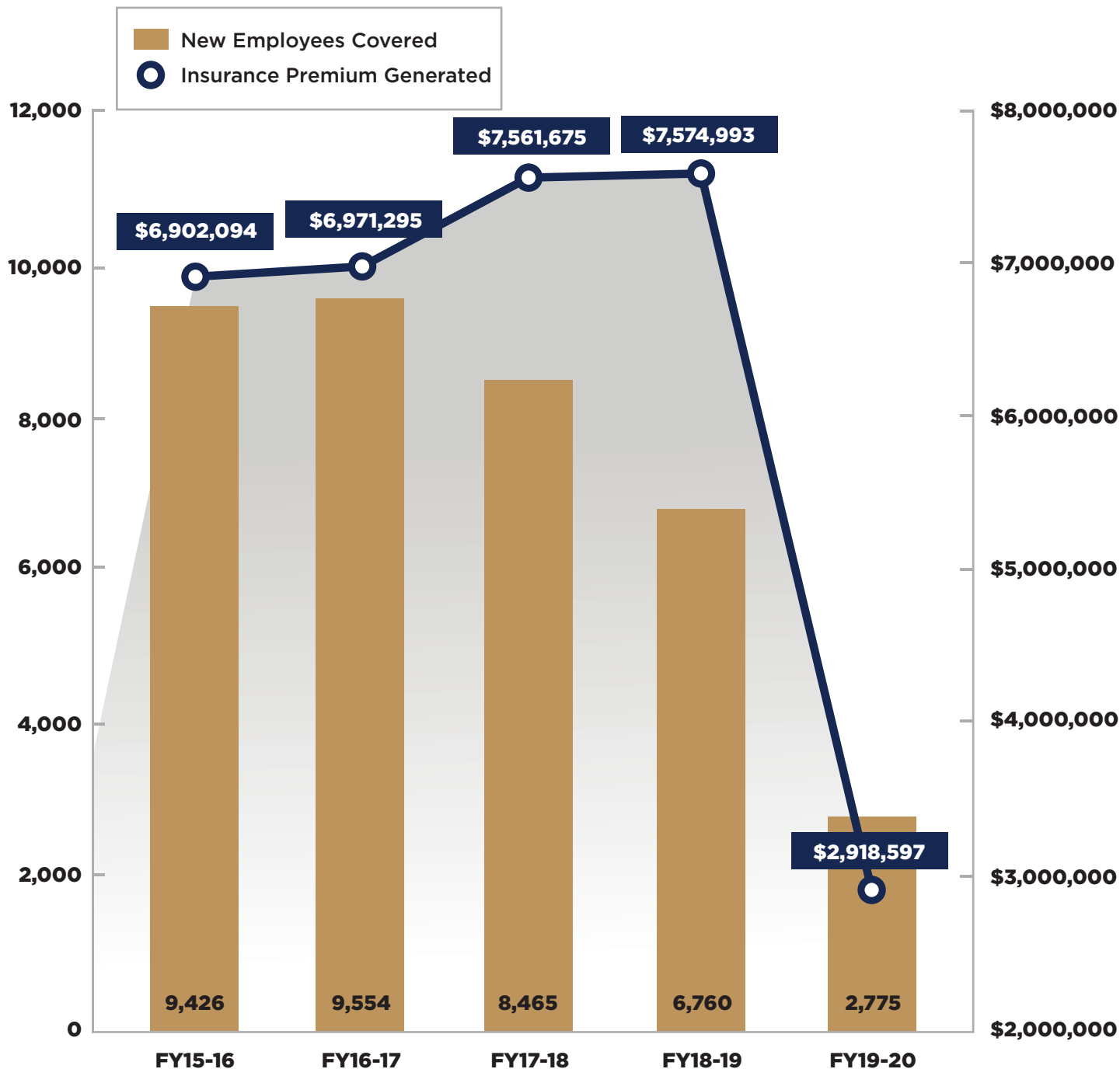
Enforcement Actions Issued and Penalties Collected



The following graphic reflects the number of employees covered as a direct result of the Division's enforcement efforts and the monies added to the workers' compensation premium base that had previously been evaded.

Employers, who have not been previously issued an enforcement action, may receive a penalty credit for the initial payment made on their policy.

New Employees Covered & Insurance Premium Generated Based Upon Enforcement Actions Issued



Sweep Operations

The Bureau of Compliance conducted two statewide workers' compensation construction sweeps during the fiscal year. Investigators conducted 1,745 employer investigations at 1,101 construction sites and issued 96 enforcement actions to construction companies that put their employees at risk by failing to carry the required workers' compensation coverage.

In addition to these efforts, several districts coordinated and conducted sweeps with DIFS, DBPR, and local building and permitting agencies focusing on construction employers at residential and commercial jobsites.

Special Cases

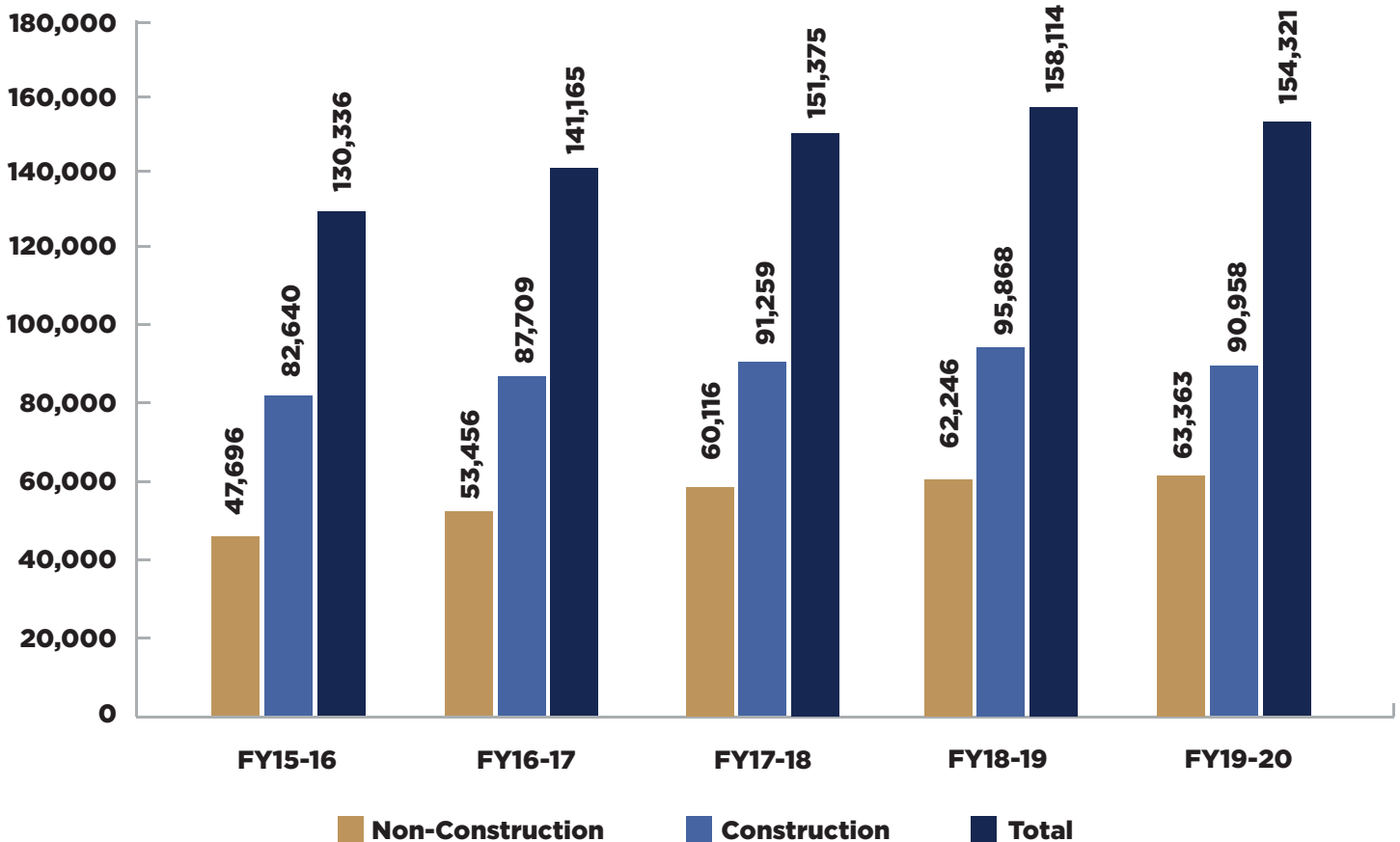
The Division's focus on special cases, such as complex underreporting and misclassification cases, is vital in identifying workers' compensation insurance premium evasion. These cases often involve complex fraud schemes perpetuated by the use of check cashing store operations.

The cases are handled by senior investigators located throughout the state who possess the skills and abilities to conduct complex investigations and identify underreporting.

Exemption Statistics

The Division issued 90,958 construction industry certificates and 63,363 non-construction industry certificates in FY 2019-20. At the end of FY 2019-20, there were 1,058,911 active exemptions. The Division generally processes an average of 98% of all exemption applications within 5 business days of receipt.

Exemption Applications Processed



CASE STUDIES

Case One

While conducting routine compliance checks, an investigator observed several individuals performing masonry work on a newly-constructed commercial building. After interviewing the employees, it was determined their employer was providing workers' compensation insurance. Because the investigator found the employer on several jobsites, the investigator researched the employer's workers' compensation policy and determined the employer reported \$180,000 in estimated payroll covering 5 employees. A research of the employer in the daily activity report revealed the Division had interviewed 45 different employees during the policy period. The Division also contacted contractors that had a contract with the employer and discovered the employer had been paid over \$1,000,000 for labor expenses. After reviewing all the facts, it was determined the employer had been materially understating and concealing payroll; therefore, the employer was issued a Stop-Work Order. To come into compliance, the employer increased its payroll to \$600,000, resulting in \$99,540 in workers' compensation premium being added to the system. For the violation, the employer was assessed a penalty of \$1,827,997. The case is currently in litigation.

Case Two

As a result of a public referral and lead from OSHA, the Division investigated an automobile recycling facility to determine employer compliance. The owners of the business alleged all employees were independent contractors. The investigator interviewed the individuals to determine if they met the requirements of independent contractors pursuant to subparagraph 440.02(15)(d), Florida Statutes. After interviewing the individuals, it was determined that they did not meet the requirements to be considered an independent contractor and were deemed employees of the business. Because the employer was not providing workers' compensation insurance, the investigator issued a Stop-Work Order. The employer secured a workers' compensation policy covering 17 employees and added \$44,539 in premium to the workers' compensation system. The employer was assessed a \$29,006 penalty and entered into a periodic payment plan to pay the assessed penalty.

Case Three

In February 2020, the Division initiated an investigation on a restaurant as a result of a public referral to determine compliance. During the initial investigation, the owner informed the investigator the business employed 20 employees and was providing workers' compensation insurance. The Division's records reflected the employer's policy was canceled, so the insurer was contacted to confirm policy status. The insurer confirmed the policy was canceled, resulting in the employer being issued a Stop-Work Order. The employer secured a new policy covering 50 employees, adding \$9,671 in premium to the workers' compensation system. The employer was assessed a \$1,000 penalty for the violation and paid the penalty in full. Case is now closed.

Case Four

While conducting routine compliance checks, an investigator observed several individuals working at a restaurant. After interviewing the employees at the establishment and conferring with the owner of the business, it was determined the business employed the statutory required number of employees to be covered by workers' compensation insurance. The business was issued a Stop-Work Order for failing to secure workers' compensation insurance. The employer secured a workers' compensation policy covering 42 employees and added \$9,302 in premium to the workers' compensation system. The employer was assessed a \$17,512 penalty for the violation. The case is currently in litigation.

Case Five

As a result of the Division's data-mining initiative (canceled policies listing), an investigation was conducted on a service entity to determine workers' compensation compliance. During the initial investigation, the owner of the business was not available to confirm compliance. Unable to confirm coverage with the employer, the investigator issued the employer a business records request. After reviewing the records and the workers' compensation policy information, it was determined the employer was not compliant during the initial site visit and secured a workers' compensation policy after the visit. The policy covered 74 employees, resulting in adding \$10,844 in premium to the workers' compensation system. The employer was assessed a penalty of \$30,703 for the violation and has entered into a periodic payment plan to pay the assessed penalty.

III. DIVISION INITIATIVES

Employer Education

The Division continues its effort to provide Florida's employers with information regarding their statutory obligations under the workers' compensation law. The Division has been providing free seminars to employers, contractors and a variety of organizations through classroom instruction and webinars throughout the state. Instruction has been provided to a number of industry groups to assist them in understanding their statutory obligations under the workers' compensation law. The Division partners with the U.S. Department of Labor, Office of Safety and Health Administration (OSHA), and the USF Safety Florida Consultation Program in providing these educational seminars.

The Division is certified to provide instruction and continuing education credits for training on workers' compensation and workplace safety to employers who are licensed by DBPR, Construction Industry Licensing Board, Electrical Contractors Licensing Board and the Board of Accountancy.

The Division provided classroom education and issued 116 Continuing Education Units (CEUs) to business owners, and licensed contractors who attended educational workshops around the state.

Bureau of Compliance Newsletter

The Division publishes The Navigator to educate employers on Florida's coverage requirements and provide tips for ensuring compliance. The Navigator contains valuable information about investigations, exemptions and penalty assessments.

It also includes dates for upcoming webinars and seminars. Furthermore, it gives employers the opportunity to suggest compliance-related topics specific to their work industry.



Collection Activities

Employers have the option of paying their penalties in full or entering into a periodic payment agreement. Subparagraph 440.107(7)(a.), F.S., permits employers to submit periodic penalty payments pursuant to a payment agreement schedule. In FY 2019-20, the Division entered into 895 payment agreements and reinstated 49 Stop-Work Orders for non-payment.

The Division, in conjunction with CFO Patronis' executive order, deferred employer periodic payments in efforts to minimize the negative impact of COVID-19 on the economy.

The Division filed liens against 393 employers to collect unpaid penalties associated with Stop-Work Orders and Orders of Penalty Assessment. Further, the Division referred 393 employers to collection vendors to collect unpaid penalties.

Investigative Leads Initiative through the Use of Data

Several key initiatives are allowing the Division to focus its investigative efforts on identifying non-compliant employers to maximize its resources for the benefit of the citizens of this state. The Division utilizes several data sources to identify non-compliant employers.

- The Division utilizes payroll and employee information provided from the Department of Revenue to cross match with the Division's policy data; the Division is able to create lists of suspected non-compliant employers. Employers identified as potentially non-compliant are notified of the workers' compensation requirements and the penalties for failure to secure workers' compensation. Those employers that do not secure coverage following the notification are referred for investigation.
- The Division reviews policy cancellation information to identify employers whose policies have been canceled and no subsequent coverage has been obtained.
- County and city permitting information is obtained to identify new jobsites where construction activity may be occurring.
- The Division utilizes information from a check cashing store database operated by the Office of Financial Regulation to identify employers using money service businesses to underreport payroll and thus avoid paying the appropriate workers' compensation premium.
- The Division utilizes the Coverage and Compliance Automated System (CCAS), Daily Activity Report to obtain information documented by investigators as information for underwriters. This material is compared to policy data and provides a review of compliant employers with detailed information about the number of employees observed onsite and method and amount of salary payments to those employees.

IV. BUREAU OF COMPLIANCE TRAINING

The Objective

The Division's training and continuing education programs are an integral component of activities to help investigators in identifying and administering enforcement actions for employers that are not in compliance. The Division conducted numerous workers' compensation training sessions during FY 2019-2020.

The primary objective of the training sessions is to give each staff member greater technical skills to enhance their enforcement efforts by reviewing policies and procedures, comparing and analyzing data, and identifying areas for improvement within the enforcement process.

The training sessions are summarized here:

40 on 440 Training Workshops

This training is a 40-minute WebEx training series developed to educate compliance investigators, penalty auditors, facilitators and exemption staff members on the workers' compensation law, administrative rules, and new and existing procedures and policies.

Penalty Administration Training Workshops

This is a WebEx training series designed primarily for the Division's penalty auditors. This training focuses on laws, procedures and policies related to calculating penalties for non-compliant violations. The training is important in ensuring consistent application of the penalty calculation procedures statewide.

Penalty auditors are required to attend these training workshops.

New Investigator/Auditor Training Program

As new investigators and penalty auditors are hired, the District Supervisors and the Training Coordinator provide individualized training on policies and procedures, processes, forms, databases, customer service and the investigative process. This 10-week training program was developed and implemented specifically for new investigators and auditors. The investigator/auditor and the supervisor sign an acknowledgement form after the completion of each portion of the training program. The investigator/auditor is then assigned to accompany experienced investigators/auditors in the field prior to being assigned to perform enforcement action independently.

V. DIVISION WEBSITE & DATABASES

The Division's website contains links to several databases that are helpful to employers. These databases provide access to information for all stakeholders in the Workers' Compensation System. The Division recognizes the importance of providing stakeholders with as much information as possible to assist them in fulfilling their rights and responsibilities under the workers' compensation law. The Division's website is located at:

www.MyFloridaCFO.com/Division/wc/

The following is a list and description of databases within the Division's website.

Proof of Coverage Database

The Proof of Coverage Database is available to the public and is helpful to employers in both the construction and non-construction industries. An employer can determine if a subcontractor, or other entity, has a workers' compensation insurance policy or certificate of exemption, enabling them to assess their own liability for providing coverage for unprotected workers, as required by section 440.10, F.S. This database is the most frequently accessed Division database.

The website is located at:

apps8.fldfs.com/proofofcoverage/Search.aspx

Compliance Stop-Work Order Database

The Compliance Stop-Work Order Database, which is accessed through the Division's website, lists employers that have been issued Stop-Work Orders for failing to comply with the coverage requirements of Chapter 440, F.S. The database contains each employer's name, the date the Stop-Work Order was issued, the date the Stop-Work Order was released and the type of non-compliance violation.

The website is located at:

secure.fldfs.com/wcapps/swo/SWOquery.asp

Construction Policy Tracking Database

The Construction Policy Tracking Database continues to be an effective tool for contractors and other interested parties regarding the workers' compensation coverage and exemption status of the subcontractors they use. The system is designed to send automatic

electronic notification to an employer concerning any changes to the subcontractor's coverage and/or exemption status. This database is also a useful tool for local permitting and licensing officials and insurers. As of June 30, 2020, a total of 2,822 Construction Policy Tracking Database registrants are tracking workers' compensation policies and/or exemptions associated with 44,911 sub-contractors.

The website is located at:

www.myfloridacfo.com/WCAPPs/Contractor/logon.asp

Coverage Assistance Program

The Division published the Coverage Assistance Program to assist employers in obtaining workers' compensation coverage for their employees. This online tool allows employers to enter their primary class code or business description to find insurance companies that are currently providing workers' compensation coverage to employers with that same class code or business description. Although the results do not guarantee an insurance company will write a policy for the employer who is seeking coverage, the program can assist employers in their pursuit of cost effective premiums and save time in the process.

The program also allows employers to estimate their policy premium based on the class codes for their business operation. The results are not the exact amounts that will be billed by the insurance companies since there are additional fees associated to obtain a workers' compensation insurance policy. This is simply an informational guide to forecast what your premium may be prior to additional fees.

The website is located at: <https://minimarket.fldfs.com/>

DWC e-alerts

The Division publishes e-alerts when newsworthy events or important announcements are available. Announcements regarding employer seminars, the promulgation of rules, and changes to the laws are examples of how the e-alert system is used. This is very helpful to employers who need to remain current with the changes in regulations governing their businesses.

VI. DWC OFFICE LOCATIONS & STAFF

The Division maintains seven district offices statewide. The regional offices are located in Jacksonville, Orlando, West Palm Beach, Miami, Pensacola, Tampa, and Fort Myers.

	District Office Locations	Number of Investigators
District 1	Jacksonville	8
District 1A	Pensacola	8
District 2	West Palm Beach	9
District 3	Tampa	8
District 4	Orlando	8
District 5	Miami	9
District 7	Ft. Myers	7
Total		57

VII. AVERAGE CASELOAD

For the period of July 1, 2019, through June 30, 2020, a total of 28,291 employer investigation cases was initiated resulting in an average caseload of 496 cases per investigator.

