



State agency to investigate home repair contractors committing insurance fraud

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COLUMBUS – The Ohio Department of Insurance will begin investigating home repair contractors believed to be committing insurance fraud.

The agency will also look into situations where it appears contractors are violating Ohio insurance laws.

"Insurance fraud not only harms those directly impacted by it, but everyone suffers in the form of higher insurance rates," Director Mary Jo Hudson said. "The department expects nothing short of superior professionalism by those operating in the Ohio insurance industry. Anyone who chooses to misinform, mislead and deceive in the name of insurance fraud will be disciplined to the fullest extent." In the wake of damaging storms, such as a hail storm or a tornado, unscrupulous contractors tend to drift state-to-state and prey on desperate people anxious to get their property repaired and lives back in order.

In one instance reported, a consumer unwittingly granted Power of Attorney to their roofing contractor. The roofer then managed to negotiate the insurance transaction and pocket the consumer's insurance proceeds without doing the work.

In order to combat insurance fraud committed by unscrupulous contractors, the department is implementing new techniques to detect and investigate situations where it is believed home repair contractors have committed insurance fraud.

Examples include situations where general contractors may have intentionally damaged property belonging to a consumer in order to justify the need for repairs, submitted estimates and invoices containing false or deceptive statements to Ohio's insurance carriers, failure to provide consumers with products and services agreed upon, installation of a lower quality product than what was originally promised or defrauding consumers of their insurance proceeds.

The Department further plans to take action against home repair contractors who, on a consumer's behalf, assist in the negotiation or settlement of a personal property claim.

As part of the department's initiative, the agency plans to provide companies and organizations in the home repair industry with information about Ohio's Public Adjuster statutes. A Public Insurance Adjuster's license is needed for a third party, who is not an attorney, if hired to represent a consumer in any insurance claim.

A Public Insurance Adjuster may not benefit from the work that is associated with the claim. Additionally, the Department will work with the insurance industry to provide consumers with helpful tips they can use in the wake of a natural disaster.

Consumers are encouraged to:

- Contact their insurance company to verify benefits immediately after a disaster.
- Obtain a list of reputable contractors from their insurance carrier, the Better Business Bureau or a specialized consumer organization.
- Contact multiple contractors and obtain more than one estimate.
- Request references from contractors and contact the references to verify work was completed timely and to satisfaction.
- Obtain, in writing, the terms and conditions of the project.
- Avoid signing a contract until the document is reviewed fully and/or discuss the terms of the contract with a legal representative or a trusted adviser.
- Avoid signing a contract that has not been completed fully.
- Pay contractor by check or credit card, rather than in cash.
- Refrain from paying a contractor in full, or signing a completion certificate, until all work has been finished.
- Do not provide the contractor with your personal information, such as your social security number.
- Consider hiring a public adjuster for assistance in the negotiation and/or settlement of a claim.

Report a Violation: Contact the Department's Fraud and Enforcement Division at 1-800-686-1527 if you suspect a general contractor has committed fraud.

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