

## Tell Mel: Rebates and benefits: Beware of fraud

By: Melanie Payne

Today's column is an emergency read for anyone whose home was damaged by Saturday's tornado and must-read for anyone who might ever have to file a claim on their homeowner's insurance.

The first warning is about contractors offering to rebate or discount repairs to cover the cost of the homeowner's deductible. This was brought to my attention by Michael Bacigalupo who is a licensed independent adjuster.

"(I've) been seeing a lots of contractors offering credits or rebates to storm victims," Bacigalupo wrote in an email. He even enclosed a screen shot of a licensed general contractor's Facebook ad as proof that this is going on. "A contractor cannot pay or offer to pay a deductible to any homeowner for repairs ... per Florida Statute 817.234 (7)(d)," he wrote.

I read the statute and it seemed pretty clear to me that Bacigalupo was right. Contractors offering to rebate or credit a customer's deductible seemed to be in violation of Florida statute, and committing a third-degree felony.

But I wondered if these companies were just trying to give homeowner's a break and not intentionally breaking the law.

"All too often rebating is subterfuge," said Jim Quiggle, spokesman for the Coalition Against Insurance Fraud, a nonprofit group of based in Washington, D.C. "The contractor can simply hike the price of the repairs by the amount of the rebate."

Quiggle agreed, "It sounds nice." But, he added, "Rebates can be effective lures to entrap a distressed homeowner into shady deals that often are abusive and even fraudulent."

That's why the Legislature saw fit to ban this type of offer, Quiggle said. It leads to the exploitation of consumers.

Homeowners who have had damage, especially from a natural disaster like a tornado are vulnerable, Quiggle said. "Their roofs are crushed, they may be living in a hotel. They're anxious to put their lives back together."

And that anxiety can lead to the second consumer rip-off making the rounds: Assignment of benefits.

I was tipped off about this problem by Danette Stiggleman, a claims specialist with Ted Todd Insurance in Southwest Florida.

Stiggleman said contractors have the homeowner sign a contract for assignment of

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benefits which allows the company to collect directly from the insurance company.

What consumers need to look out for, said Howard Goldblatt, the director of government affairs for the Coalition Against Insurance Fraud, is a contractor who says something like, "I'll take care of everything. Just sign this form."

It may be tempting not to have to deal with your insurance company and give someone else the ability to handle it for you, but Goldblatt said, "The consumer doesn't necessarily know what is being submitted to the insurance company in their name."

What's being submitted could be false. And when the claim is denied the insurance company if the contractor doesn't come back on the homeowner, as in the scenario Stiggleman described, they could sue the insurance company. This makes the policyholder party to a lawsuit, Goldblatt said.

Most people don't have the money to pay a contractor for work before their claim is approved and a check is issued. So the "Assignment of benefits" agreement can be tempting, but don't do it. An honest contractor will work with you and your insurance company to make sure the job is done correctly and he gets paid.

View the entire [article](#). View other [articles](#) quoting the Coalition Against Insurance Fraud.