

## Slideshow: 6 Worst Contractor Scams

By: Laura Mazzuca Toops, PropertyCasualty360.com

With extreme storms becoming the “new normal” in the U.S., insurance fraud experts are warning insurance agents about how to advise their customers—especially the elderly--about an increase in bogus repair work by shady contractors.

Most home contractors are honest. But extreme weather will attract more shady operators whose bogus repairs can cost homeowners thousands of dollars, according to the **Coalition Against Insurance Fraud**, an alliance of consumer groups, insurance companies and government agencies.

A new report by Environment America, based on data from the National Climatic Data Center, finds that extreme rainstorms and snowstorms in the U.S. are happening 30 percent more frequently on average since 1948. Heavy downpours that used to happen once every 12 months on average now happen every 9 months on average. Moreover, the biggest storms are getting bigger. The largest annual storms nationwide now produce 10 percent more precipitation on average than they did 65 years ago.

The increase in damages arising from such extreme weather makes the pickings ripe for fraudulent contractors.

“We don’t have statistical reports on contractor fraud or the most common kinds of contractor fraud,” said Frank Scafidi, director of public affairs at the National Insurance Crime Bureau (NICB). “However, just from the information that I get from our agents around the country, I can tell you that we see a lot of scams involving structure repairs (roofs, siding, etc.) after storms.”

In major disaster cleanup, it is also fairly common to run into contractors who descend into an area and solicit repair and rebuilding business from victims, Scafidi said. “Many of these people will sweet talk homeowners into advancing large sums of money to buy materials but then never return to do the work,” he said. “It happened after Katrina and it will most likely happen as people begin to rebuild in areas devastated by the recent wildfires.”

Dishonest drifters often go door to door, especially after disasters, said James Quiggle of the Coalition. Fixing bad repair work also can take months of headaches, and the victim’s homeowner policy may not cover fraudulent repairs. Even routine home fixups and remodeling can be an invitation for contract scams.

*Most home contractors are honest. But extreme weather will attract more shady operators whose bogus repairs can cost homeowners thousands of dollars, according to the Coalition Against Insurance Fraud.*



**Coalition Against  
Insurance Fraud**

The Coalition recommends that consumers avoid door-to-door drifters, verify licenses, insist on a contract, screen contractors through the Better Business Bureau, and work with a reputable insurance company and agent to prevent getting scammed.

Here are the six most common contractor scams, according to the Coalition:

1. Disappearing downpayments. The contractor demands a large downpayment, then disappears after doing little or no work.

Real-life example: A large-scale construction scam in Montana resulted in dozens of homeowners and former employees being bilked out of thousands of dollars while leaving homes roofless in the middle of winter. John Mulinski procured significant sums of money upfront, then took off without finishing the work. One homeowner paid Mulinski \$30,000 and was left with nothing but a tarp overhead. The resulting damage to the home cost the homeowner another \$29,000 to repair. The Montana Dept. of Labor and Industry began investigating Mulinski last year.

2. Shoddy work. The work is low quality, using cheap materials. You may have to redo the entire job, often at your own expense.