How Florida let a top insurer abandon homeowners in their time of greatest need

By Brianna Sacks

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NORTH PORT, Fla. — Every week or so, Edward Raggie walks through his front door and enters a painful, infuriating time warp.

Everything looks exactly the way it did that day in December, when he and his wife, Joanne Ragge, hastily packed up their Hurricane Ian-battered home after learning that dangerous mold had spread behind their white ceilings and bright blue walls. Their roof still leaks, its protective tarp peeling from the hot sun. Inside, brown insulation from the gaping hole in their ceiling pools on their swollen, lifted floors. Boxes of their family photos and belongings, stacked haphazardly, are still waiting to be moved out of the living room's dank, musty air.

The couple, in their late 60s, are frozen in this "hell," Ed says, because their insurance company, United Property and Casualty, ignored their claims for months after the hurricane and then severely underpaid them before going insolvent earlier this year.

“UPC abandoned me,” said Ed, a recently retired tortilla distributor who paid as much as $1,930 a year to UPC for insurance. “I never missed a payment. I expected them to do what they said in my contract: return my house to what it was the day before the hurricane hit. I never even got an inkling of that from these people, and now I know why: They were going to go out of business.”

UPC, the ninth property insurer in Florida to go insolvent since 2021, and the largest to do so in 15 years, left many of its Florida customers in a similar nightmare, facing what is predicted to be a powerful hurricane season with still unfixed, hazardous homes, drained life savings and, in some cases, no insurance to protect them.

Suddenly losing their carrier while still in the thick of recovery was shocking to the Raggies, as well as other homeowners. But UPC’s collapse was long in the making — and is one of the most glaring examples of how, in the age of climate change, Florida’s insurance system has been failing to protect residents after they endure a major disaster.

UPC hemorrhaged money over the past six years, in large part because of costly claims from several major hurricanes. During that time, the company began to cut insurance adjusters’ damage estimates, and underpay and ignore increasingly desperate policyholders, according to a Washington Post investigation based on interviews with nearly two dozen people, including those who worked for UPC, policyholders, insurance experts and a review of hundreds of documents from regulators, adjusters, court cases, financial filings and other sources.

The company also underestimated how much it would have to spend to cover claims, but still paid shareholders, including top executives who owned a significant percentage of the company, millions of dollars in dividends, data showed.

State officials, who said failing to reserve enough money was one of the primary reasons UPC went insolvent, struggled to respond as the situation worsened. People in the industry flagged evidence of alleged wrongdoing to regulators, but said their concerns were not seriously reviewed. And even though officials initiated monthly check-ins with UPC as its finances deteriorated, they mistakenly believed UPC could cover homeowners’ claims up until just shortly before the insolvency.

Now, the state-run Florida Insurance Guaranty Association is responsible for trying to close 22,000 UPC claims, which will take more than a year and probably cost around $600 million, officials say. For the first time since Hurricane Andrew in 1992, the state has to levy an emergency assessment on nearly all Florida residents to help cover the cost of such a massive insolvency, further spiking homeowners’ rates.

While Florida residents are shouldering the burden of the insurer’s collapse, its former executives and shareholders are in better shape.

UPC was the centerpiece of a larger insurance company, United Insurance Holdings Corp. The company has seen its stock price, which had declined dramatically in the wake of UPC's struggles, bounce back more than 1,000 percent since December — adding more than $200 million in value. The company, which has since rebranded, has been touting its new, more lucrative future to prospective investors, saying it's much stronger for getting out of the home insurance business.

While Hurricane Ian was a historic disaster — the most costly to ever hit Florida — industry experts say the state has not adequately prepared for the cost of such calamities, leaving the Raggies and other homeowners without dependable insurance and with little recourse to do anything about it. Despite lawmakers passing a wave of pro-industry reforms last year that they touted would stabilize the industry, two national carriers have pulled back coverage or dropped customers within recent weeks.

UPC did not want to comment for this story, Brook Adler, United Insurance Holdings' general counsel, said in an email. Its chief executive and chairman, Daniel Peed, did not return requests for comment.

But in earnings calls, Peed — who, along with his wife, owns nearly 50 percent of the company, according to company filings — has attributed many of UPC's problems and serious financial losses to lawsuits and big storms, as well as increased costs for reinsurance, which carriers often rely on to cover big disaster expenses. The company was facing significant losses from claims due to "increasing inflation and excessive litigation, driving increased severity," he said in a call last year.

In March, Peed told investors he was "deeply disappointed" that Ian's significant losses "ultimately resulted in receivership of United P & C" and that they were "working diligently" with the state to support policyholders.

Policyholders, though, are still waiting for that support.

Ed Raggie and Joanne Ragge (who spell their last names differently) have not seen another dime since UPC sent them two checks totaling $31,200 right before Christmas last year, without a final determination letter outlining their damage and what the payment would cover, as is required by Florida law. The amount stood in stark contrast to the $130,000 an adjusting company they hired estimated it would take to repair and remediate their home, according to estimates seen by The Post.

Around the same time last winter, a contractor who surveyed the interior with a moisture meter told the couple to "get the hell out because we would get sick from the mold," Ed Raggie said. By then, he'd already developed a strange, hacking cough that would not go away.

In early January, the couple moved into their son Jeremiah Raggie's small, one-bedroom house, which also sustained damage from the storm. It was all they could afford because, they said, UPC had stopped responding to them and they couldn't get any more information on whether alternate living expenses would be covered. Jeremiah also was insured through UPC, and he said he too only got a small check — $11,000 — that will barely put a dent in what it costs to fix his leaking roof, damaged stucco and other issues.

For months, other families have shared their horror stories and expressed their mounting frustration and desperation with their carrier's silence, behavior and insolvency in interviews, and in Facebook and neighborhood groups. Families said letters of denial or coverage determinations never arrived. Their case managers would disappear and new ones would be assigned, restarting the case work — sometimes up to seven times. When UPC did make a coverage decision, the amounts were low. Few people interviewed by The Post had any idea that UPC was in such dire financial trouble before Ian hit.

Though UPC held 4 percent of the Florida market share, the insurance company had the second most complaints in 2020-2021 — representing 7 percent of the roughly 24,000 complaints closed by the Florida Department of Financial Services during that period. Nearly all of those complaints had to do with how the carrier handled claims, according to public records from the agency, which investigates insurers for misconduct.

"UPC appeared to abandon their customers at their greatest time of need following the catastrophic hurricane," said Mark Friedlander, the director of communications for the Insurance Information Institute, an industry association. He added that thousands of policyholders "were very distressed about a lack of response" months before the insurer collapsed.

UPC did take some action to try to salvage its business. In 2022, United Holdings said it put about $75 million into the beleaguered carrier to try to keep it afloat. It sold its St. Petersburg headquarters and businesses in other states and handed over more than 91,000 policies to a new Florida insurer. A board member still involved with United Holdings who spoke on the condition of anonymity to speak freely about the matter defended Peed's actions.

"He did everything he could to try to save it and poured a lot of money into the company," the board member said. "He lost an incredible amount of money out of his own pocket to try to keep the company going for people's livelihoods."

Michael Yaworsky, Florida's insurance commissioner, said that state regulators had been on top of monitoring UPC's behavior and financials. In an interview, he explained how his office was "pretty aggressive when it came to our response to the evolving situation with United and UPC."

"We met the moment each time something developed," he said of UPC's struggles.

A big problem, Yaworsky said, is that his office had been limited in what they could do regarding how parent companies act and what they do with their money. He pointed to recent legislation, including the new Insurer Accountability Act, that has given his agency more resources and reach to better govern insurers, though the toughest provisions of the law were stripped from the final version. Officials have pledged to fully investigate UPC's conduct and any allegations of bad behavior.

UPC's business model, insurance and financial experts say, reflects a lax regulatory framework that has made it even harder for Florida residents to get back on their feet after disasters.

"Insurance companies have been given a tremendous amount of leeway in Florida," Birny Birnbaum, the director of the Center for Economic Justice and a former insurance regulator said in an interview. "Light regulation let these smaller companies come in and cherry pick what they want to cover. When there is no hurricane, they can make a tremendous amount of money. When there is one, executives can walk away without much liability and a lot richer."

UPC was founded in 1999 with the mission to "keep the promise" to the "policyholders who count on us at the time of greatest need." For nearly a decade, it enjoyed a lucky streak without a devastating hurricane and, with help from the state, picked up millions in new policies. In 2016, UPC merged with another insurance group. It was a "transformational" deal that would make UPC the "premier provider of property insurance in catastrophe-exposed areas," its chief executive said at the time.

But just a year later, Hurricane Irma ripped through Florida, followed by Hurricane Michael in 2018, and UPC started to lose a lot of money to claims. These annual losses grew from $35 million to well over $150 million, according to financial filings. Along the way, UPC kept increasing estimates of how much it would have to pay out, according to filings, which were reviewed by experts, including Demotech, a credit-rating agency that deemed UPC financially unstable last August, right before Ian hit.

"They definitely had a reserving problem," said Joseph Petrelli, the president of Demotech. "There was not enough money to take care of everyone they owed money to."

During this period, the carrier started to become much more aggressive in deploying tactics to deny, delay and underpay homeowners after that disaster and subsequent weather events, according to interviews with three former adjusters, policyholders and their attorneys, as well as internal and court documents.

Kestra Brown, a veteran, described her home as a “war zone” after Hurricane Michael tore through Panama City, Fla., in 2018. After sending her a few payments totaling $40,000, Brown says, UPC all but disappeared. The company refused to pay for any more repairs or for her and her son to live outside her gutted, mold-ridden home despite Brown repeatedly sending in supplemental evidence and trying to get in touch with her desk adjusters, who “changed more than I changed my underwear,” she said.

She and her son were in “survival mode,” she said. For a year, they had no kitchen. Photos show black mold splattered on the ceilings. To try to protect them, her son used plastic tarps to make new walls and floors. In 2019, Brown sued the carrier. Her case was one of hundreds filed against the carrier after that storm.

Documents obtained through her complaint show that UPC did not document all of Brown’s damage, changed the field report, had the wrong date for her claim and ignored the recommendation of their own retained expert, a contractor, who said it would take “just north of $118,000” to put her home “back into pre-loss condition.”

During depositions and the trial, a UPC corporate representative accused Brown of failing to turn in required documents on time, as is required in her contract. The representative also said Brown had exhausted her limits for alternative living expenses and had gutted the house without first consulting them.

However, emails read during the trial indicated that Brown had made multiple attempts over a period of months to get in touch with UPC and ultimately submitted what they wanted, but they never responded. In October 2021, the jury sided with Brown and found that UPC had breached their contract and owed her $140,000. In February 2022 — four years after the storm — she finally got the check she needed to finish repairing her home.

“These people knew my walls were broken and crumbling,” she said. “They put me through hell, and I say that as an Operation Iraqi Freedom War veteran.”

Adjusters working for UPC saw what was happening to homeowners on the inside. At the end of 2019, Lari Piscitelli joined the company as an independent adjuster to handle claims. He and other contractors grew increasingly alarmed at how their loss estimates were being cut and edited. Piscitelli and other adjusters said managers would tell them to join last-minute calls and give directives to essentially ignore what they were seeing during their inspections, to stop writing for full roof replacements and to not even use the word “damage” in their reports. They provided claims notes, voice mails and a text message to back up their assertions.

Piscitelli, who had been in the industry for six years, said the carrier seemed to spend more money fighting claims than paying them and was “playing games with everything.”

Many of the claims they were handling were still from Hurricane Irma, according to Piscitelli and two other adjusters. It is common to see claims from a major hurricane submitted months or even years later, especially in Florida, said Friedlander and others, because serious issues like roof problems and water intrusion can take awhile to appear. At the time, Florida residents had up to three years to file or add to a disaster-related claim.

But UPC made it clear they did not want to pay those, three adjusters said, and constantly changed their rules and guidelines.

Internal claims notes from 2019, obtained by The Post, capture the back-and-forth between several field workers and UPC desk adjusters, who told those who inspected the homes to “please remove all causation verbiage” from their reports — meaning to not write what caused damage.

Make “sure to not opine to the causation to the damage to the roof tile,” read one directive. “State what you saw … and an engineer will determine the causation,” said another. Despite pushback from adjusters in the notes, one final report reflected the changes made by UPC, slicing a $60,000 roof estimate down to about $3,000, according to files seen by The Post.

While desk adjusters are ultimately the decision-makers, field adjusters not documenting the damage or cause of loss goes against UPC’s own claim policies, which say they are responsible for “providing cause of loss assessments,” according to copies of the policies obtained by The Post.

“It was sickening what they would do to not spend money,” said Piscitelli, who quit independent adjusting after his stint at UPC. “It still bothers me to this day what they made us do.”

In July 2021, Rod Buvens, another independent adjuster who worked on Irma claims and a 2019 wind event, reached out to Florida’s top regulator: Chief Financial Officer Jimmy Patronis.

In an email obtained by The Post, Buvens wrote that he “saw firsthand the waste, misuse of premium dollars,” as well as mismanagement and mistreatment of policyholders, and asked for the state to follow up “on the numerous UPC complaints that have been filed.”

“It would seem that prudent, preventive action could be taken by your Department to prevent yet another Insurer from declaring insolvency,” he wrote.

Patronis never responded, he said. The Department of Financial Services, which Patronis oversees, said that it looked into Buvens’s allegations in 2021 but closed the probe due to his “lack of cooperation” for an interview. The adjuster rejected that claim, saying he was living in Texas and couldn’t go to Florida on the proposed dates due to previous commitments, and offered to do a virtual interview. His multiple follow-up emails to the office went unanswered, he said.

“I simply wanted Jimmy Patronis and the DFS to do their job that they were elected to do,” Buvens said in an interview. “Investigate the executives of this insurance company to prevent them from continuing to prey on the policyholders and property owners in Florida.”

That same month, the American Policyholder Association, a nonprofit watchdog with a consumer protection unit led by a former prosecutor, sent two complaints to regulators alleging that UPC altered claims and told adjusters to “zero out” damage. The complaints were sent to the Office of Insurance Regulation, which regulates carriers, and the Department of Financial Services, which investigates allegations of wrongdoing. The letters, reviewed by The Post, contained depositions, phone interview transcripts, estimates, engineer reports and emails.

For months, officials at the two agencies punted the evidence back and forth, according to the emails obtained by The Post spanning from 2021 to right before Ian hit last year. In one part of the exchange, at the end of January 2022, a Department of Financial Services investigator confirmed that the agency had received the evidence months ago, but thought the Office of Insurance Regulation should handle it. Five months later, in June, the watchdog checked in. This time, an Office of Insurance Regulation official said the Department of Financial Services should handle it, only to receive a response from the Department of Financial Services that they’d already discussed the situation:

“If you recall, we spoke several weeks ago about this same referral and it was decided OIR would initially look into the allegations,” according to the email, which The Post obtained from the policyholder association.

The email exchange went dead. The Office of Insurance Regulation said it did not get involved because it had already been monitoring the company for other reasons.

A few weeks later, Ian pummeled southwest Florida.

“You can’t help but wonder if they had done a legitimate job investigating UPC and enforced the law back in 2021,” said Doug Quinn, executive director of the APA. “Then perhaps many of these Ian victims wouldn’t be suffering the way they are.”

In a statement, Devin Galetta, communications director for Patronis and the Florida Department of Financial Services, said the agency “takes all allegations of insurance fraud seriously and investigates fraud tips as prescribed by Florida Law.” He said it is standard practice for the Office of Insurance Regulation to investigate allegations and refer them to DFS if criminal conduct is suspected.

UPC, like many other Florida carriers, was part of a web of affiliated companies under a larger firm. Its parent company, United, had 14 subsidiaries — which include other insurers, holding companies, legal, technology and claims services, reinsurers and managing general agents, who write policies and negotiate contracts. Reinsurers and managing general agents are key cogs in the insurance system, and provide a lot of support in exchange for big fees and commissions.

Critics say this system can allow companies to move around money without adequate scrutiny. Florida is one of the few states that does not require insurers to use an external managing agent, Friedlander said.

From 2018 to 2021, for example, UPC — which at times pooled its finances with a sister carrier — earned about $1.2 billion from people's premiums after paying its reinsurers. It then paid $884 million to its own managing agent for services, according to the company's audited reports and financial filings, which Birnbaum reviewed.

"The MGA gets paid even if the overall insurance transaction loses a ton of money," said Birnbaum, of the Center for Economic Justice.

Peed and his wife pulled in about $21 million in dividends from 2017 until the end of 2021, corporate filings show. Other top executives were also raking in cash payments when UPC was falling apart. A total of $50 million in dividends was paid out during this period.

In August 2022, UPC's financial situation became concerning for Demotech, the credit rating agency, and it decided to exit the state, a gradual process known as "runoff" where it would not take on new business. Then Ian hit, and costly claims poured in. Still, UPC attested to the state that it was in good enough financial shape to cover claims with the help of reinsurance, money from its parent company and other sources, according to regulatory documents. Regulators said the plan was "reasonable" and approved it, while also limiting the fees UPC could pay to its managing agent.

Two months later, UPC went under. In their insolvency report, regulators primarily blamed insufficient reserves, losses on underwriting and bad weather.

United, its parent company, is now saying its move out of Florida home insurance will yield benefits.

In a presentation to investors in June, United, which changed its name in recent weeks to its profitable commercial insurer American Coastal Insurance Corp. as part of a rebrand, explained how ditching UPC would lead to a "significant gain" for 2023. So far, that seems to be the case: United's stock price has climbed from as low as 29 cents per share in December to $5.45 as of Thursday.

Walking around the construction site that's still his home, Michael Derosa, a recently retired dentist from Ohio, blames UPC's executives and Florida's "business model" for the frustrating limbo that he's in.

Ian’s gusts lifted the roof of his Punta Gorda home and damaged his kitchen. Cracks now zigzag across the ceiling. And when it rains, as it did on June 21, water still pours out of the electrical sockets, staining the white walls. UPC had sent him $5,600 to fix everything. It cost him $180,000 — nearly all of his family’s savings — to put in new insulation, drywall, flooring and other repairs so he can try to get insurance before another hurricane strikes.

After 43 years of working, the 64-year-old planned to spend much of his retirement on his canal-front deck. He thought he’d budgeted for everything, even a major storm, because, “I thought I had a guarantee of protection from my insurance company,” he said.

That was before last May, when he discovered that his Florida home had actually been uninsured for three months. Before it collapsed, UPC had sent his one-page policy cancellation notice there instead of his primary address in Ohio.

Now, Derosa says, no other carrier will take him on because of his home’s condition or are requiring him to have contracts in place for the extensive repairs. Most of the contractors demanded 50 percent of the cost up front.

“These guys know what they are doing,” he said. “They know the scam they are running, and they know they can get away with it. That’s where we need our politicians to step up and do something.”

He’s currently waiting for a determination from the state’s guaranty association on what they’ll give him for the damage. Whenever he gets it, he says his home is going on the market. It’s a tough decision, but what “if I get another carrier, what if they do the same damn thing?” he asked. “Paying these high premiums and run that risk? Who can afford that?”

On that same June afternoon, sitting in his hot, dusty, boxed-up living room 20 minutes away, Ed Raggie wondered the same thing. He’s too exhausted to go through this again, he said, pointing to his exposed rafters, where he recently pulled out insulation so wet it was still dripping.

His wife, Joanne, is back in the hospital because of health issues from stress and a bad car accident the couple was in near their son’s house a few months ago. Last week, doctors had to amputate both of her feet. He tries not to blame it on their situation, on UPC. If they hadn’t still been living there — he stops himself. That kind of thinking won’t do him any good.

Instead he thinks about what’s next. At nearly 70, he’s figuring out how to start over. Whenever the state settles his claim — it’s been nearly 100 days — he wants to put everything he can fit into their Subaru Forester and “get far away from this place.” When asked where they’ll go, he sighs.

He has no idea.

Emmanuel Martinez contributed to this report.