

**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 INSURANCE FRAUD/BUREAU OF  
WORKERS' COMPENSATION FRAUD  
&  
DIVISION OF WORKERS' COMPENSATION**

*January 1, 2016*



The Florida Department of Financial Services, Division of Workers' Compensation (DWC) and Division of Insurance Fraud / 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 §626.989(9), Florida Statutes 2003. The joint report addresses the areas identified in §626.989(9), for the period of July 1, 2014 through June 30, 2015.

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January 1, 2016

**THE HONORABLE ANDY GARDINER  
PRESIDENT OF THE SENATE**

**ROOM 400-SENATE OFFICE BUILDING  
TALLAHASSEE, FLORIDA 32399-1100**

**THE HONORABLE STEVE CRISAFULLI  
SPEAKER OF THE HOUSE**

**THE CAPITOL – SUITE 420  
TALLAHASSEE, FLORIDA 32399-1300**

Dear President and Speaker:

The Division of Insurance Fraud and the Division of Workers' Compensation appreciate the opportunity to provide you with this joint report regarding workers' compensation fraud, pursuant to section 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, 2014 – June 30, 2015.

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,



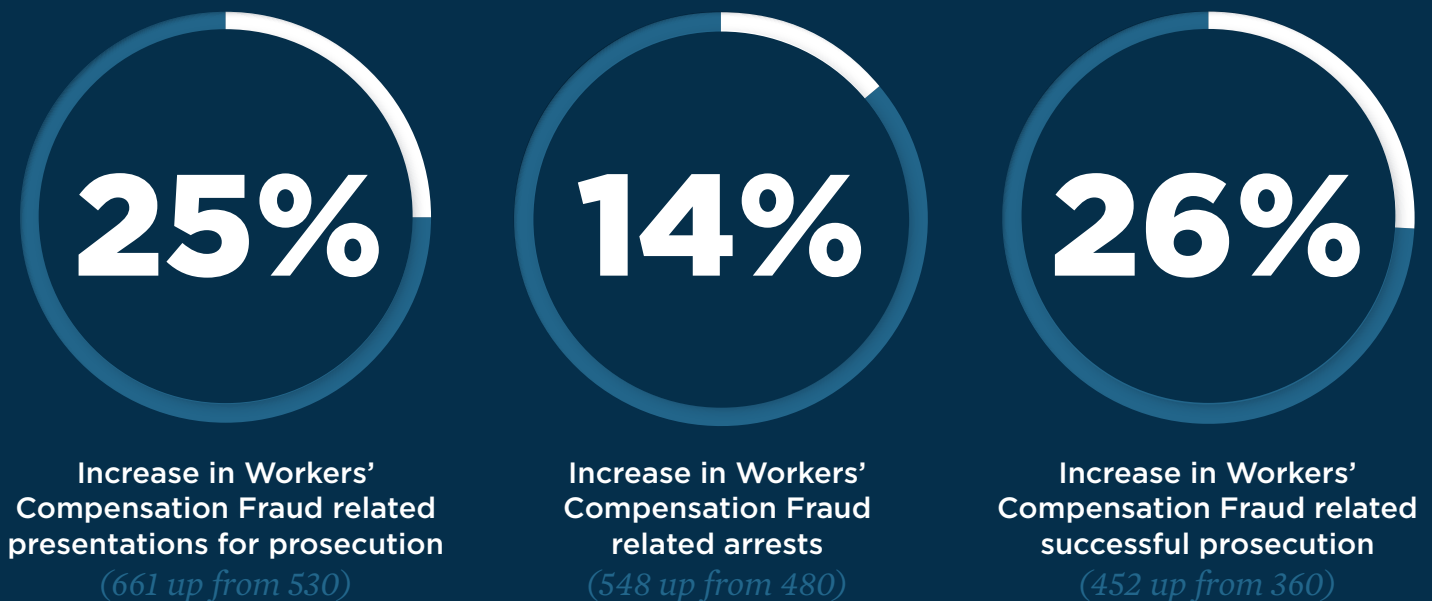
**SIMON BLANK, DIRECTOR  
DIVISION OF INSURANCE FRAUD  
(850) 413-3115**

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The Florida Division of Insurance Fraud continues to be a perennial leader in the fight against insurance fraud. During Fiscal Year 2014/2015, investigative efforts by the Division of Insurance Fraud resulted in 1,590 cases presented for prosecution, 1,318 arrests, and 1,195 successful prosecutions. During this time period, the Division received and reviewed over 17,300 referrals of suspected insurance fraud.

The Division of Insurance Fraud recognized the following increases in the following areas:



**The Bureau expects increases in those areas again for Fiscal Year 2015/2016 as we continue to develop strategic plans aimed at increasing efficiency and effectiveness of all Bureau operations.**

# DIVISION OF INSURANCE FRAUD, BUREAU OF WORKERS' COMPENSATION FRAUD

The Division of Insurance Fraud, Bureau of Workers' Compensation Fraud (BWCF) has maintained 21 detectives, and four (4) supervisors assigned to squads located in Miami, West Palm Beach, Orlando and Tampa. In addition to these investigative resources the Bureau currently has four (4) dedicated prosecutors located in Miami-Dade, Hillsborough, 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 will continue to prioritize investigative resources in the following areas; employee/claimant fraud, premium fraud and joint operations concerning construction sites working without appropriate coverage, with our partners in The Bureau of Workers' Compensation Compliance. The BWCF will continue to enforce criminal statutes regarding "working without coverage" and the violation of stop work orders as issued through Compliance.

During the past fiscal year, the BWCF integrated the Money Service Business Squad (MSB) and workers' compensation squad in West Palm Beach. The focus of this re-structuring was to concentrate efforts on premium fraud leading into the MSB violations. The goal being a more rounded and aggressive approach to premium fraud.

In the spirit of this aggressive approach to premium fraud, the West Palm Beach squad has joined a working group consisting of the Internal Revenue Service, Department of Homeland Security and the Department of Labor. Although at this time investigative efforts cannot be disclosed, the focus concerns multiple middle and higher echelon level targets involved in premium fraud.

The BWCF has participated in joint pro-active ventures with the Department of Business and Professional

Regulation (DBPR) and multiple local law enforcement agencies throughout the state to prevent and prosecute unlicensed contractors and those working without the appropriate workers' compensation coverage.



As part of the Florida's Workers' Compensation Fraud Task Force, which is chaired by the Bureau Chief of Workers' Compensation Fraud, the BWCF continues to share information with the industry and government agencies to forge a strong working relationship with the task force members in combating insurance fraud. Quarterly meetings are held to discuss trends and current issues relating to fraud.

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.

To report workers' compensation fraud call 1-800-378-0445 or visit [www.myfloridacfo.com/division](http://www.myfloridacfo.com/division)

## Case Highlights Field Office: Miami WC Squad 15-174

**SYNOPSIS:** Construction Forever, LLC, was a company owned by Juan Garcia. Garcia applied for workers' compensation (WC) coverage with FWCJUA/Travelers Insurance. On the application for coverage, Garcia estimated his annual payroll for the policy year was \$143,000.00. Based on that estimate, a WC policy was issued with a premium cost of \$22,323.00. The policy became effective on November 5, 2014 and was canceled on January 15, 2015. The investigation

revealed that Construction Forever LLC cashed payroll checks worth approximately \$2,039,701.64 between November 2014 and January 2015. The investigation further revealed that Garcia and another individual, Arnaldo Pena, were the authorized signature holders on the account. Both individuals cashed checks from November 2014 and January 2015.

A Workers' Compensation audit was conducted on Construction Forever LLC on February 17, 2015. Construction Forever LLC indicated their payroll for the time period was only \$25,220.00.

FWCJUA/ Travelers indicated that had Construction Forever LLC estimated their payroll at \$2,039,701.64, the insurance policy premium would have been \$406,003.96.

Both Garcia and Pena were arrested and charged with grand theft (> \$100,000.00), organized scheme to defraud and workers' compensation fraud. Both were successfully prosecuted through the Miami-Dade State Attorney's Office, the Honorable Katherine Fernandez-Rundle. Pena is currently serving three (3) years of reporting probation. Investigative costs were ordered to be paid to the Division of Insurance Fraud in the amount of \$2,000.00.

## **Field Office: Tampa WC Squad 14-1647**

**SYNOPSIS:** On November 20, 2014 the Pasco County Sheriff's Office in conjunction with the Tampa WC Squad conducted an undercover sting operation targeting unlicensed contractors who were working without proper workers' compensation coverage. This enforcement action resulted in 11 arrests.

## **15-1466**

**SYNOPSIS:** On February 10, 2015 the Manatee County Sheriff's Office in conjunction with the Tampa WC Squad conducted an undercover sting operation targeting unlicensed contractors who were working without proper workers' compensation coverage. This enforcement action resulted in 11 arrests.

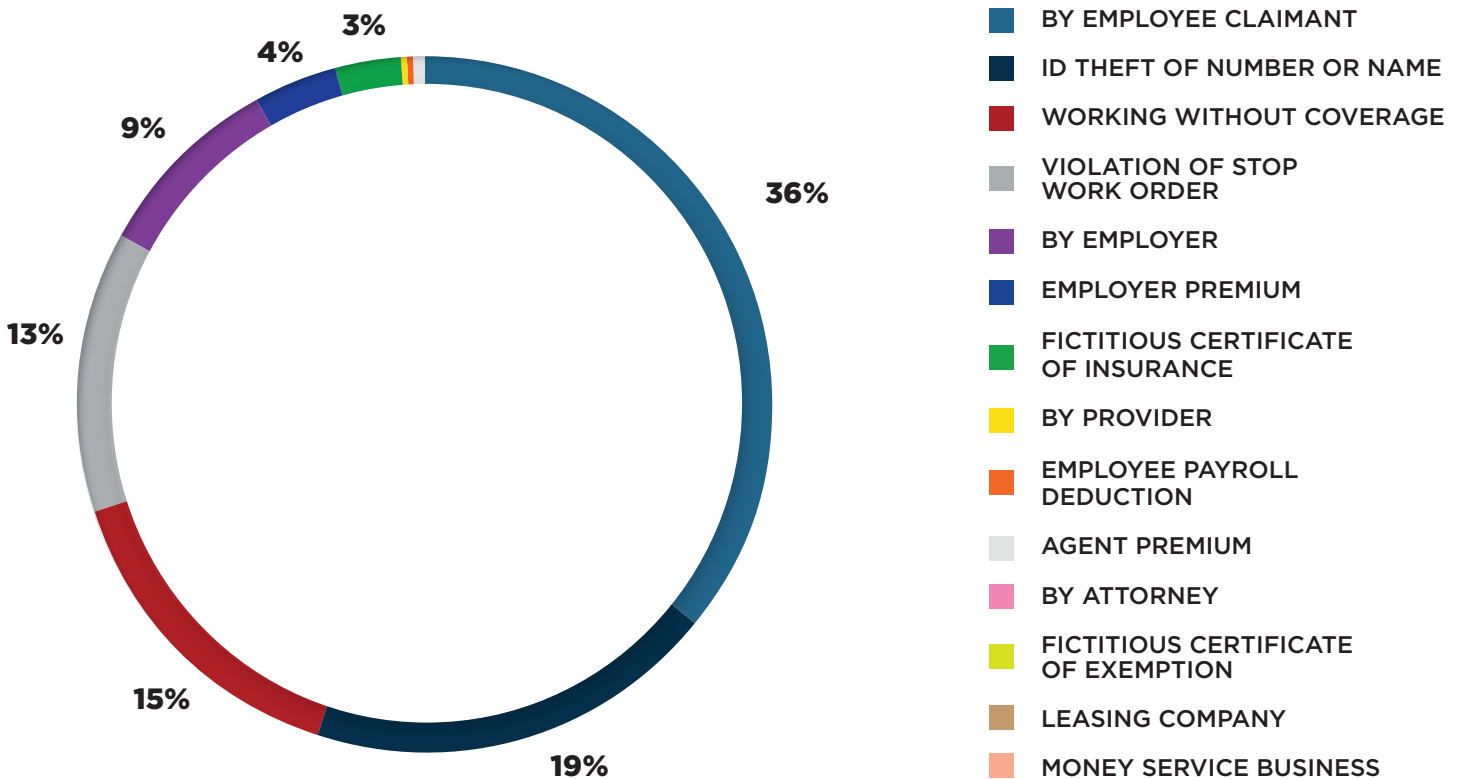
## **15-355**

**SYNOPSIS:** On March 24, 2015 Pinellas County Justice and Consumer Services in conjunction with the Tampa WC Squad conducted an undercover sting operation targeting unlicensed contractors who were working without proper workers' compensation coverage. This enforcement action resulted in five (5) arrests.

# TYPES OF WORKERS' COMPENSATION REFERRALS

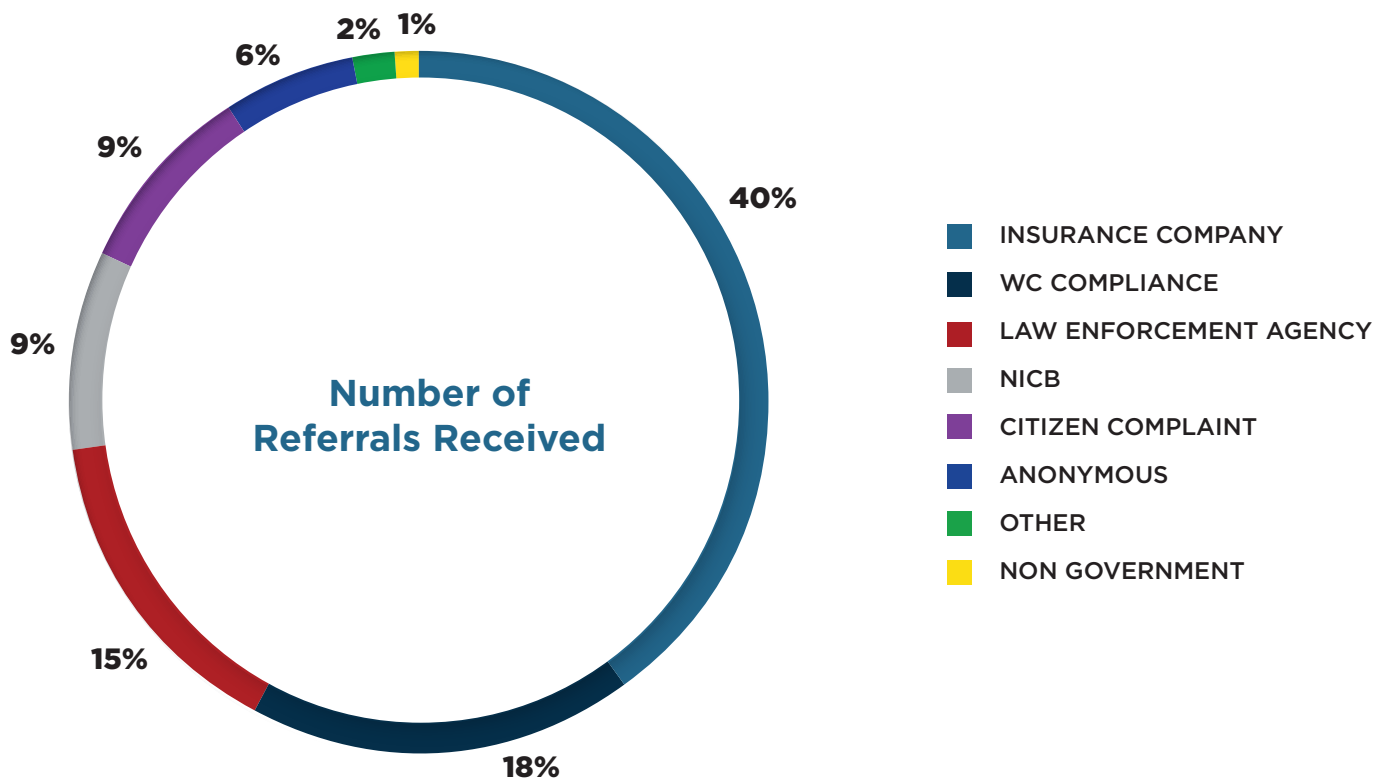
SUB TYPE	# OF REFERRALS
AGENT PREMIUM	2
BY ATTORNEY	2
BY EMPLOYEE CLAIMANT	725
BY EMPLOYER	184
BY PROVIDER	9
EMPLOYEE PAYROLL DEDUCTION	7
EMPLOYER PREMIUM	86
FICTITIOUS CERTIFICATE OF EXEMPTION	1
FICTITIOUS CERTIFICATE OF INSURANCE	50
ID THEFT OF NUMBER OR NAME	396
LEASING COMPANY	1
MONEY SERVICE BUSINESS	1
VIOLATION OF STOP WORK ORDER	264
WORKING WITHOUT COVERAGE	310

2038



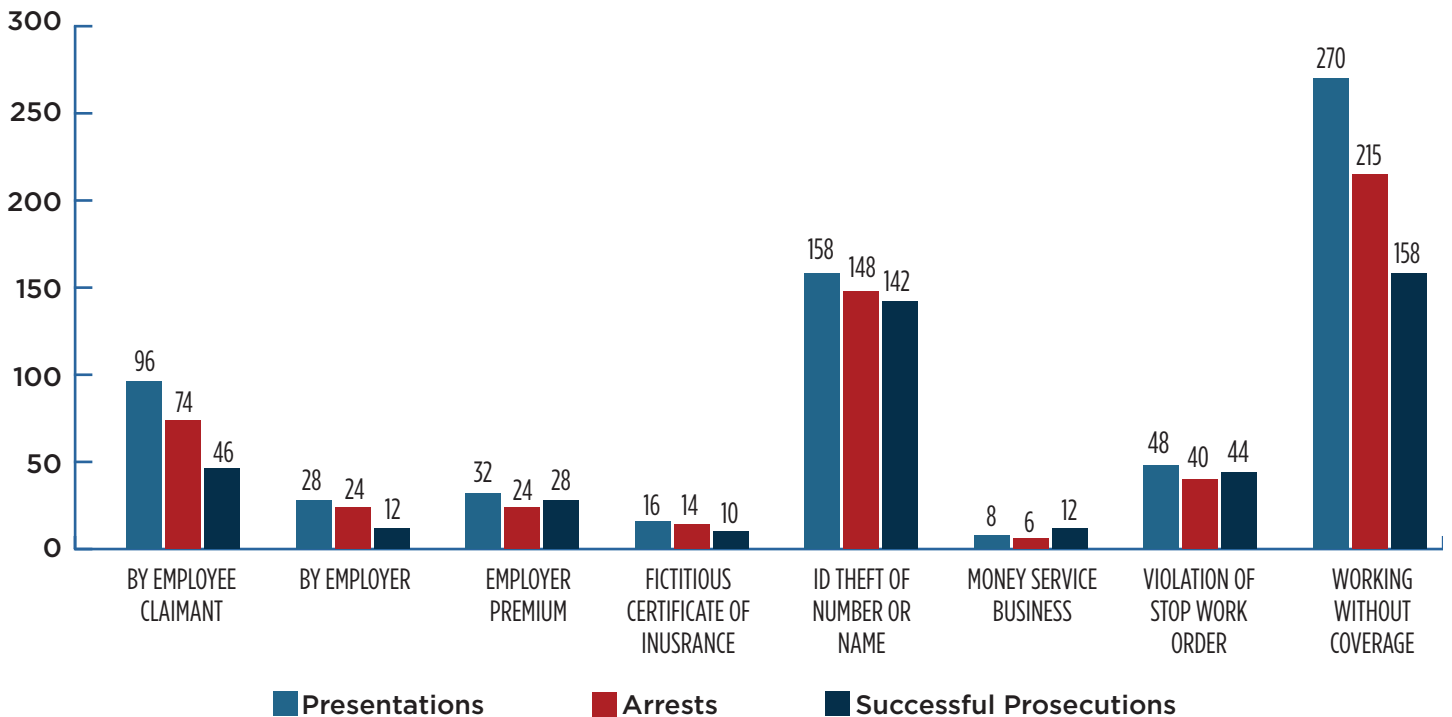
# NUMBER OF SUSPECTED FRAUD REFERRALS & NUMBER OF CASES INITIATED

SOURCE	NUMBER OF REFERRALS RECEIVED	CLOSED: CASE INITIATED
ANONYMOUS	131	10
CITIZEN COMPLAINT	178	34
WC COMPLIANCE	363	129
INSURANCE COMPANY	815	178
LAW ENFORCEMENT AGENCY	311	281
NON GOVERNMENT	19	15
NICB	181	26
OTHER	40	24
<b>GRAND TOTAL</b>	<b>2038</b>	<b>697</b>



# TYPES OF PRESENTATIONS, ARRESTS & SUCCESSFUL PROSECUTIONS

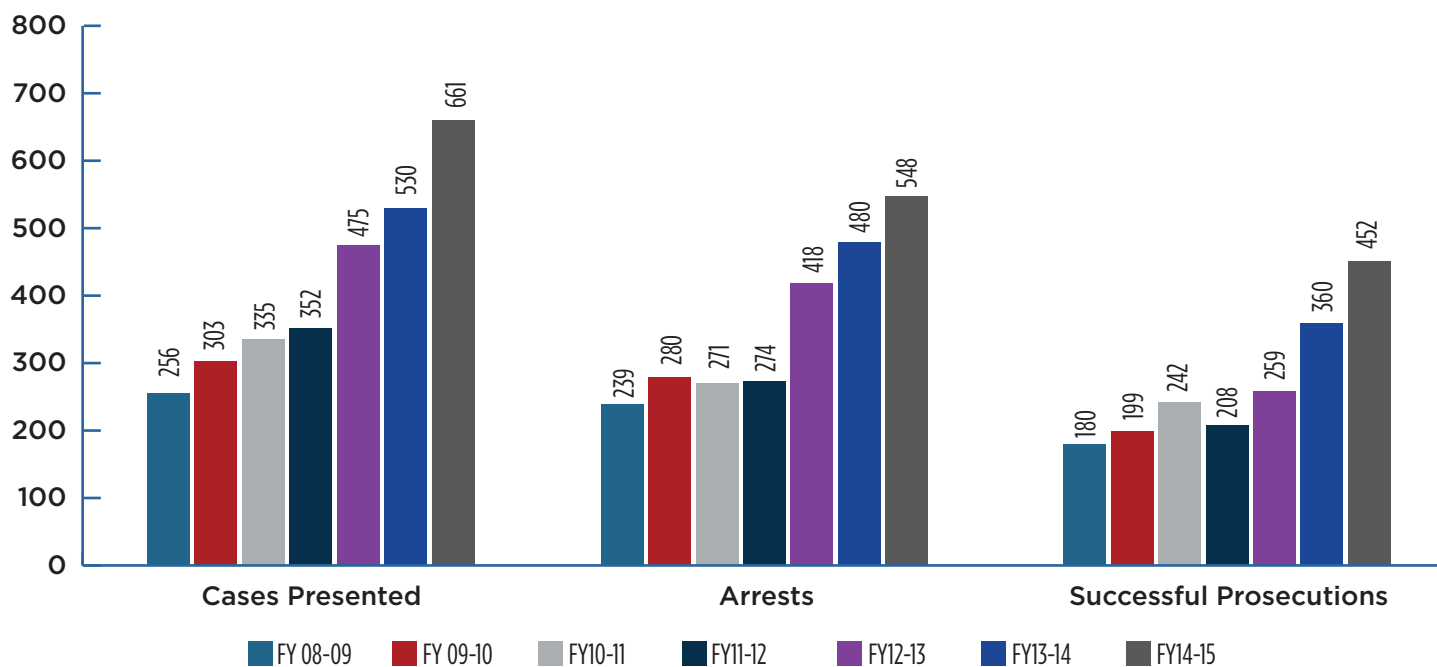
Type of Case	Presentations	Arrests	Successful Prosecutions
AGENT PREMIUM	0	1	0
BY ATTORNEY	0	0	0
BY EMPLOYEE CLAIMANT	96	74	46
BY EMPLOYER	28	24	12
BY PROVIDER	3	1	0
EMPLOYEE PAYROLL DEDUCTION	0	0	0
EMPLOYER PREMIUM	32	24	28
FICTITIOUS CERTIFICATE OF EXEMPTION	2	1	0
FICTITIOUS CERTIFICATE OF INSURANCE	16	14	10
ID THEFT OF NUMBER OR NAME	158	148	142
LEASING COMPANY	0	0	0
MONEY SERVICE BUSINESS	8	6	12
VIOLATION OF STOP WORK ORDER	48	40	44
WORKING WITHOUT COVERAGE	270	215	158
<b>Total</b>	<b>661</b>	<b>548</b>	<b>452</b>





Seven Year Statistical Data

Measurement	FY 08-09	FY 09-10	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15
Cases Opened	568	1597	1286	531	891	785	723
Cases Closed	621	1380	1293	629	704	840	697
Cases Presented	256	303	335	352	475	530	661
Arrests	239	280	271	274	418	480	548
Successful Prosecutions	180	199	242	208	259	360	452



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## DIVISION OF WORKERS' COMPENSATION (DIVISION)

The Division is currently utilizing many tools to focus its investigative efforts on identifying non-compliant employers to maximize its resources for the benefit of the citizens of Florida and combat premium fraud in the workers' compensation system. This report will detail the initiatives being utilized to rapidly identify and pursue workers' compensation fraud.

The mission of the Division is to actively ensure the self-execution of the workers' compensation system through educating and informing all stakeholders of their rights and responsibilities, leveraging data to deliver exceptional value to our customers and stakeholders, and holding parties accountable for meeting their obligations.

The Division is responsible for ensuring that employers comply with their statutory obligations to obtain appropriate workers' compensation insurance coverage for their employees. Ensuring employers adhere to workers' compensation coverage requirements results in coverage for employees that were previously without coverage due to non-compliance; ensures that covered employees with work-related injuries receive all statutorily required benefits; levels the playing field for all employers who are bidding jobs; and adds premium dollars to the system that were previously evaded due to non-compliance. The Division conducts investigations to determine employer compliance and assesses penalties against employers who fail to meet their statutory obligations.

The Division recognizes the importance of collaborative efforts with other state and local enforcement agencies, especially the Division of Insurance Fraud. The Division also has established partnerships with a variety of state and local agencies and industry-related associations and organizations to make the best use of resources, leverage data, and share information to increase employer compliance.

Pursuant to section 626.989(9), Florida Statutes, the

Division provides the following report of workers' compensation enforcement and compliance activities and performance during FY 2014-15.

# I. REFERRALS

## Division of Insurance Fraud

The Division of Workers' Compensation and the Division of Insurance Fraud maintain a cooperative working relationship to carry out our respective statutory duties. The Division of Workers' Compensation enforces administrative compliance with the workers' compensation law, pursuant to s. 440.107, F.S., while the Division of Insurance Fraud enforces the criminal provisions of the workers' compensation law, pursuant to s. 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 of Workers' Compensation often works jointly with the Division of Insurance Fraud on compliance sweeps seeking out employers that are not in compliance with the workers' compensation laws.

During the period of July 1, 2014 through June 30, 2015, the Bureau of Compliance and Division of Insurance Fraud made the following referrals:

- The Division of Workers' Compensation referred 365 employers to the Division of Insurance Fraud for possible criminal investigation.
- The Division of Workers' Compensation received 31 referrals from the Division of Insurance Fraud for civil violations under Chapter 440, F. S.

## Referrals to Other Agencies

The Division works cooperatively with local building and permitting agencies. The Bureau provides timely

responses to local agencies' calls for assistance in verifying employers who are in violation of the Workers' Compensation laws. Joint operations have been conducted throughout the state with a number of city and county code enforcement offices, the Department of Business and Professional Regulation and the Division of Insurance Fraud.

In addition to the referrals for workers' compensation fraud, 3,196 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 Department of Business and Professional Regulation. The primary reasons for the referrals are unlicensed activity for failure to be licensed to work 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

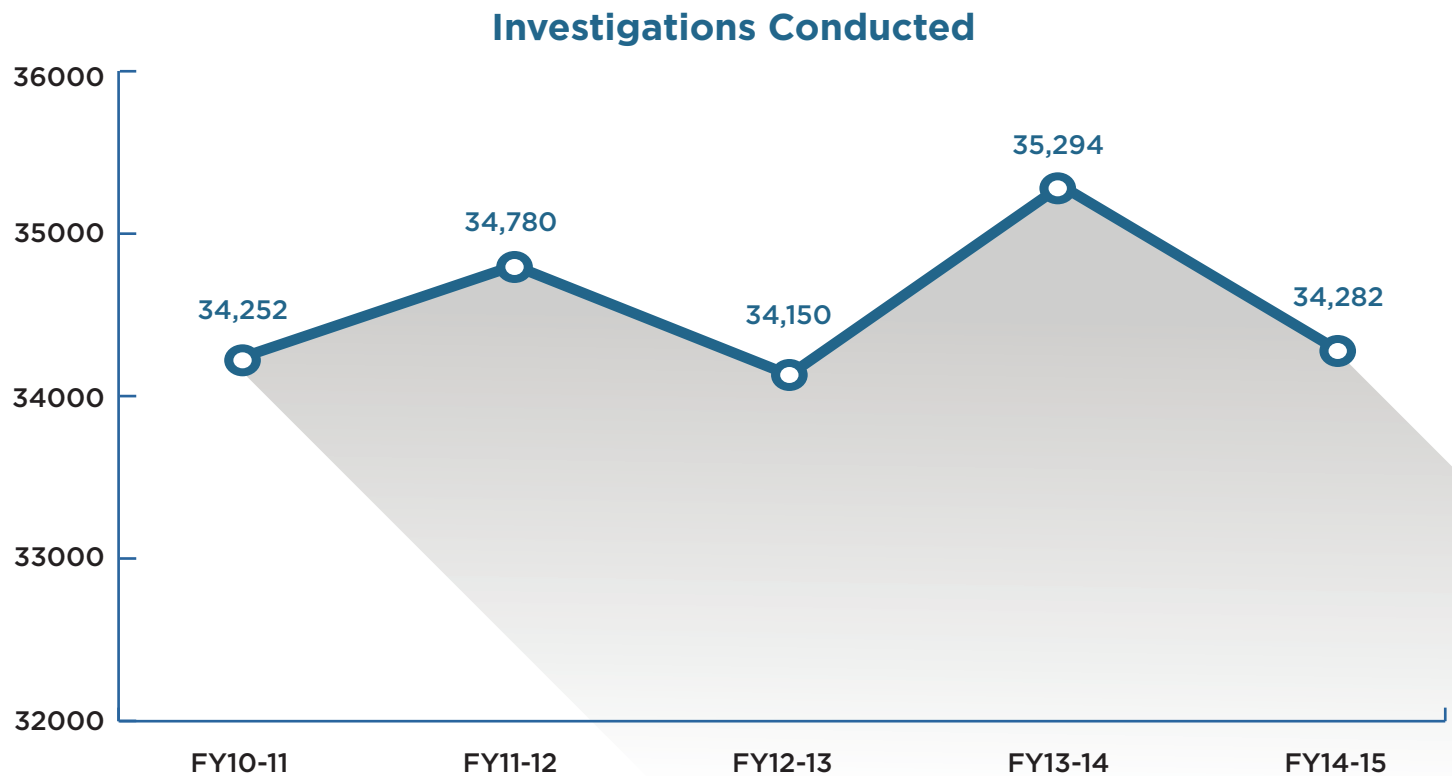
The Division receives public referrals regarding employers who are suspected of failing to adhere to the workers' compensation coverage requirements through its online Non-Compliance Referral Database and phone calls. The database streamlines the process to initiate investigations promptly and provides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

The Division investigated 1,794 referrals submitted via the Non-Compliance Referral Database during FY 2014-15. The investigations initiated by the referrals resulted in the issuance of 475 enforcement actions and \$9.8 million in assessed penalties against non-compliant employers.

## II. ENFORCEMENT ACTIVITIES & WORKERS' COMPENSATION EXEMPTION STATISTICS

During the period of July 1, 2014 through June 30, 2015, through its enforcement and investigative efforts the Division:

- Conducted 34,282 investigations. The graphic below shows the total number of investigations conducted during the last five fiscal years. Investigations are physical on-site inspections of an employer's job-site or business location conducted to determine employer compliance with the workers' compensation coverage requirements.



### Stop-Work Orders

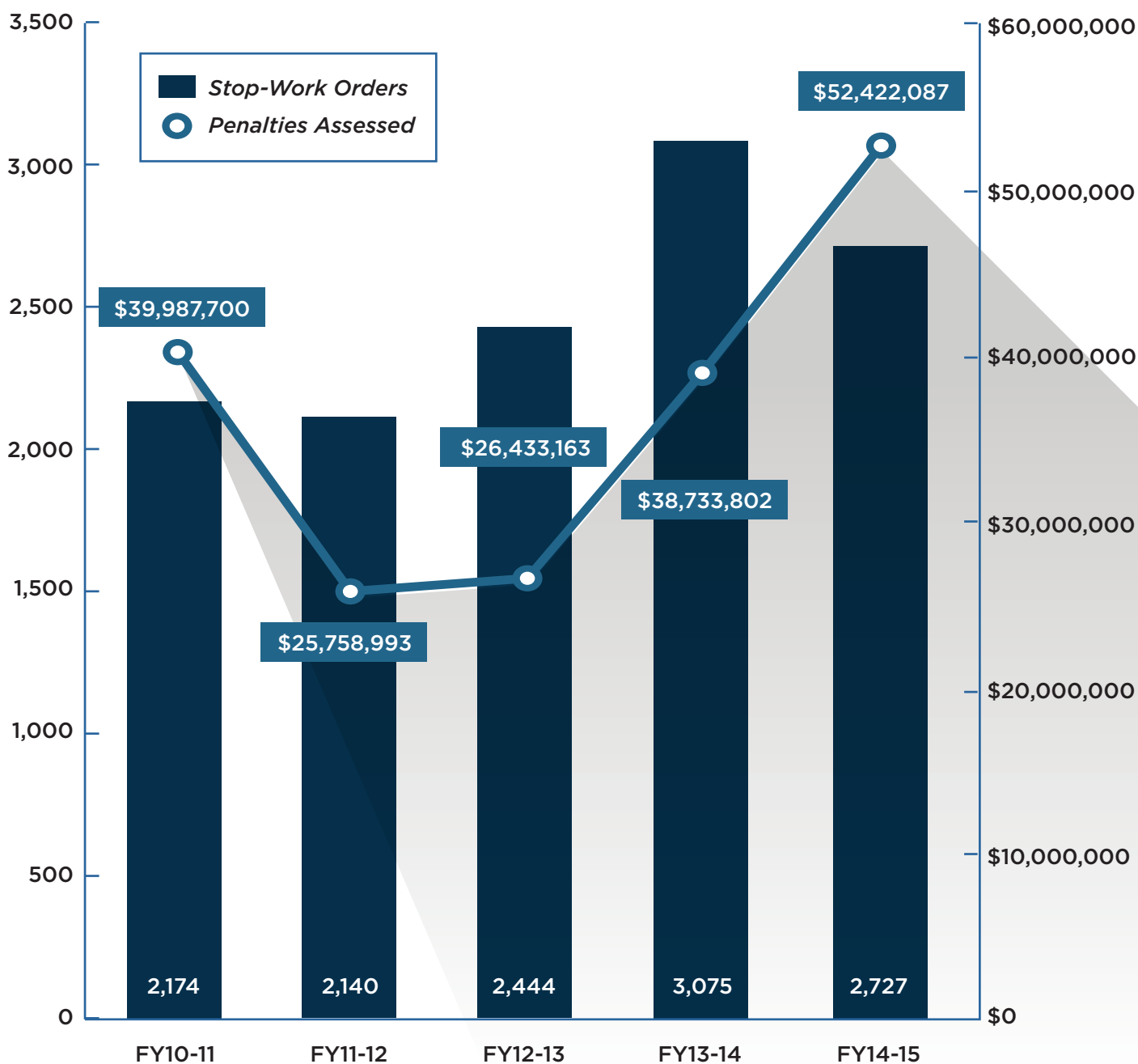
- Issued 2,727 Stop-Work Orders. Stop-Work Orders are issued for the following violations: failure to obtain workers' compensation insurance, materially understating or concealing payroll, materially misrepresenting or concealing employee duties to avoid paying the proper premium, materially concealing information pertinent to the calculation

of an experience modification factor, and failure to produce business records in a timely manner. Stop-Work Orders require the employer to cease business operations until the Division issues an order releasing the Stop-Work Order.

- Assessed \$52,422,087 in penalties. An employer who

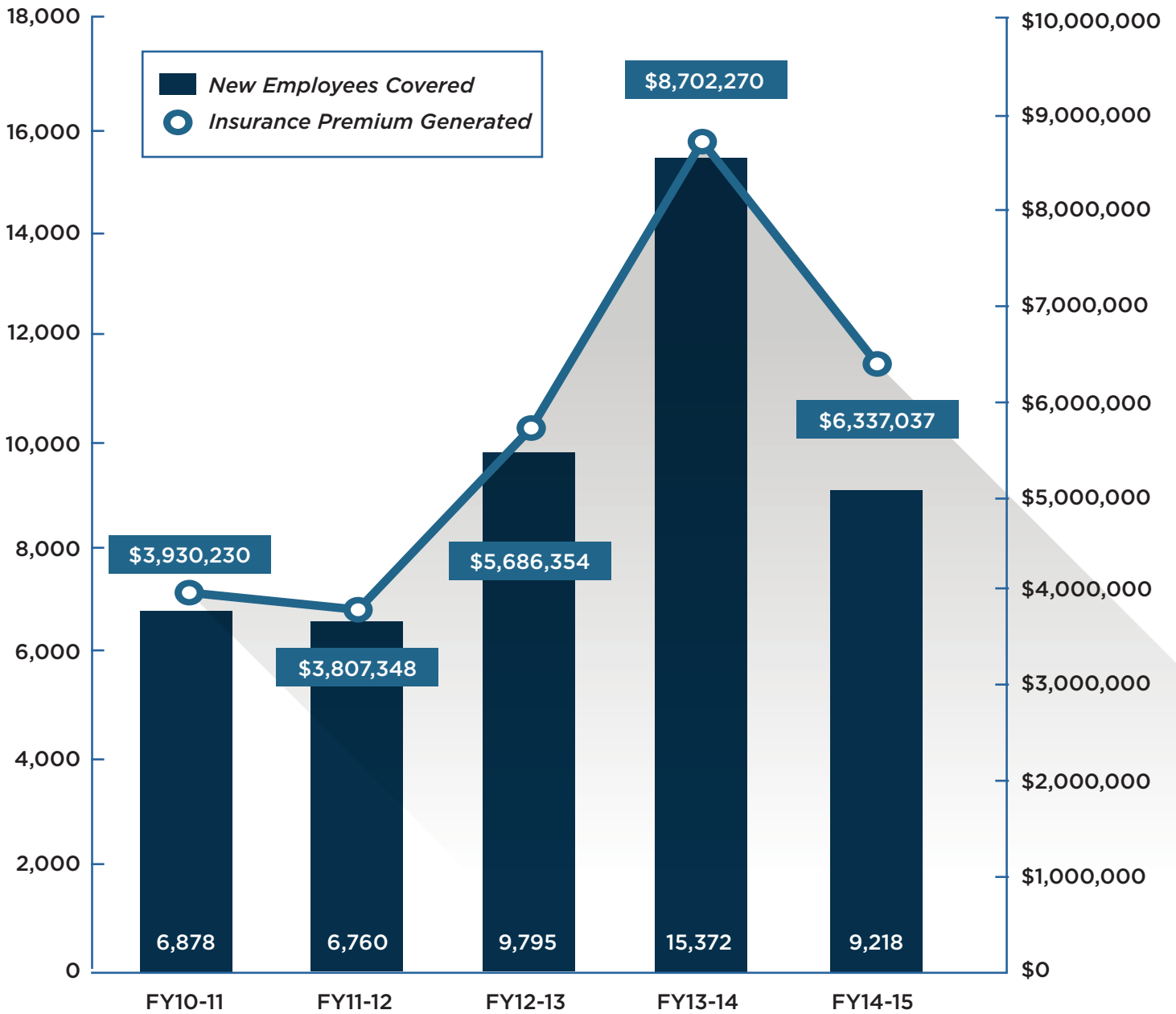
has failed to comply with the workers' compensation coverage requirements is assessed a penalty based upon the methodology required by the Workers' Compensation Law. Assessed penalties are equal to 2 times what the employer would have paid in workers' compensation insurance premiums for all periods of 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 Stop-Work Orders issued and the amount of penalties assessed over the past five fiscal years.

### Stop-Work Orders Issued and Penalties Assessed



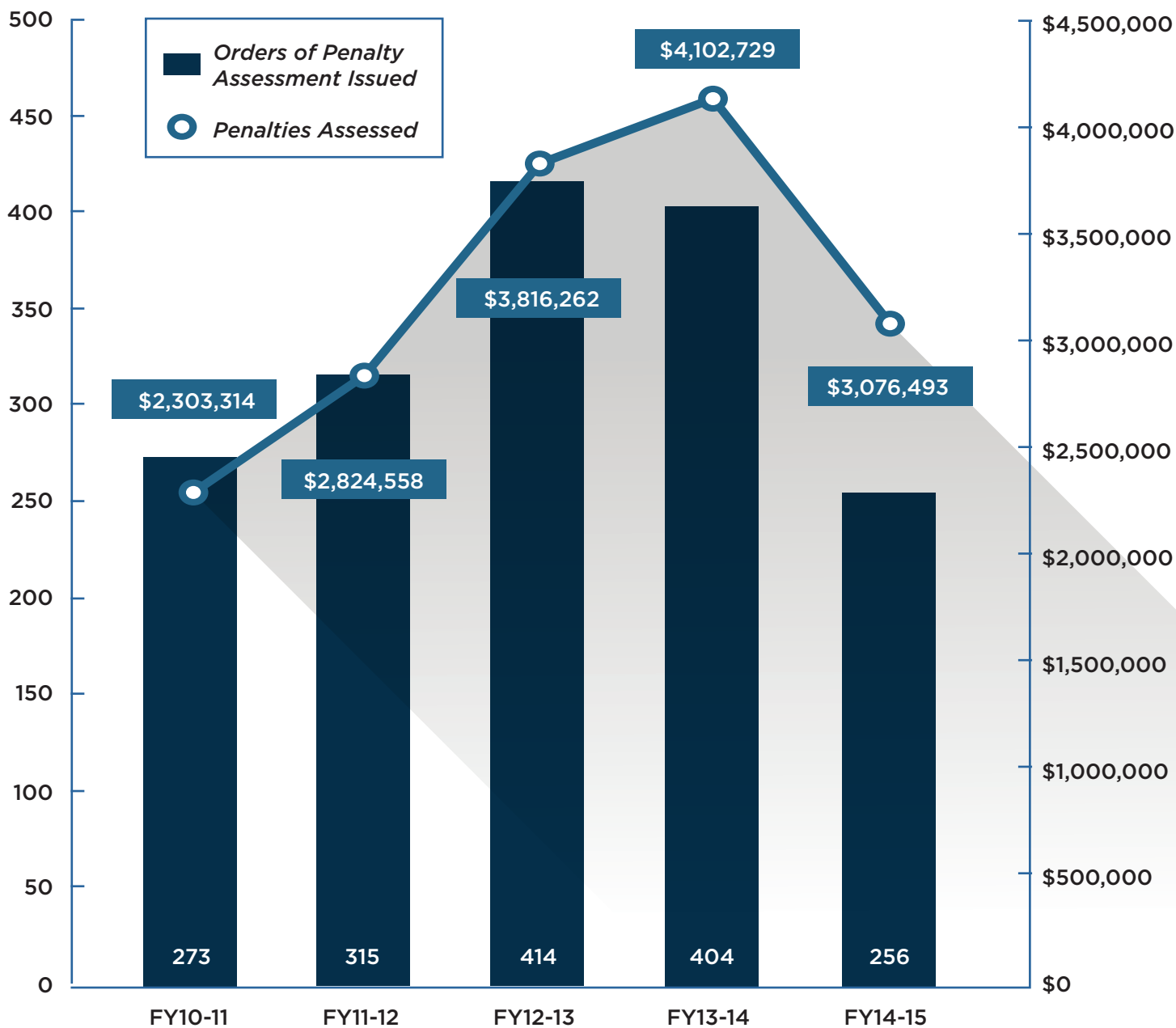
The following graphic reflects the number of employees covered as a direct result of the Bureau’s enforcement efforts and issuance of Stop-Work Orders and the monies added to the workers’ compensation premium base that had previously been evaded.

### New Employees Covered & Insurance Premium Generated Based Upon Stop-Work Orders Issued



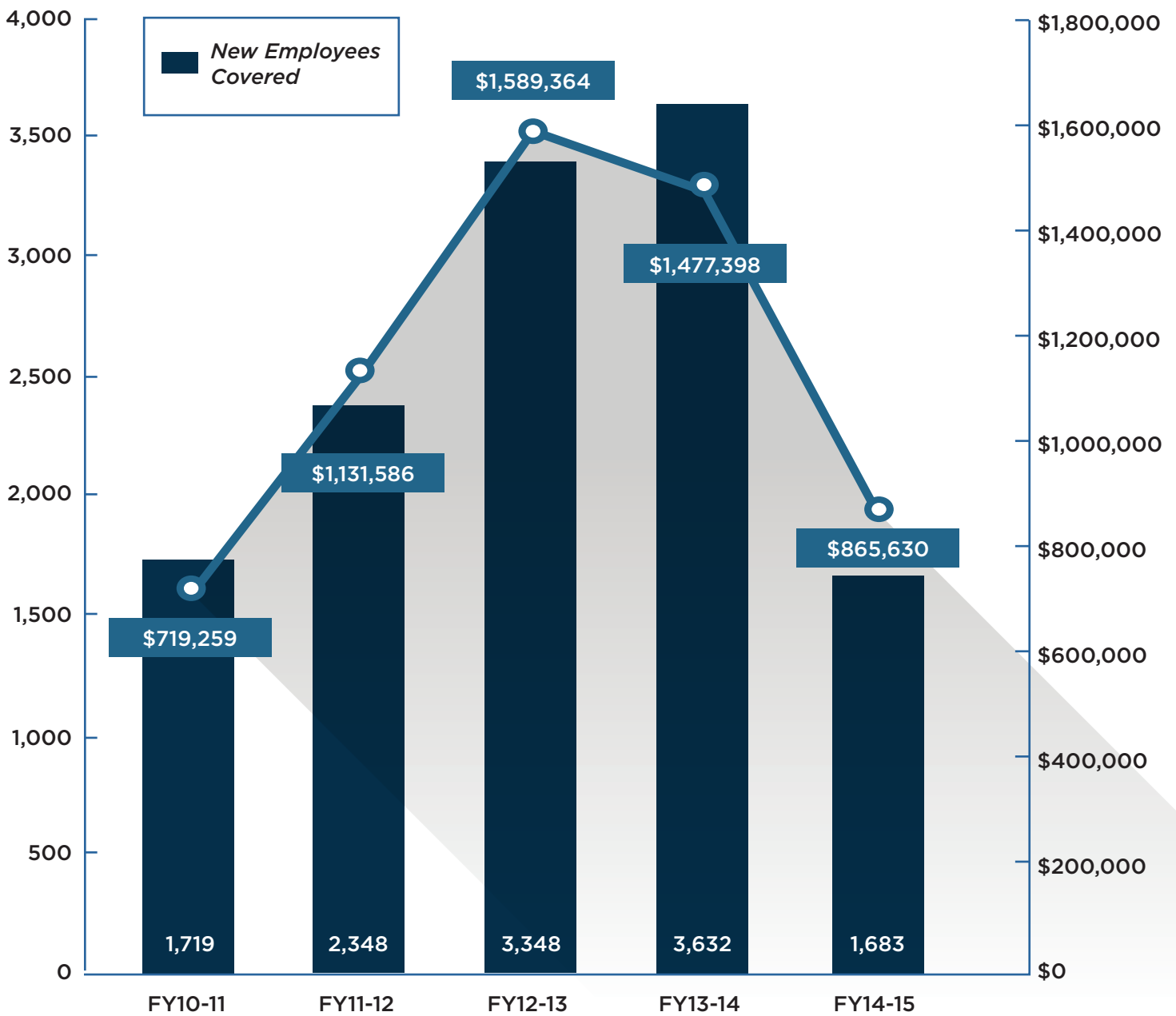
The next two graphics pertain to Orders of Penalty Assessment. In cases where the employer obtains coverage subsequent to the commencement of an investigation, an Order of Penalty Assessment for the failure to maintain coverage is issued in lieu of a Stop-Work Order. During FY 2014-15, 256 employers were issued an Order of Penalty Assessment with assessed penalties totaling \$3,076,729.

### Orders of Penalty Assessment & Penalties Assessed



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

### New Employees Covered and Insurance Premium Generated Based Upon Orders of Penalty Assessment





## Sweep Operations

The Bureau of Compliance conducted two statewide workers' compensation construction sweeps during the Fiscal Year. Investigators conducted 1,928 employer investigations at 1,203 construction sites and issued 123 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 sweeps were conducted and coordinated with the Division of Insurance Fraud, DBPR, and local building and permitting agencies focusing on construction employers at residential and commercial jobsites.

## Special Cases Unit

The Division established a special cases unit to focus on complex underreporting and misclassification cases. These cases often involve complex fraud schemes perpetuated by the use checking cashing operations. This unit is comprised of senior investigators statewide who have the skills and abilities to conduct complex investigations and to identify underreporting. This year the unit investigated 298 entities resulting in 45

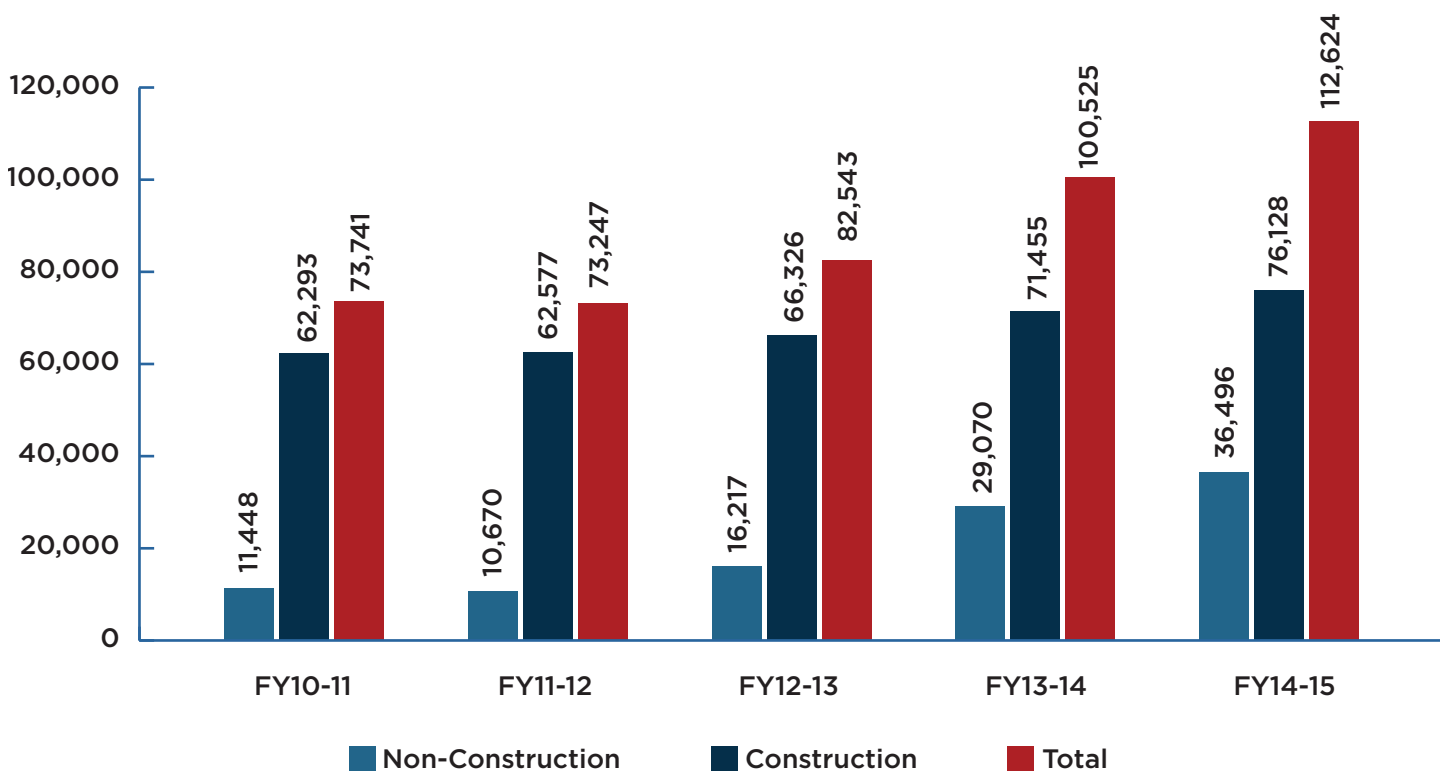
enforcement actions. Investigators issued 11 Stop-Work Orders for underreporting and/or misclassification of payroll, 12 Stop-Work Orders for failure to maintain workers' compensation coverage, 11 Stop-Work Orders for failure to provide records, 1 Stop-Work Order for operating as a successor entity, and 10 enforcement actions for working in violation of a Stop-Work Order.

## Exemption Statistics

The Division processed 76,128 construction industry exemption applications and 36,496 non-construction industry exemption applications in Fiscal Year 14-15. This represents a 12% increase in the number of exemptions processed over the prior year. As of June 30, 2015 there were 988,644 active exemptions. The Division processes an average of 99% of all exemption applications within 5 business days of receipt.

The increase in construction industry exemption is reflective of the general improvement in Florida's economy and in the construction industry in particular. The rise in non-construction exemption is due to the statutory change that defines non-construction limited liability company members as "corporate officers". Corporate officers are employees but are allowed to exempt themselves.

## Exemption Applications Processed



## Case Studies

Below are examples of investigations conducted by the Bureau of Compliance.

### CASE ONE

As a result of numerous jobsite contacts with a masonry contractor in the Ft. Myers area, our investigator opened an investigation of this masonry contractor for underreporting of payroll. The company had a policy with \$53,000 of payroll in class code 5022(masonry). During the course of the investigation, the investigator determined that the contractor had issued over 79 certificates of insurance. The employer's business records indicated the company had received payments for work in excess of \$2,300,000. A Stop-Work Order for failure to secure the payment of workers' compensation for materially understating or concealing payroll was issued in May of 2014. The penalty, based upon the records and information obtained in the investigation, was \$1.2 million. The case was taken before an administrative law judge in October of 2014. The judge issue a ruling upholding the violations and penalties assessed.

### CASE TWO

On 5/12/14, an investigator was conducting a random site visit in Lake City, Florida when he observed 7 individuals working on a roof. The contractor indicated the company was covered through an employee leasing agreement. Upon checking with the leasing company, only one employee identified was covered under the leasing agreement and a Stop-Work Order for failure to secure coverage was issued to the contractor. Based upon the review and audit of the records, a penalty of \$86,206.60 was assessed. The contractor came into compliance by adding the employees to the leasing policy and entered into a periodic payment agreement.

On 6/9/15, the same investigator was again conducting random investigations in Lake City with the Department of Business and Professional Regulation. They encountered a jobsite of a residential home being reroofed. Seven employees were observed working on the roof. The investigator determined it was the same employer that was previously issued a Stop-Work in May. The employer again represented he was covered under an employee leasing agreement. The leasing company confirmed that only 2 of the seven workers were covered by the leasing arrangement and a second Stop-Work Order was issued. The employer was

assessed a penalty of \$4,579 for the second violation. Also, the case was referred to the Division of Insurance Fraud for potential criminal sanctions in accordance with Section 440.105, F.S.

### CASE THREE

In February of 2015, based upon a public referral, a Miami flower distribution business was found in violation of the Workers' Compensation Law. The business owner was unable to identify all of his employees and was uncertain as to how they were being paid. The business owner stated he contracted with a staffing agency to provide Workers' Compensation coverage. Investigation by the Department revealed that none of the employees for the flower distribution company were covered and there was no contract for this business with the staffing company. The business records were audited for previous two years and a penalty of \$119,077.34 was issued. The employer entered into a periodic payment agreement and came into compliance by securing a workers' compensation policy for 48 employees, adding \$25,763.02 premium to the workers' compensation system.

### CASE FOUR

In May of 2015, during a construction sweep in Pembroke Pines, our investigator identified 13 workers on a jobsite doing steel rebar work. The contractor had coverage through a leasing agreement; however, the employees identified at the jobsite were not covered by the leasing agreement. An audit of the business records for the previous two year period resulted in a penalty of \$122,580.30 for the workers that were not covered. The employer came into compliance by entering into a periodic payment agreement and by adding 13 employees to the leasing agreement, adding \$20,000 to the workers' compensation system.

### CASE FIVE

In April of 2015, based upon a random investigation in Silver Springs, our investigator identified two men on working on a roof of a single family residence. It was determined the roofing contractor did not have workers' compensation coverage for his employees. The business records were audited and a penalty of \$105,282.30 was assessed. The employer came into compliance by entering into a payment agreement and securing workers' compensation insurance for eight employees through leasing contract, adding \$36,628.80 premium to the workers' compensation system.

## 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 SafetyFlorida 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 the Department of Business and Professional Regulation, Construction Industry Licensing Board, Electrical Contractors Licensing Board and the Board of Accountancy.

The Division's webinars continue to be popular option for the educational seminars. This allows employers the convenience of attending classes when it is not feasible to travel to a classroom session. The Division conducted 23 webinars for 845 employers.

The Division provided classroom education to over 1,679 business owners, and licensed contractors who attended 48 educational workshops around the state. These workshops were sponsored by both the Division and the following groups:

- Air Conditioning Assn of Sarasota County
- Aluminum Assoc of Orlando
- Accountants of Spring Hill
- Big Bend Air Conditioning Contractors Assn
- Collier County Building Industry Assn
- Community Associations Institute - Sarasota
- Electrical Council of Florida – Hernando County

- Electrical Council of Florida – Ridge Chapter (Lakeland)
- Electrical Council of Florida – Manasota Chapter
- Electrical Council of Florida – Naples Chapter
- Florida Irrigation Society – Ft. Myers
- Florida Association of Plumbing Gas & Mechanical Inspectors (FAPGMI) – Escambia & Santa Rosa Chapters
- Lakewood Ranch Builders Assn
- Manatee County Board of County Commissioners
- Mike Holt Electrical Contractor School
- Northwest Florida Safety Council
- Palm Coast Homebuilders Assn
- Southwest Assn of Legal Administrators
- Turner School of Construction Management

### Public Databases

The Division has numerous databases that provide access to information for all stakeholders in the Workers' Compensation System. The Bureau 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 Proof of Coverage Database and the Construction Policy Tracking Database provide stakeholders with valuable tools to verify employer compliance. The database provides information regarding workers' compensation coverage and exemptions from workers' compensation. Data regarding workers' compensation insurance policies, endorsements, reinstatements, cancellations, non-renewals, and certificates of exemption can be accessed via the database.

The Construction Policy Tracking Database provides employers the ability to track their subcontractors' workers' compensation policy and exemption status. The database sends an automatic electronic notification to an employer concerning any changes to its subcontractors' workers' compensation policy and/or exemptions.

## Collection Activities

Employers have the option of paying their penalties in full or entering into a periodic payment agreement. Section 440.107(7)a., F.S., permits employers to submit periodic penalty payments pursuant to a payment agreement schedule. This year, the Division entered into 1,370 payment agreements, which represents 58% of employers that were issued Stop-Work Orders or Orders of Penalty Assessment and assessed a penalty.

If an employer defaults on making their monthly penalty payments, the Division is responsible for notifying the employer and reinstating the Stop-Work Order issued to the employer. During FY 2014-15, the Division reinstated 197 Stop-Work Orders for non-payment.

The Division filed liens against 453 employers to collect unpaid penalties associated with Stop-Work Orders and Orders of Penalty Assessment. Further, the Division referred 453 employers to collections 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 cancelation information to identify employers whose policies have been canceled and no subsequent coverage has been obtained.
- County and city permitting information is obtained

weekly to identify new jobsites where construction activity may be occurring.

- A recent initiative involves the development of a checking cashing database to identify employers facilitating workers compensation fraud through the use of money service businesses which will be utilized in the coming year to identify workers' compensation fraud. The Division will utilize this information provided by the Office of Financial Regulation to identify underreporting of payroll and premium evasion.

## IV. INVESTIGATOR TRAINING

The Division's training and continuing education programs are an integral component of activities to aid investigators in identifying and administering enforcement actions for employers that are not in compliance. During the period of July 1, 2014 and June 30, 2015, the Division conducted numerous workers' compensation training sessions. 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 below:

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 each portion of the training program has been completed. The investigator/auditor is then assigned to accompany experienced investigators/auditors in the field prior to being assigned to perform enforcement action independently.

### **40 on 440 Training Workshops -**

This training is a 40-minute WebEx training series developed to educate compliance investigators, penalty auditors and exemption staff members on the workers' compensation law, administrative rules, and new and existing procedures and policies. The Division held twelve training workshops during fiscal year 2014-15.

### **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 insuring consistent application of the penalty calculation procedures statewide. Penalty auditors are required to attend these training workshops. The Division has held twelve training workshops during fiscal year 2014-15.

### **New Investigator/Auditor Training Program -**

As new investigators and penalty auditors are hired, the District Supervisors and the Training Coordinator



## V. DIVISION OF WORKERS' COMPENSATION WEBSITE & DATABASES

The Division of Workers' Compensation website is located at: <http://www.myfloridacfo.com/Division/wc/>. It contains links to several databases that are helpful to employers. 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 particularly 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 accessed more than 350,000 times per month. The website is located at: <https://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: <https://secure.fldfs.com/wcapps/swo/SWOquery.asp>.

The Online Penalty Payment Service is available for employers to whom a Stop-Work Order or Order of Penalty Assessment has been issued. This service allows employers to pay their penalty payment in full or submit monthly periodic payments as required in their periodic payment agreement. The penalty payment service is convenient, simple to set up and easy to use.

The Division also has an online Employer Instructional

Manual available, which contains general information about the Online Penalty Payment Service and step-by-step instructions on setting up an online payment account. The instructional manual is provided to employers to whom a Stop-Work Order or Order of Penalty Assessment has been issued. In addition, employers can view and download the instructional manual from the Division's homepage.

### 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 subcontractors' coverage and/or exemption status.

This database is also a useful tool for local permitting and licensing officials and insurers. As of June 30, 2015, a total of 9,829 Construction Policy Tracking Database registrants are tracking workers' compensation policies and/or exemptions of 42,238 sub-contractors. The website is located at: <http://www.myfloridacfo.com/WCAPPS/Contractor/logon.asp>.

### 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 districts offices statewide. The regional offices are located in Jacksonville, Orlando, West Palm Beach, Miami, Pensacola, Tampa, and Fort Myers. The enforcement staff consists of 2 Investigation Managers, 7 District Supervisors, 7 Assistant District Supervisors, and 58 Investigators.

	Office Locations	Number of Investigations
<b>District 1</b>	Jacksonville - District Office	8
<b>District 1A</b>	Pensacola - District Office	9
<b>District 2</b>	West Palm Beach - District Office	9
<b>District 3</b>	Tampa - District Office	7
<b>District 4</b>	Orlando - District Office	9
<b>District 5</b>	Miami - District Office	9
<b>District 7</b>	Ft. Myers - District Office	7
<b>Total</b>		58

## VII. AVERAGE CASELOAD

For the period of July 1, 2014 through June 30, 2015, a total of 34,282 employer investigation cases were initiated resulting in an average caseload of 591 cases per investigator per year.



CHIEF FINANCIAL OFFICER  
**JEFF ATWATER**  
FLORIDA DEPARTMENT OF FINANCIAL SERVICES