



Coalition Against Insurance Fraud

June 9, 2021

Senate Government Oversight and Reform Committee Senate Bill 64- Proponent Testimony

Chairman Roegner, ViceChair McColley, Ranking Member Craig, and members of the Ohio Senate Government Oversight and Reform Committee, thank you for the opportunity to provide proponent testimony on Senate Bill 64. My name is Matthew Smith, an Ohio native, long-time Ohio business owner and now enjoying the privilege of serving as the Executive Director of the Coalition Against Insurance Fraud.

The Coalition was formed in 1993 and is unique in the fight against insurance fraud, both in our nation and globally. We are the only consumer advocacy organization addressing the harm insurance fraud inflicts on American families. Our extremely low estimate places this cost at \$80 billion each year. That figure alone equates to 100% of what the federal government will spend on all cancer research for nearly the next two decades. To further place the \$80B total in context, understand this figure starts over at zero the first day of every year, meaning we lose almost a trillion dollars every decade to insurance fraud. Fraudsters prey on the vulnerable. Far too frequently consumers are most vulnerable to fraud following natural catastrophes such as tornados, hail and windstorms – all of which are prevalent across the Buckeye state. The Coalition also conducts extensive research on insurance fraud issues. Our most recent *“Four Faces of Fraud”* study reveals 80% of Americans are concerned about insurance fraud and its negative impact on their lives and families. As Ohio elected leaders, Senate Bill 64 affords you the opportunity to better protect our citizens from roofing contractor fraud.

We have supported similar bills which have passed in other states. These bills provide a dual advantage. First, they protect consumers from “bandit roofers” who swoop into an area after a natural disaster. Frequently these scammers will steal a state license plate to put on their truck to appear as local. They buy a “burner” phone with a local area code then stop at a print shop to purchase magnetic door signs, business cards and contracts printed with their “local” number and address. Now they are prepared to do “business” in Ohio. These fraudsters sign-up consumers with a promise they have the resources to get repairs done quickly, but then require a 50% payment upfront to buy the materials before they sell out. Sometimes they show up to begin work, but within days they are gone. The signs, contracts and phone all trashed with no trail to follow. Second, these bills protect the honest and often family-run roofing contractors in Ohio who diligently provide residents with high-quality work and services. Providing consumers, and insurers, with access to a publicly available listing of registered roofing contractors reduces fraud and provides an easy and valuable service to both Ohio residents and legitimate

businesses. The additional advantages of written contracts, non-waivers of deductibles and rights of cancellation all should equally be self-evident as tremendous protections for Ohio consumers.

On behalf of the Coalition's more than 240 member-organizations, we fully support the provisions set forth in SB 64. Our member-organizations include virtually every major U.S. insurer – including many headquartered in Ohio – together with our nation's leading consumer advocacy organizations, many state departments of insurance, attorneys general, fire and law enforcement agencies – at the local, state and federal levels and major national and international partners who assist in providing anti-fraud assistance services. When we speak in support of legislation at the federal or state level, we carefully consider all aspects and impacts of legislation given our diverse membership. This is a bill we support strongly. Ohio's consumers deserve these protections and insurers licensed in Ohio will benefit as well.

Insurance fraud is the crime we all pay for. This bill will aid significantly in the fight against roofing contractor fraud across our state. Thank you for your consideration.



Matthew J. Smith, Esq.
Executive Director
The Coalition Against Insurance Fraud

1012 14th Street NW
Suite 1105
Washington, D.C. 20005
(202) 393-7332
matthew@insurancefraud.org