

‘Poster Child’

South Florida attorney Scot Strem built his law firm suing insurance companies — and built the insurers’ case for reining in lawyers.

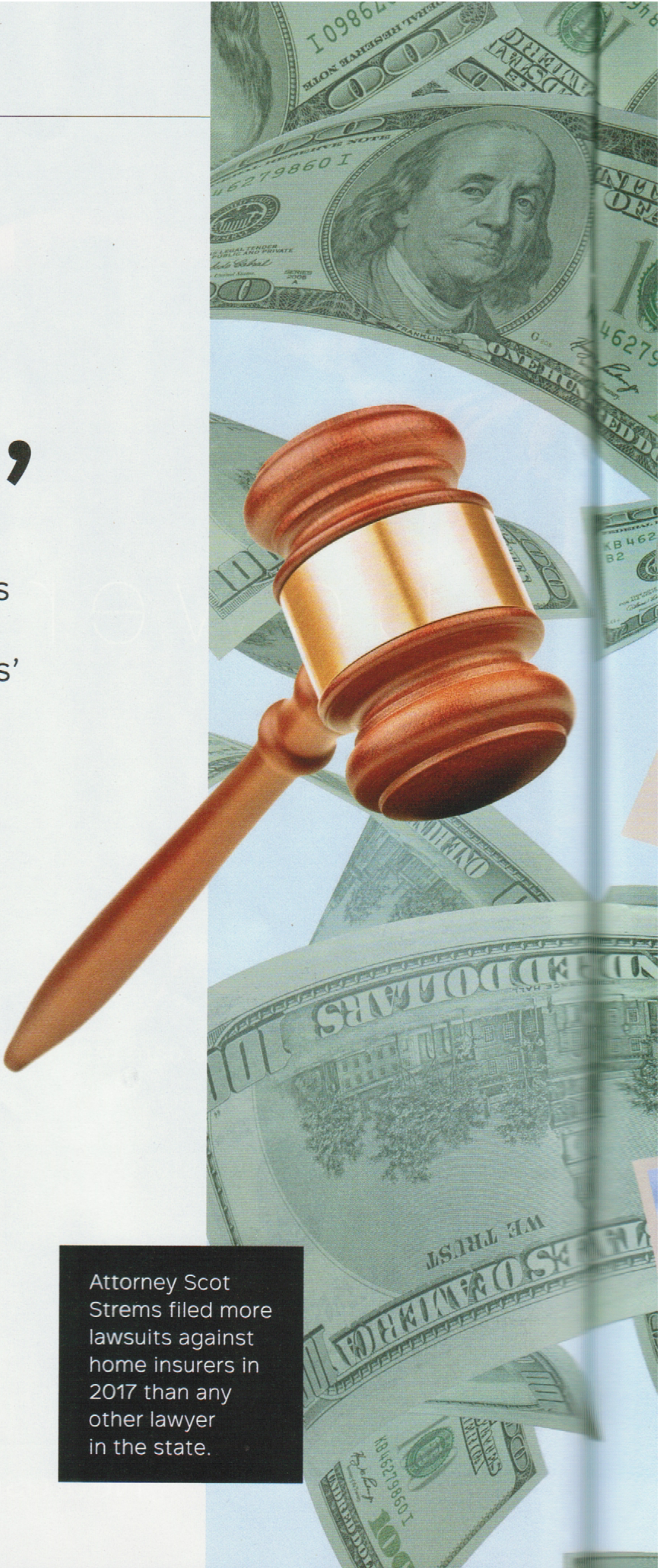
By Mike Vogel

A year out of law school, Scot Strem left his job as a public defender in 2008 to hang out his shingle. His days had been spent in county court on traffic and misdemeanor cases. Strem figured once on his own, he would start in criminal defense work and eventually move into civil litigation.

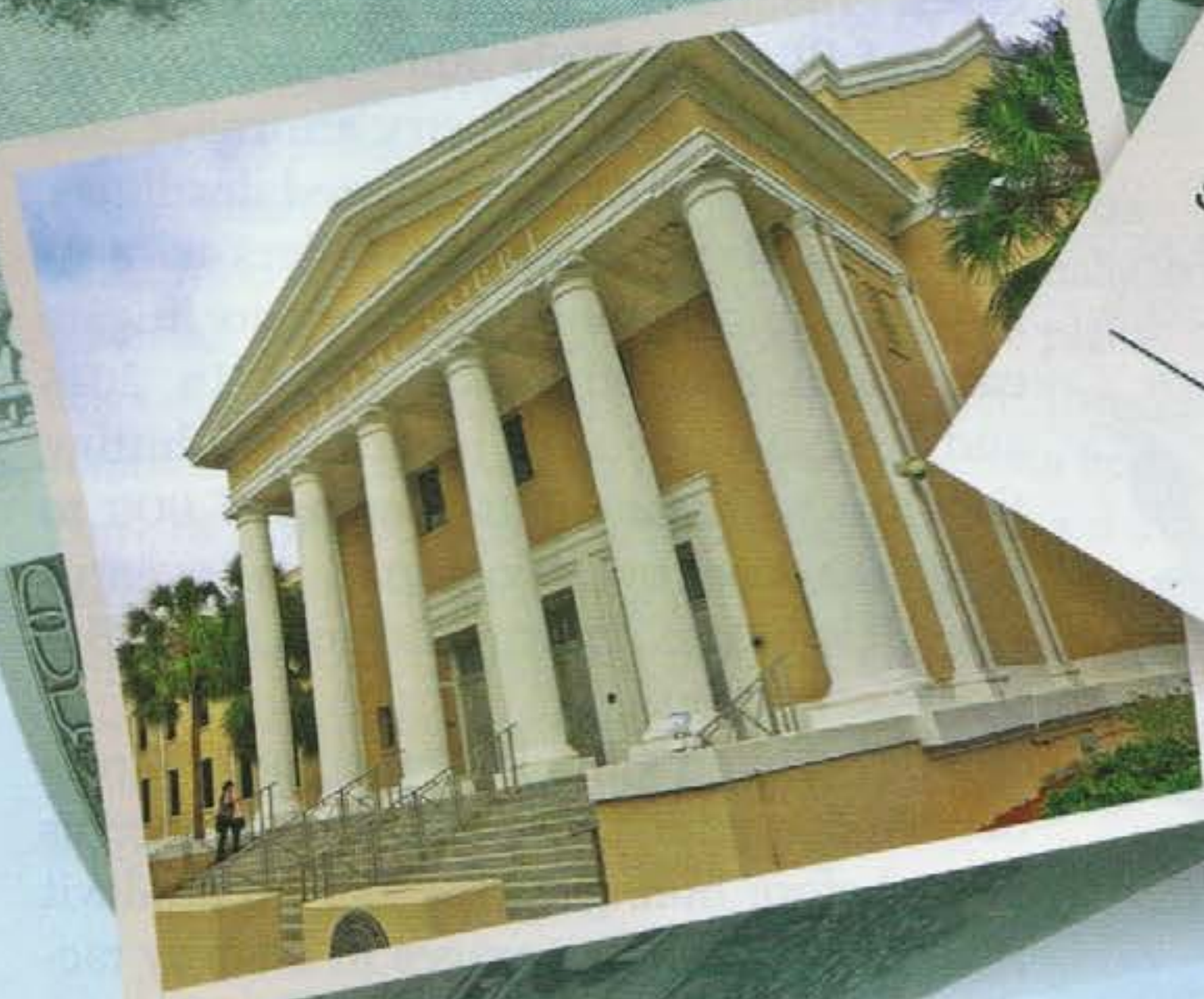
He did — in a big way. Nine years later, Strem was filing more suits than any other lawyer in Florida against home insurance companies. The Strem Law Firm P.A. grew to 30 lawyers and 120 support staff at its home office in Coral Gables and outposts in Tampa, Fort Lauderdale, Orlando, Jacksonville, Georgia and California.

The high-flying firm, though, became known statewide for more than just its prolific filing of suits. Complaints began to accumulate of flouting court rules and procedures as did allegations of improper practices in dealing with homeowners — some of them elderly or with limited or no understanding of what the firm was doing. In 2020, Strem’s meteoric rise came crashing down, and Strem faced disbarment as Florida’s property insurance market sat in tatters. “The environment we’ve got in Florida statutes has allowed this business model — public adjusters, contractors and attorneys — to go into business together to take over an insurance claim. The whole goal is litigation,” says state Chief Financial Officer Jimmy Patronis, who oversees the Department of Financial Services, which includes anti-fraud efforts.

Industry and state leaders hold up Strem, 41, as an example of Florida’s struggle to rein in the lawsuits they blame for skyrocketing homeowners’ premiums and insurance



Attorney Scot Strem filed more lawsuits against home insurers in 2017 than any other lawyer in the state.



IN THE SUPREME COURT OF FLORIDA

THE FLORIDA BAR,
Complainant,
v.
SCOT STREMS,
Respondent.

Case No.: SC20-806

FL Bar File Nos.:
2018-70, 119 (11C)(MES)
2019-70, 311 (11C)(MES)
2020-70, 440 (11C)(MES)
2020-70, 444 (11C)(MES)

Most claimants are in litigation “because the insurance company has failed them not by a little but by a lot,” attorney Amy Boggs says.

company instability. A business group, the Consumer Protection Coalition, said Strems’ case “shines a glaring spotlight on systemic litigation abuses that Florida’s elected leaders must curb or eliminate to protect the public.”

After more than two years, the case against Strems is moving toward resolution; at press time the suspended attorney and the Florida Bar, which initiated action against him, awaited a ruling from the Florida Supreme Court on whether he should be disbarred. Efforts to obtain an interview with Strems for this article were unsuccessful. Information attributed to him in this report came from the record of the Florida Bar proceedings against him.

Strems’ start

A student out of Miami-Dade, Strems studied political science and business administration at the University of Florida, where he was an honors grad, and studied law at the University of Miami. He seemed to fall into the insurance lawsuit game by happenstance. After opening his own firm, he was hired by homeowners in a “handful of matters” against insurance companies. He liked the work.

For plaintiff attorneys like Strems, there was much to like. Florida law has worked well for attorneys suing insurers. Going back to the 1890s, the Legislature allowed homeowners fighting insurers to recover attorney fees if they win. They also recover if the insurer settles. State Sen. Jim Boyd, R-Bradenton, an insurance agent and the Senate insurance committee chair, says of \$15 billion ordered to be paid in damages over a 10-year period in Florida, 71% went to claimants’ attorneys.

Strems focused his firm exclusively on suing insurers. His business strategy was to have a high volume of smaller claims, according to an expert who later examined the firm. From 2016 into 2020 as the firm grew with attorneys, it handled 17,000 to 18,000 cases in Florida. At any given time, it had 10,000 active cases. One attorney formerly with the firm, Christopher Aguirre,



Judge Gregory Holder, now retired, told the Florida Bar: “Mr. Strems engages in dilatory tactics in virtually every case.”



Former Strems attorney Chris Aguirre says he sometimes handled 700 cases at a time and that the firm’s attorneys were often double-booked for proceedings.

testified the average demand in his cases was closer to \$20,000 than \$40,000. All but a fraction of cases settled before trial.

Eventually, Strems said, he personally handled only a handful of cases. But his name was stamped onto suit filings. The insurance industry compiled a chart based on state data of the most prolific attorneys filing suits against insurers. In 2017, according to that chart, Strems ranked first in Florida among lawyers suing property insurance companies, with 1,679 suits.

Clients came through word-of-mouth, social media and by referrals from companies that specialize in damage cleanup and by adjusters who make their living helping homeowners make claims against their insurers. “The firm spends upwards of a king’s ransom on marketing,” a law firm practice management consultant wrote in a letter to Strems in 2018. Strems at one point paid \$75,000 a month for marketing.

Aguirre, the former firm lawyer, told the Bar that after joining in 2016, he handled 700 cases at a time. Aguirre said Strems lawyers would be double-booked for litigation proceedings. Clients trying to reach the firm reported being stuck on hold for 35 minutes to an hour.

Insurers said more was going on at the Strems firm than lawyers with too many cases. Insurance attorneys accused the firm of filing multiple suits over damages at the same house. Industry attorneys also complained that the firm missed deadlines, didn’t comply with rules and orders on turning over information necessary to litigate cases and delayed proceedings. In 2016 and 2017, Aguirre said, judges were hitting the firm with sanctions totaling \$5,000 to \$15,000 a week over violations, and eventually a few judges reported Strems to the Bar for investigation.

Hillsborough Circuit Court Judge Gregory Holder, who at the time had 40 Strems cases before him, gave the Bar an affidavit saying, “Mr. Strems engages in dilatory tactics in virtually every case.” Holder, now re-



Who's at Fault?

Without a hit from a major hurricane, annual underwriting losses from property insurers in Florida eclipsed \$1 billion in 2020 and in 2021. Five companies have failed as of late summer. Those still standing are shedding policies, avoiding new ones and raising rates. The average Florida home insurance premium will hit \$4,231 this year, up from \$2,505 in 2020 and almost triple the national average, says the Insurance Information Institute. Citizens Property, the insurer of last resort, is expected to exceed 1 million policies by the end of 2022 — up from 463,247 in 2020. Without a viable insurance market, says insurance agent and state Sen. Jim Boyd, R-Bradenton, chair of the Senate banking and insurance committee, "Realtors can't sell houses, bankers can't make loans, people can't pay their bills. It can cripple the economy pretty quickly if we don't do something to fix that problem."

The problem, the industry and some state leaders maintain, is the state's litigation structure and some attorneys who abuse it. The answer, they say, is to rein in the lawyers. That requires a trade-off. Historically, Florida delegated to attorneys the job of safeguarding the rights of policyholders against insurers.

Those attorneys, as represented by the Florida Justice Association, say they aren't the cause of the problem. St. Petersburg-based attorney Amy Boggs, chair of the association's property insurance section, says she opposes high-volume "robo-filing" but says there's a parallel on the industry side: Carriers who en masse underpay claims.

Some carriers underpay claims knowing a significant percentage of policyholders will accept it, she says. For most claimants, "they're in litigation because the insurance company has failed them not by a little, but by a lot," Boggs says.

The two sides dispute a key statistic. According to the state's Office of Insurance Regulation, Florida accounted for 8% of homeowners' claims nationally in 2019 but 76% of suits against insurers. But the plaintiffs lawyer association says the stat is suspect. The national database involved doesn't include data from New York or the Texas windstorm association, said a consultant for the association, former Texas insurance department chief economist Birny Birnbaum. He also said the data indicate that Florida insurers are an aberration nationwide in being slow to pay claims, which leads to lawsuits.



Attorney Amy Boggs: The insurance problem isn't an attorney problem. Insurers who underpay claims en masse, she says, are to blame as well.

Boggs says the state already had remedies it could take against bad actors. "We can't legislate for the outliers," she says. "We have the Florida Bar and the CFO's office. We have the court system, and we have insurance carriers who can fight them."

Boggs says she wonders whether the industry likes having a "poster child" because "they can pass legislation saying they have to fix that."

The Legislature in 2019 and this year restricted the awarding of attorney fees in insurance cases. It also took steps to de-incentivize the assignment of benefits market. Assignment of benefits transfers a homeowner's insurance claim and benefits to a third party, such as a roofing company or water damage repair company. The companies, without further homeowner involvement, file the claim and can sue the insurer for both the claim and attorney fees.

Boggs says the number of lawsuits filed after the 2019 restrictions are down 22% but rates have increased. "From a consumer perspective, the insurance is becoming more expensive and worth less and difficult to use."

Even among those seeking to restrict the plaintiff attorneys, opinions are mixed on whether the most recent reforms were successful. State Chief Financial Officer Jimmy Patronis says consumers remain protected — they can still sue. All sides have been "wearing the legislators out," he says. "If everybody feels pain, who usually wins is the consumer." He expects the legislative changes will bring relief over the next 18 months but more is needed. "Every single year you've got to stay on top of the environment because the bad actors stay on top of it," he says. State Sen. Jeff Brandes, R-St. Petersburg, says the Legislature did "basically too little, too late. The state needs major surgery, and we ended up treating it for flu."

In contrast, Boyd, the Senate insurance committee chair, says, "I believe we went a long way to fixing the problem." He says it will take at least a year to see results.

The changes "are going to have a positive impact on the litigation environment in Florida, but it's going to take awhile," says Paul Handershan, president of the Federal Association for Insurance Reform in Fort Lauderdale.



Abusive attorneys "can cripple the economy pretty quickly if we don't do something to fix that problem," says Sen. Jim Boyd, who is also an insurance agent.

Law firms with large volumes of suits against insurers didn't go away with Strems' suspension. In the fourth quarter 2021, according to research firm Guy Carpenter, 25 lawyers accounted for 54.6% of the property insurance suits filed in Florida.

tired and a mediator with Zinober Diana & Monteverde, a firm whose work includes representing insurance companies, said Strems and Strems' firm "engage in mendacious, bad-faith conduct." Several judges dismissed Strems cases for attorney misbehavior, more such dismissals — the Bar later would say — "in a few years than many large firms experience in (sic) lifetime." Another judge raised concerns that Strems himself had put false information in an affidavit and directed Strems be referred to the Florida Bar, saying in court, "I'm flabbergasted that a lawyer would risk his or her career to make false claims." Aguirre said in a deposition that he discovered that the firm's billing records for one case included meetings that never occurred and charged for his presence when he wasn't there.

The Strems firm worked on contingency. Strems Law generally took 30% from the lawsuit settlements but it also could hit insurers for its fees and costs. In one case, according to the Bar, the firm claimed \$300,000 in attorney fees from an insurer on a case that ended with a \$10,000 award for the client. In another, the firm wanted \$22,500 of a \$45,000 settlement.

Strems did well enough to be generous. In addition to supporting community groups, UF Gator Boosters annual reports from 2015 through 2021 list him at elite Bull Gator status for donations of more than \$15,000 annually. His name also is listed in reports among those who contributed \$10,000 to have their names on a bollard outside Ben Hill Griffin Stadium, where there's also a "Strems Gator Party Zone" club room. On June 5, 2020, the university's board of trustees recognized his generosity by voting to name for him the "Strems Gator Deck" at the new Florida Ballpark baseball facility. That same day the Florida Bar filed an emergency petition with the Supreme Court to suspend Strems from practice.



"This was ambulance chasing on steroids," says state CFO Jimmy Patronis.

Bar fight

The Bar accused Strems of aggressively marketing his firm to maximize client count without the staff to support it or weed out bad claims from good. He pushed litigation because he could turn small disputes into "substantial" fees and made a practice of filing multiple suits over a single property when one would do, the Bar said.

Strems, the Bar alleged, "sits at the head of a vast campaign of unprofessional, unethical and fraudulent conduct that now infects courts and communities across the state."

The Supreme Court in 2020 ordered Strems' suspension, forcing him to sell the firm, renamed Property Advocates. Terms weren't disclosed. Hunter Patterson, who leads the firm now, declined an interview.

Strems faced trouble in other venues. In 2021, state-run Citizens Property sued him, the firm and two companies who were involved in tens of thousands of claims with Strems' firm — Contender Claims Consultants and All Insurance Restoration Services — and their presidents, in Miami-Dade Circuit Court alleging civil racketeering, fraud and conspiracy. Efforts to obtain comment from the company presidents weren't successful.

The lawsuit alleged the defendants defrauded Citizens out of \$112 million and would have cost the insurer another \$16 million a year. Separately, a suit brought by Orlando attorney Lee Jacobson seeks class-action status against Strems on behalf of people who say they unwittingly signed to retainer agreements with Strems' firm. According to the suit, Orange County homeowner Sonia Ortiz in 2017 asked Contender to come to her house to provide a damage estimate she could file with her insurance company. She said she was told that to get assistance, she needed to sign an agreement presented on a tablet. She signed not realizing she actually was hiring Strems on contingency, she said. Later, she got a letter saying her insurer would pay \$8,626.82, of which Strems would



The Bar accused Strems of aggressively marketing his firm without the staff to support it or weed out bad claims from good.



claim \$2,156.71. Her suit alleges fraudulent misrepresentation, unjust enrichment and violation of her homestead rights. The defendants denied wrongdoing. The case is pending.

Meanwhile, the Bar went after one of Strems' salaried associates, Gregory Saldamando, alleging he enriched himself at client expense over a sink-hole claim on a house in Broward County. The clients agreed to settle the claim for \$100,000 with the Strems firm taking \$35,000, the Bar says. Saldamando then settled the case for \$157,500 without telling his clients and, the Bar alleged, wanted \$92,000 for attorney fees. The couple netted just \$55,250. Saldamando's attorney told the state Supreme Court that the fight over the fee became "contentious" because of the Bar's "fixation" with Strems. The court in March suspended Saldamando for 91 days. He declined an interview.

The Bar filed four discipline cases against Strems. An appointed referee, Miami-Dade Children's Court Judge Dawn Denaro, heard the evidence to make recommendations to the state Supreme Court. Strems denied intentional wrongdoing and attributed his problems to shortcomings in scaling his law business, saying he stayed within Bar rules on acquiring clients and other matters. He said he only had problems in a fraction of cases. "I think we've done a decent job," he said. "It certainly had some deficiencies that we were able to identify and correct."

Strems' lawyers accused the Bar of carrying the insurance industry's water. "The insurance industry is pushing this case," one of his attorneys, Scott Tozian, wrote. The Bar replied it was not a "patsy" for the industry.

In two cases, Denaro found the Bar failed to prove Strems guilty and faulted him in a third case, recommending a public reprimand.

But in the case that led to his emergency suspension, she found him guilty of 10 of 15 violations, though not of the allegations that he had improper relationships with re-


Judge Dawn Denaro ruled that Strems was not guilty in two discipline cases. In a third, she recommended a public reprimand. And in a fourth case, she found Strems guilty of 10 of 15 violations.

mediation companies or a duplicate-suit filing scheme. She faulted him as a managing attorney for not dealing with growth issues in a timely way, for failing to communicate with clients and for misconduct, false information and for the cases thrown out for attorney misconduct. She recommended the Supreme Court suspend him for two years followed by a year of probation. Both sides took exception. The Bar asked for Strems to be disbarred permanently. Strems' attorneys asked for leniency. Tozian said the evidence showed Strems never told attorneys to violate rules and made an extensive effort to improve the firm.

Citizens this year settled its racketeering suit by taking a \$1-million payment from Strems' firm, AIRS and Contender Claims to reimburse it for investigation costs. Neither Strems nor the presidents of the two companies personally contributed to the settlement and each side maintained it was right. "Our chief concern was to stop this ongoing fraud, and we did so," e-mailed Tim Cerio, Citizens' general counsel. "We had a strong case, but you can prevail at trial and still not recover a dime. However, Scot Strems has been suspended from the practice of law, his law firm has been dissolved, a criminal investigation is ongoing, and Citizens expects to save \$16 million year. We think that's a win for Citizens' policyholders and the taxpayers of Florida."

Patronis took the settlement as an opportunity to publicize a letter he wrote to the Bar saying it needed to do more about litigation problems. "This was ambulance chasing on steroids," Patronis wrote. "We are all paying for these misdeeds through rate hikes and a collapsing private market."

As of early August, the state Supreme Court hadn't ruled on Denaro's recommendations. One of her recommendations: That the clock on a two-year suspension start in June 2020, when the Supreme Court issued its emergency suspension. If the recommendation stands, Strems completed his suspension in June.

Strems, at a 2020 hearing, said he plans a comeback: "I understand that if I have to start over from scratch, I will do that." 



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