

# INTERNAL AUDIT

Florida Specialty Bulk Intake  
Project Engagement

November 14, 2019





## Advisory Memorandum

### Background

On October 2, 2019, Florida Specialty Insurance Corporation was ordered into receivership by the State of Florida and no longer will provide homeowners insurance to its customers effective November 1, 2019. Recognizing the importance of ensuring continuity of coverage during hurricane season, the State of Florida worked to secure guaranteed one-year offers of coverage from Citizens for Florida Specialty's nearly 90,000 policyholders who could not secure coverage in the private market. These policyholders would have a designated period of time to decide whether to accept this offer or seek coverage from the private market.

In support of Citizens' role as Florida's insurer of last resort, a cross-functional team ("Bulk Intake Project Team") and program management approach was created to ensure offers of coverage could be made available to Florida Specialty policyholders within designated timelines. This effort would be accomplished through agent outreach, proactive communications, and modifying Citizens' processes and systems via several individual and interrelated initiatives and activities.

### Objectives and Scope

Internal Audit (IA) provided advisory services in support of the project through consultative advice related to controls of impacted business areas and project management, as well as confirm the effective and timely escalation and handling of project issues.

### Results

The Bulk Intake program management approach established critical success factors necessary to achieve a successful outcome, to determine that processes performed as expected, and incorporated key performance indicators that indicate Bulk Intake Project Team performance. The Bulk Intake Project Team was established, which comprised of a Steering Committee and various cross-functional workgroups, to execute tactical and strategic tasks. The program management approach provided visibility, an opportunity for resolution on topics of discussion, allowed workgroups to align activities and associated metrics.

Citizens has taken several communication steps through traditional mail, email, and a dedicated Citizens Florida Specialty webpage to inform Florida Specialty policyholders and agents of the underlying situation and timelines, as well as how to obtain coverage for those who cannot find private market coverage. Included in those efforts were letters and emails sent to policyholders and agents informing them of coverage options, premium payment scenarios, notifications of system availabilities, and multiple reminders of critical dates and deadlines. Training of agents and internal staff has included an eBrief, classroom training, a mini-movie, webinars, and job aids. Diligent efforts to develop new



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processes necessary to ensure readiness to offer coverage to Florida Specialty customers who cannot find private market coverage have been completed and include:

- Developed and implemented an agent expedited appointment and agency agreement process for Florida Specialty agents and agencies that were not appointed with Citizens
- Data mapping design efforts to upload Florida Specialty's policy information into Citizens' PolicyCenter system in order to initiate quotes with similar coverage limits and deductibles.
- Guidewire and related systems enhancements, including the creation of an expedited new-business application process for Citizens-appointed agents of Florida Specialty customers
- Coordination with Citizens' print vendor to effectively anticipate the sudden volume increases in required policy document mailings
- Introduction of Power BI Bulk Intake dashboard reporting for operational and executive monitoring

IA observed that identified risks were escalated as appropriate to workgroup leaders and the Steering Committee. Workgroup meetings occurred regularly, and routinely showcased effective cross-departmental collaboration. IA also noted that Citizens workgroup leaders and members made it a priority to simplify the transition for Florida Specialty customers whose coverage has been placed with Citizens.

Citizens' Bulk Intake Project Team is currently focused on additional tasks to ensure successful initiative efforts will continue, as follows:

- Premium payment processing efforts, including FIGA (Florida Insurance Guaranty Association) bulk unearned premium payment allocation
- Policyholder and agent communication as needed/required
- Use of predicative analytics to review new risks and ensure required underwriting documents are properly collected
- Continued development of underwriting strategy for handling policy renewals

IA will continue to support the project by providing consultative advice regarding controls to the business areas and project management upon request. We would like to thank the project team and management for utilizing IA advisory services.



## Distribution

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