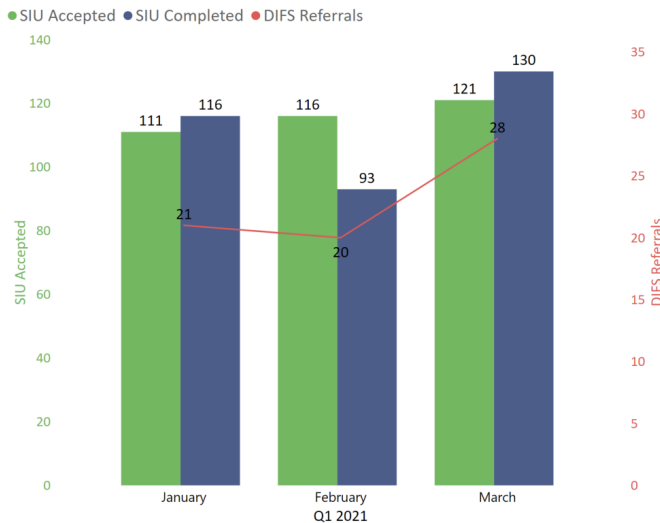


Addendum: SIU

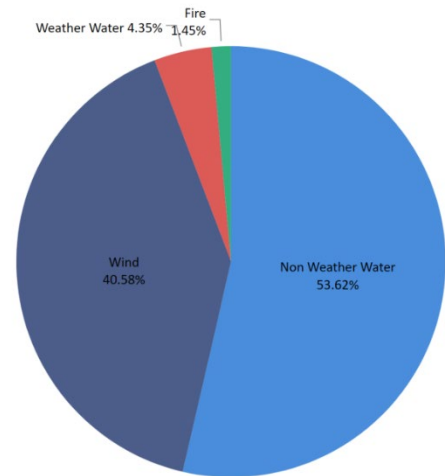
Claims Committee Meeting, June 30, 2021
Board of Governors Meeting, July 14, 2021

Special Investigations Unit (SIU)

Q1 2021 DIFS Referrals Vs. SIU Accepted & Completions



Q1 2021 DIFS Referrals by Loss Type



	Investigations Accepted by SIU	Investigations Completed by SIU	SIU Investigations Resulting in DIFS Referral	DIFS Referral Rate
CAT	117	135	23	17.03%
Non-CAT	231	204	46	22.55%
Total	348	339	69	20.35%

Overview

During the first quarter 2021, Citizens’ Special Investigations Unit (SIU) accepted 348 claims for investigation and submitted 69 referrals to the Florida Division of Investigative and Forensic Services (DIFS) in accordance with statutory requirements. Twenty percent of claims investigated by the SIU involved catastrophe losses, mostly associated with Tropical Storm Eta. Most of the claims are late reported, many by third-party representatives such as attorneys, public adjusters, and contractors.

Major Case Update

In May 2021, Florida’s Chief Financial Officer (CFO) announced the arrest of two Miami women who were charged with insurance crimes resulting from their role in submitting \$65,420 in fictitious wind and non-weather water claims to Citizens. Both women were booked into Broward County Jail and are facing charges of Insurance Fraud and Unlicensed Public Adjusting.

The investigation stems from a collaborative effort with DIFS and was the subject of the attached press release by the CFO’s office on May 3, 2021.

Addendum: SIU

Claims Committee Meeting, June 30, 2021

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Cases of Interest

Hillsborough / Non-Weather Water: An SIU investigation determined that the insured contrived a drain line leak claim and that the damaged cabinets pre-dated the event and the policy inception. The insured withdrew the claim after failing to appear for an Examination Under Oath (EUO). A DIFS referral was submitted.

Broward / Non-Weather Water: After their lawsuit against Citizens was voluntarily withdrawn, the insured provided a sworn statement to SIU alleging that the claim submitted by her attorney was bogus and had been contrived by unlicensed loss consultants who solicited her for a free inspection, reported the claim, and then filed a lawsuit without her permission or knowledge. The matter was reported to the DIFS.

Miami Dade – Non-Weather Water: A water damage claim submitted by a water mitigation service provider on behalf of an insured was withdrawn after an SIU investigation found that the insured had collected over \$46,000 on the very same damage in two previous claims. A DIFS referral was submitted.

Miami-Dade / Wind: A claim for structural roof damage resulting from Tropical Storm Eta was withdrawn after the SIU investigation found that the insured misrepresented the condition of the roof and that the damage pre-dated the issuance of the policy. A DIFS referral was submitted.

Miami-Dade / Fire Loss: The insured's policy was voided to inception and no claim payments were issued for a fire loss after an SIU investigation revealed the risk was used to shelter exotic and dangerous animals. A DIFS referral was submitted.

Pinellas / Plumbing: An SIU investigation determined that the insured submitted falsified invoices in support of \$42,000 in Additional Living Expenses (ALE) associated with a plumbing claim. No payments for ALE were tendered and a DIFS referral was submitted.

Broward County / Agency Matter: Citizens terminated an agent / agency agreement after investigative findings determined that the agent was transacting insurance through an unauthorized agency. In addition, the agent mishandled funds by delaying the submission of premium payments to Citizens which came to light after an insured sustained a loss. A referral was submitted to Agent and Agency Services, and Citizens reinstated the policy, and honored the claim.

Broward County / Agency Matter: Citizens terminated an agent / agency agreement after it was determined that an appointed agent misappropriated insurance premium by failing to submit payment to Citizens for an insurance policy. A DIFS referral was submitted.

South Florida / Underwriting Fraud: Through proactive investigative efforts, SIU identified 13 personal lines risks across South Florida that were operating as Assisted Living Facilities. As a result of the investigations, seven policies were nonrenewed, three were cancelled, and three were voided, removing a total of \$4,229,740 in exposure from Citizens. DIFS referrals were submitted for eight of the insureds for application misrepresentation.



JIMMY PATRONIS
FLORIDA'S CHIEF FINANCIAL OFFICER

Press Release

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CFO Jimmy Patronis' Fraud Detectives and Citizens Property Insurance Team Up to Bust Miami Residents in \$65,000 Insurance Fraud Scheme

5/3/2021

For Immediate Release: Monday, May 3, 2021

Contact: Office of Communications, Communications@MyFloridaCFO.com, 850.413.2842

CFO Jimmy Patronis' Fraud Detectives and Citizens Property Insurance Team Up to Bust Miami Residents in \$65,000 Insurance Fraud Scheme

MIAMI – Today, Chief Financial Officer (CFO) Jimmy Patronis announced the arrest of Carmen Rosa Contreras and Alexandra Isabel Cano for allegedly acting as public adjusters without a license and filing false insurance claims. The CFO's Division of Investigative and Forensic Services (DIFS) partnered with Citizens Property Insurance to execute the operation, which utilized a house located in Broward County and utilized undercover fraud detectives posing as homeowners.

CFO Jimmy Patronis said, "Let these arrests be a lesson to anyone who thinks they can prey on Florida families and get away with it. For far too long, fraudsters have been trying to pull the wool over the eyes of the citizens and business of Miami, and, as CFO, I am committed to holding these criminals accountable. I appreciate the hard work and cooperation between my fraud detectives and Citizens Property Insurance to ensure this joint operation was a success."

Barry Gilway, Citizens President, CEO and Executive Director said, "We congratulate DFS on this significant announcement. The agency has been a great partner in efforts across the industry to stamp out fraud and abuse that impacts all policyholders who are forced to pay higher premiums because of fraudulent claims."

In September 2019, a pro-active covert operation was initiated by DIFS fraud detectives, with the cooperation of Citizens Property Insurance, based on allegations that Contreras was acting as a public adjuster without a license and allegedly creating or enhancing damages to homeowner properties. The following month, Contreras met with an undercover detective to provide a free home inspection. Contreras inspected the home and pointed out nonexistent damage throughout the house. Two insurance claims were filed against Citizens Property Insurance for the alleged property damages noted by Contreras. On the day of the inspection, Contreras sent her associate, Alexandra Cano, who was then identified as a second subject and was acting as a public adjuster as well. Cano arrived at the home before the inspection and instructed the undercover detective not to say anything to the Citizens Insurance adjuster. Cano identified alleged property damage to use for the insurance claim and Citizens inspection. Additionally, a second undercover detective posing as the homeowners' spouse spoke to Cano prior to a three-way call with Citizens Insurance and had been coached prior on what to disclose and not disclose to

Citizens Insurance regarding the alleged damages. Due to Contreras and Cano's actions, fraudulent insurance claims were submitted to Citizens Insurance company for \$65,420.

Contreras and Cano surrendered to DIFS fraud detectives and were booked into the Broward County Jail. Each face charges of acting as public adjusters without a license and false and fraudulent insurance claims. If convicted, each could face up to 10 years in prison. Individuals charged with a crime are presumed innocent until proven guilty.

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About CFO Jimmy Patronis

Chief Financial Officer and State Fire Marshal Jimmy Patronis is a statewide elected official and a member of Florida's Cabinet who oversees the Department of Financial Services. CFO Patronis works each day to fight insurance fraud, support Florida's firefighters, and ensure the state's finances are stable to support economic growth in the state. Follow the activities of the Department on Facebook (FLDFS) and Twitter (@FLDFS).

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