

INTERNAL AUDIT



Audit Report

Citizens Insurance Services

August 25, 2021



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Executive Summary

Background

Citizens' Insurance Services (CIS) is an internal agency established in 2004 to service policyholders in the event the servicing agent is terminated and no longer able to or eligible to fulfill the responsibilities of an agent of record. The orphaned policies are transferred to CIS for various reasons, including but not limited to, terminated for cause, failure to pay agent appointment fee, etc. CIS, acting as the agent, provides a continuation of policy service to preserve the customer experience for the orphaned policies. The CIS Agency is staffed with licensed professionals (2-20 or 4-40) under an appointed General Lines (2-20) Agent. CIS provides services to policyholder's inquiries in the same way an external agency would, such as policy renewals, cancellations, change of address and the review of certain endorsements for acceptability in accordance with company guidelines and standards utilizing underwriting and risk management techniques.

As of July 30, 2021, CIS services 5,007 policies. There is a pilot plan to transition these policies to appointed Citizens' agents by year end. The transition of policies will reduce the liability associated with operating an in-house Agency.

The need for the CIS internal agency will continue to exist, even if just a temporary holding place until policies can be placed with another agency. However, some policies will have to remain due to the inability to place the risk in the private market.

Objectives and Scope

The objective of this audit is to evaluate the adequacy and effectiveness of controls related to the following components of the CIS processes:

- Verify billing center processes do not pay commission on CIS policies.
- Verify CIS policy renewals process through Clearinghouse.
- Verify no conflict of user access for CIS agent and representative.
- Ensure CIS is meeting established Service Level Agreements.

Results

The results from this audit confirm that there are effective processes and controls in place to ensure that CIS rules, guidelines, and procedures are in compliance with Florida statutory requirements.

Specifically, we observed the following:

- User access permissions are appropriate for the agent and staff to perform tasks necessary to service the policy. No segregation of duties conflict was observed.
- CIS policy renewal process appropriately through the Clearinghouse at renewal.
- CIS policies are ineligible for commission payments per the BillingCenter controls in place.
- CIS staff consistently meets the Service Level Agreements for production and timely assistance when providing service to the policyholder.



Executive Summary

- Quality assurance reviews are performed monthly by the Quality Improvement Team to ensure compliance with laws, rules and regulations for Agency, Consumer and Policy Services.

During the audit a process improvement opportunity was identified in the BillingCenter commission process, which management researched and took immediate action to remediate.

We would like to thank management and staff for their cooperation and professional courtesy throughout the course of this audit.



Distribution

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