

# Office of the Internal Auditor

# AUDIT REPORT

May 2022

Managed Repair Program



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## Executive Summary

### Background

Citizens Managed Repair Program (MRP) is a voluntary customer-centric program that returns the policyholder's property to pre-loss condition after a non-weather water loss. The goal of the program is to improve timely reporting of claims, control mitigation abuse, and reduce litigation costs.

The program includes two separate loss service components, Emergency Water Removal Services (EWRS) and a Managed Repair Contractor Network. Managed Repair is an optional service that Citizens offers to policyholders for non-weather water claims that includes emergency water removal service at no cost and/or permanent repair services with no sublimit that is backed by a five-year workmanship guarantee. Citizens has contracted with Contractor Connection, a division of Crawford & Company, to facilitate the Managed Repair Program. Contractor Connection provides a network of credentialed, licensed, and insured contractors to make permanent repairs to the home.

Maintaining a consistent and reliable customer experience is a priority of the MRP program. Since the inception of the program, feedback from policyholders who have utilized the program has been generally positive based on customer satisfaction surveys conducted by Citizens.

Since 2019, the Emergency Water Removal Services and Permanent Repair Services have averaged an acceptance rate of 61% and 23% respectively. The following table below provides a breakdown of the number of eligible claims that utilized MRP from January 1, 2019, through December 31, 2021.

Year	Offered Water Mitigation	Accepted Water Mitigation	Offered Permanent Repairs	Accepted Permanent Repairs
2019	2,981	1,565	4,683	1,261
2020	2,108	1,492	5,918	1,308
2021	5,254	3,242	7,780	1,735

### Objectives and Scope

The objective of this audit was to assess the adequacy and efficiency of MRP processes, controls, and oversight procedures, and to ensure the program is effective and program objectives are met. The scope included a review of the following areas:

- MRP strategy and program performance
- MRP claims handling process
- Vendor assignment process
- Customer incident resolution process
- QA reinspection process
- Third-party due diligence
- Policyholder experience with MRP
- Management oversight of the MRP end-to-end process



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### Results

Our audit work indicated effective management oversight over the Managed Repair Program. In addition, there are adequate internal controls in place to ensure that MRP claims are processed in accordance with the Claims Best Practices and Estimating Guidelines and that the work performed by the MRP network contractors meets industry trade and quality standards. Metrics have also been established to measure the success of the program. Specifically, we observed that:

- MRP network contractors receive program assignments from Contractor Connection using a round-robin assignment methodology based on availability and other factors.
- A customer incident response process is in place for policyholders to report concerns, with either the quality of the repair or the professionalism of the program contractors, to Citizens. The incidents are reported to Contractor Connection for resolution and are tracked and monitored by Citizens until final resolution.
- Bi-weekly incident response meetings are held with representatives from Claims, Claims Litigation, and Contractor Connection to discuss and provide status on the resolution of all open incident reports.
- MRP quality assurance reviews are performed monthly by the Claims Quality Assurance team to ensure industry trade standards and Citizens Managed Network Vendor Program Best Claims Practices and Estimating Guidelines are being utilized appropriately when the network contractors are performing emergency water mitigation services and repair services.
- Monthly MRP manager/supervisor meetings are held to discuss contractor performance, claims quality assurance results, and other business-related to the Managed Repair Program.
- MRP network contractors are properly vetted by Contractor Connection and credentialed by Claims Vendor Administration using the Credentialing Administration Information System (CAIS) prior to receiving water mitigation or repair services program assignments.
- Voice of the Customer surveys are performed monthly by the Customer Experience team to measure the policyholder's experience with MRP and are reviewed by management to continually improve the customer experience with the program.

Some low-rated observations were noted, relating to MRP consent forms and EWRS acknowledgment letters, which were shared with management.

A few opportunities to increase the efficiencies and effectiveness of the MRP processes were noted and discussed with management. As MRP continues to evolve, management is encouraged to consider the following Internal Audit suggestions to increase the effectiveness and efficiencies of the program:

- A review of the feedback provided by policyholders from the MRP claim surveys showed some policyholders noted that the MRP brochure was difficult to read and understand when considering using the program. Management may consider:
  - Simplifying the existing brochure by including infographics to help explain the MRP process. In addition, consider updating the MRP brochure to include new program requirements such as consent form requirements.



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- Creating an audiovisual presentation that explains how the MRP process works for policyholders who are considering using the program. The presentation could be uploaded to the Citizens' external website and/or social media platforms for policyholders to view at any time.
- Developing a standard document naming convention for claim documents. In our review of the MRP claims handling process, we noted that it was difficult to locate and retrieve certain claims documents that are required as a part of the MRP claims handling process. Implementing a standard naming convention will allow claims management, claims quality assurance, claims adjusters, and other users to easily locate and retrieve documents from the claim file when needed. In addition, the standard naming conventions can be included in the Claims Best Practices Guidelines.
- Using e-signature technology to obtain the policyholder's signature on the Managed Repair Program Consent Form. Using e-signature will allow the MRP Consent Form to be sent to the policyholder either via e-mail or text message. Once the document is signed, the consent form can be automatically saved to the claim file.
- Implementing electronic delivery of documents related to a claim, for example estimates, correspondence, status letters, claims forms, claim surveys, and other claims related information to the policyholder. The electronic delivery of claims documents will reduce the cost of postal delivery and allow policyholders to view, print, or save claims documents from MyPolicy.

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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