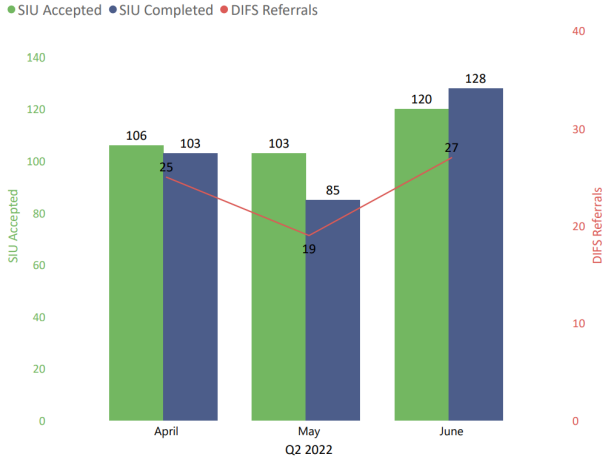


Addendum: SIU

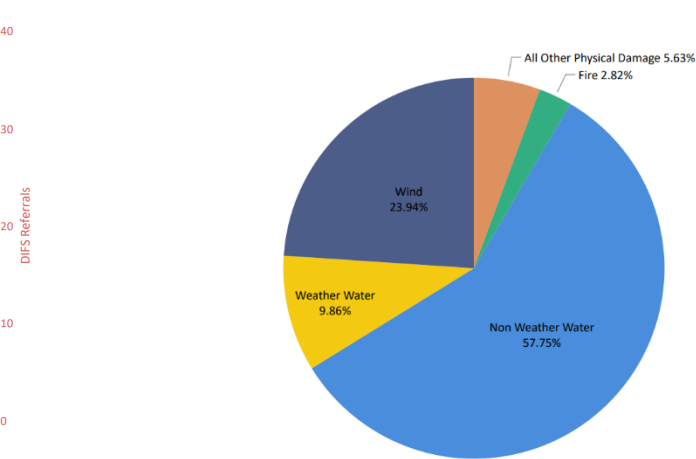
Claims Committee Meeting, September 1, 2022
Board of Governors Meeting, September 21, 2022

Special Investigations Unit (SIU)

Q2 2022 DIFS Referrals Vs. SIU Accepted & Completions



Q2 2022 DIFS Referrals by Loss Type



Q3 2021	Investigations Accepted by SIU	Investigations Completed by SIU	SIU Investigations Resulting in DIFS Referral	DIFS Referral Rate
CAT	43	40	14	.35
Non-CAT	286	276	57	.20
Total	329	316	71	.22

Overview

During the 2nd Quarter 2022, Citizens’ Special Investigations Unit (SIU) accepted 329 claims for investigation and submitted 71 referrals to the Florida Division of Investigative and Forensic Services (DIFS) in accordance with statutory requirements. Approximately 57% of claims investigated by the SIU involve non-weather water claims, many that are solicited directly by a third-party representative, including public adjusting firms and contractors.

Major Case Update

Orange County – Non-Weather Water: An SIU investigation into the practices of three Central Florida-based restoration and mold remediation companies found evidence that representatives of the three entities worked in concert to solicit claims and then used falsified electronic signatures to steer business among themselves without insureds’ knowledge or consent. The scheme involved providing water remediation services to the insured and then copying the electronic signature on Assignment of Benefits (AOB) used to submit additional claims for mold testing and remediation. In ten instances submitted to the DIFS, the insureds provided recorded interviews and sworn affidavits affirming that the entities had no legal basis or permission to use the signatures and submit supplemental insurance claims to Citizens. In some cases, the additional services invoiced to Citizens under the AOB were never performed.

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Cases of Interest

Broward – Non-Weather Water (Litigation Outcome): An insured voluntarily dismissed their \$60,000 lawsuit (with prejudice) on two separate water loss claims after an SIU investigation found evidence that the insured claimed the same damage in losses that occurred two weeks before the issuance of the policy. Because the insured material misrepresented the condition of the risk on their application of insurance, Citizens issued no payments on the two claims and the policy was voided to inception. A DIFS referral was submitted.

Brevard – Weather/Wind: An SIU investigation into a weather-related roof claim revealed that the insured was aware, at the time, that the damage predated the purchase of the house and issuance of the policy with Citizens. The claim reserved at \$2,500 with withdrawn by the insured after Citizens noticed the insured to attend an Examination Under Oath (EUO). A DIFS referral was submitted.

Lee – Weather/Wind: An SIU investigation into the insured's claim that their roof was damaged by wind found evidence, supported by an expert's findings and historical aerial images, that the roof damage predated the alleged loss date, and that shingles were deliberately torn. The claim reserved for \$2,500 was denied for no wind created opening, existing damage, and making a materially false statement. A DIFS referral was submitted.

Miami-Dade – Non-Weather Water: After the insured submitted two pipe break claims occurring 28 days apart, an SIU investigation found that the property was being used as a short-term rental and that the insured misrepresented material facts on the application of insurance. Citizens voided the policy to inception and no payments were issued on the claims. An DIFS referral was submitted.

Broward – Theft: After the insured claimed \$46,000 in high end watches and electronics stolen from his home, the SIU investigation identified various conflicting statements and material misrepresentations in the insured's claim. Moreover, the insured submitted a \$26,000 invoice that was believed to be falsified by the insured's friend. After the insured was unable to provide supporting documentation at the EUO, the claim reserved at \$46,000 was denied due to misrepresentation of facts. A DIF referral was submitted.

Broward – Non-Weather Water: During SIU's investigation into the insured's pipe-break claim, it was discovered that the insured falsified invoice for over \$9,000 in additional living expenses (ALE). The ALE portion of the claim was denied for materially false information in support of the claim and a DIFS referral was submitted.

Miami-Dade – Weather/Wind: An SIU investigation into a weather-related roof damage presented by the insured revealed that the insured provided false documentation and statements regarding the electrical and HVAC systems, and that the roof damage pre-dated the policy. Because the insured submitted a false application of insurance to Citizens, the policy was voided to inception and no payments were issued on the claim. A DIFS referral was submitted.

Brevard County – Personal Lines / Policyholder: An SIU investigation determined the insured intentionally submitted a materially false application for a personal lines policy when they failed to disclose that the risk was actively operating as a licensed Assisted Living Facility for infirm elderly. As a result, the policy was voided and risk exposure of more than \$360,000 was removed. As the result of an investigation from the DIFS, the insured was arrested and charged with one felony count of presenting a false or fraudulent application to Citizens.

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Miam-Dade – Agent Misconduct: The SIU investigation established a pattern of altered/fabricated documents submitted to Citizens to induce approval of the risks. A review of the agency submissions found eight policies with documents that were confirmed to be altered or fabricated. In addition, the agency was responsible for a lapse in coverage for three consumers. As a result of the SIU findings, the agency was terminated for cause and will be ineligible for reappointment for a period of two years. A DIFS referral was submitted and resulted in the arrest of the Agent and his employee, and both were charged with multiple counts of forgery, organized scheme to defraud and grand theft.