

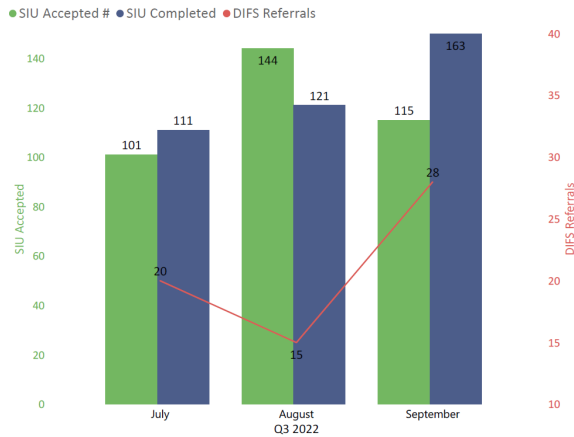
Addendum: SIU

Claims Committee Meeting, November 17, 2022

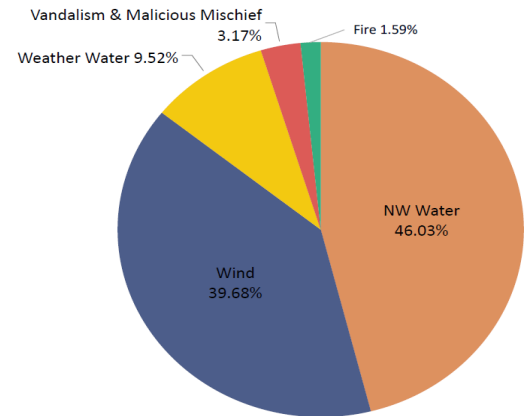
Board of Governors Meeting, December 7, 2022

Special Investigations Unit (SIU)

Q3 2022 DIFS Referrals Vs. SIU Accepted & Completions



Q3 2022 DIFS Referrals by Loss Type



Q3 2022	Investigations Accepted by SIU	Investigations Completed by SIU	SIU Investigations Resulting in DIFS Referral	DIFS Referral Rate
CAT	65	78	13	.16
Non-CAT	295	317	50	.15
Total	360	395	66	.16

Overview

During the 3rd Quarter 2022, Citizens’ Special Investigations Unit (SIU) accepted 360 claims for investigation and submitted 66 referrals to the Florida Division of Investigative and Forensic Services (DIFS) in accordance with statutory requirements. Approximately 46% 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 (Storm Response)

After Hurricane Ian made landfall, we deployed two SIU Investigators to the CRC and remote claim operations where we provided research to support the CRC table workers and assisted policyholders by providing consumer-centric fraud awareness educational brochures and handouts from the National Insurance Crime Bureau (NICB).

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More specifically, our SIU:

- Provided clarity to policyholders that were told they must go through a public adjuster to speak to their insurance company
- Identified and reported attorneys deceiving policyholders that they need an attorney to “speed the payment process” by the insurance carrier.
- Identified and reported roofers that represented to policyholders that they are a preferred contractor of Citizens.
- Led a collaborative effort with NICB and DIFS and several other carriers and identified 38 unlicensed contractors that were reported to DBPR for potentially engaging in illegal and unpermitted repair work.

Cases of Interest

Broward – Wind: An SIU investigation into a Tropical Storm Eta claim revealed that the insured, aided by her home inspector, submitted a materially false inspection report, and misrepresented the condition of her home on the application of insurance. As a result of the SIU findings, no payments were issued on the claims and DIFS referrals were submitted against the insured and the home inspector.

Broward – Non-weather Water: Citizens rejected an appraisal demand for over \$27,000 after the SIU investigator interviewed the insured who admitted that the public adjuster submitted a false claim and that the damage claimed in the demand for appraisal was unrelated to the water loss. A DIFS referral was submitted based upon the public adjuster’s intentional misrepresentations.

Broward – Non-weather Water: An SIU investigation revealed that the insured’s public adjuster, who was retained to represent the insured on a roof damage claim, also contrived and submitted a claim for water damage resulting from a pipe break and directed the temporary repairs for a plumber, water mitigation provider and mold assessor. After the insured admitted there was no sudden and accidental water event and no ensuing damage, the claim reserved at \$7,000 was denied. A DIFS referral was submitted based upon the public adjuster’s intentional misrepresentations. A lawsuit filed by the insured is pending.

Miami-Dade – Non-weather Water: An SIU investigation revealed that the insured’s public adjuster, who was retained to represent the insured on a roof damage claim, delegated two (unlicensed) loss consultants to inspect the insured’s home who contrived and presented, without the insured’s knowledge or consent, a second claim for water damage resulting from a failed P-trap under the kitchen sink. The claim reserved for \$1,500 was denied based on no evidence of a leak and a DIFS referral was submitted based on actions of the public adjuster and loss consultants.

Palm Beach – Non-weather Water: An SIU investigation submitted on behalf of the insured for two separate and unrelated water losses found that the claims were contrived and that the damage pre-dated the policy. The claims reserved for a combined \$20,000 were denied for existing damage. DIFS referrals were submitted.

Broward – Non-weather Water: After the insured reported that their house sustained water damage to the wood flooring resulting from a pipe break, an SIU investigation that the insured claimed the same

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damage in a separate pipe break with their previous carrier. The claim reserved for \$5,000 was denied for pre-existing damage and failure to cooperate when the insured failed to appear for an Examination Under Oath. A DIFS referral was submitted.

Hillsborough, Miami-Dade Counties – Personal Lines / Policyholder: An SIU investigation identified two personal lines risks in which insureds were aware, and failed to disclose on the application, that the risks operated as Assisted Living Facilities. As a result, the policies were non-renewed/canceled, removing \$770,895 in exposure from Citizens. DIFS referrals were submitted.

Miami-Dade, Collier, Monroe Counties – Personal Lines / Policyholder: SIU identified four personal lines risks in which that were operating as undisclosed Short-Term Rentals. As a result, all four policies were nonrenewed, removing a total of \$2,020,980 in exposure from Citizens. DIFS referrals were submitted

Hillsborough – Personal Lines / Policyholder: An SIU investigation established that the policyholder owned and operated an Adult Family Daycare Home at the risk location. As a result, the policy was set for non-renewal and \$469,000 in risk removed. A DIFS referral was submitted against the insured for application misrepresentation.

Pinellas – Personal Lines / Policyholder: An SIU investigation established that a policyholder failed to disclose on the insurance application that he owned and operated an Adult Family Daycare Home at the risk location. As a result, the policy was voided and \$242,100 in risk removed. A DIFS referral was submitted.

Miami-Dade County – Personal Lines / Policyholder: Citizens voided a policy and removed over \$510,000 in exposure after an SIU investigation determined that the insured intentionally misrepresented the use of the property to avoid \$4,440 in premiums owed Citizens. A DIFS referral was made for material misrepresentation on the application to Citizens.

Broward – Agency: Through a collaboration with DIFS, the SIU provided supporting evidence which established that an insurance agency employee, working in the capacity of a Licensed Customer Representative, embezzled over \$30,000 in premium insurance. As a result, the employee was arrested by DIFS and charged with 1 count of organized scheme to defraud, grand theft and insurance funds diversion.