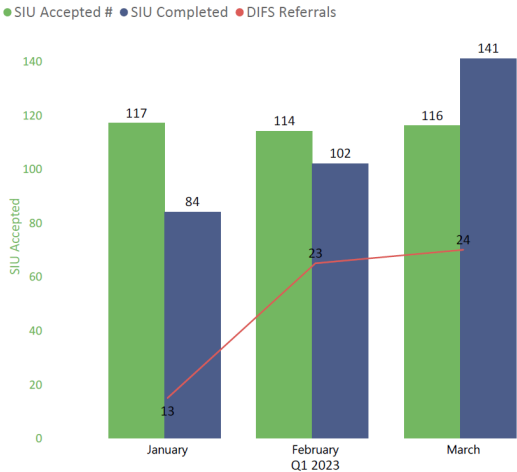


Addendum: SIU

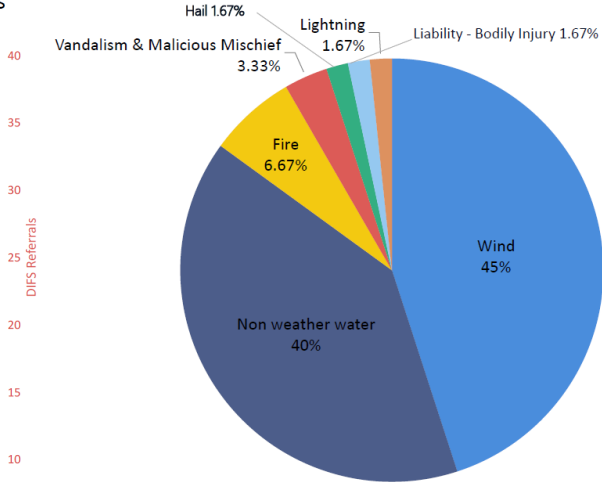
Claims Committee Meeting, June 8, 2023
Board of Governors Meeting, July 12, 2023

Special Investigations Unit (SIU)

Q1 2023 DIFS Referrals Vs. SIU Accepted & Completions



Q1 2023 DIFS Referrals by Loss Type



Q1 2023
 Investigations Accepted by SIU
 Investigations Completed by SIU
 SIU Investigations Resulting in DIFS Referral
 DIFS Referral Rate

	Investigations Accepted by SIU	Investigations Completed by SIU	SIU Investigations Resulting in DIFS Referral	DIFS Referral Rate
CAT	109	103	18	17.48%
Non-CAT	238	224	42	18.75%
Total	347	327	60	18.35%

Overview

During the first quarter of 2023, Citizens’ Special Investigations Unit (SIU) accepted 347 claims for investigation and submitted 60 referrals to the Florida Division of Investigative and Forensic Services (DIFS) in accordance with statutory requirements. Approximately 45% 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

Miami-Dade – Non weather water: In May 2023, a Miami Public adjuster was arrested by the Florida Department of Investigative and Forensic Services on felony charges of insurance fraud and elderly abuse for his role in submitting a false insurance claim to Citizens. The SIU investigation was initiated based on a complaint received from the SIU tip line. It was learned that the public adjuster offered the insured a free inspection under the guise that he was a “government inspector.” Furthermore, the public adjuster failed to obtain any signed contracts of representation with the insured. Furthermore, he filed a



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claim for damages to the insured property that did not exist. No payments were issued on the claim and a DIFS referral was submitted which led to the DIFS investigation and subsequent arrest of the public adjuster. **Please refer to the press release issued by the Department of Financial Services (DFS) in collaboration with Citizens.**

Cases of Interest

In April, it was learned that a Miami policyholder was arrested and charged with insurance fraud in connection to a false insurance claim filed with Citizens. The SIU investigation determined that the insured had submitted five prior losses between 2015 and 2018 and collected over \$196,00 in combined indemnity payments. The insured concealed their claim history and unrepaired damage on the insurance application and then sought to obtain \$79,978 by filing a bogus claim on existing property damage. The claim was denied; a DIFS referral submitted which led to the DIFS investigation and subsequent arrest. **Please refer to the press release issued by the DFS.**

Miami-Dade – Application Misrepresentation (PLA): A Miami policyholder was arrested for insurance fraud and organized scheme to defraud for concealing material information on the insurance application. The SIU investigation had discovered a personal lines risk in which the insured was aware and failed to disclose on the application of insurance that the risks operated as an Assisted Living Facility. As a result, the policy was non-renewed by Citizens, removing \$304,000 in exposure from Citizens.

Miami-Dade – Wind: An SIU investigation revealed that Citizens' elderly insured was solicited directly by a public adjuster that showed up unannounced to her home offering a "low or no cost" roof replacement under the guise of a "government sponsored program." After the public adjuster submitted a claim for Hurricane damage on behalf of the insured, the SIU investigation exposed that the public adjuster directed water mitigation repairs under an AOB that was presented to the insured without explanation and misrepresented the status of existing repairs. The public adjuster withdrew representation and Citizens issued payments directly to the insured for storm-related damage. A DIFS referral was submitted due to the public adjuster's actions.

Palm Beach – Water: An SIU investigation into two separate non-weather water losses, occurring four days apart, revealed that the losses were contrived and there was no evidence to support the plumbing repairs or damage that the insured's attorney and insured's loss consultant contended were performed following the losses. The claims reserved for a combined \$20,000 were denied for concealment and fraud.

Hendry – Non-weather water: After the insured retained a water mitigation company to dry out a slow leak from the dishwasher, the insured provided sworn testimony to SIU that the water mitigation provider retained a public adjuster (on the insured's behalf) that submitted a false plumbing invoice for a repair that was performed by the insured. The claim reserved at \$10,000 was denied based on material misrepresentation. A DIFS referral was submitted.

Broward County – Non-weather Water: An SIU investigation into two separate and unrelated non-weather water claims, occurring three days apart, found that the insured filed claims for the same damage with their previous carrier. The claim was voluntarily withdrawn by the insured and no payments were issued on the claims reserved for \$5,000. A DIFS referral was submitted.

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Hillsborough – Theft / Vandalism, Malicious Mischief: The SIU investigation revealed the insured submitted a bogus theft and vandalism claim and sought payment for stolen personal property that she sold on Facebook Marketplace. The claim reserved for \$75,000 was denied for intentional loss and a referral to DIFS was submitted.

Pinellas – Wind: An SIU investigation into a Hurricane Ian insurance claim uncovered evidence that the damage to the roof tiles was intentional and was not present in aerial photos two days after the storm. The claim reserved at \$5,000 was denied due to intentional loss and failure to present damage prior to materially altering or destroying property. A DIFS referral was submitted.

Volusia – Wind: Contrary to the insured's contention that their house sustained damage from Hurricane Ian, SIU obtained evidence that the roof damage existed prior to the storm for which the insured reported to their previous carrier. The claim reserved for \$20,000 was denied due to damage that occurred before issuance of the policy. A DIF referral was submitted.

St. Lucie, Seminole Counties – Personal Lines / Policyholder: An SIU investigation identified two personal lines risks in which the insureds were aware, and failed to disclose on the applications, that the risks operated as Assisted Living Facilities. As a result, the policies were non renewed/cancelled, removing \$964,480 in exposure from Citizens. DIFS referrals were submitted.

Brevard, Lake, Miami-Dade, Orange, and St. Lucie Counties – Personal Lines / Policyholder: SIU identified ten personal lines risks that were operating as Assisted Living Facilities. The SIU investigations established that the policyholders owned and operated Assisted Living Facilities at the risk locations. As a result, the policies were voided removing \$4,244,180 in exposure from Citizens. DIFS referrals were made against the insureds for material misrepresentation on the applications to Citizens.

Collier and Monroe Counties – Personal Lines / Policyholder: An SIU investigation identified two personal lines risks that were operating and advertised as Short-Term Rentals. As a result of the investigations, the policies were voided, removing \$522,600 in exposure from Citizens. DIFS referrals were made against the insureds for application misrepresentation.

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Press Release

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Communications@MyFloridaCFO.com | [850.413.2842](tel:850.413.2842)

CFO Jimmy Patronis Announces Arrest of Miami Public Adjuster in Elder Fraud Scheme

5/11/2023

MIAMI, Fla. - Today, Chief Financial Officer (CFO) Jimmy Patronis announced the arrest of Yoel Sainz Fraga on charges of Exploitation of the Elderly, Insurance Fraud, and Grand Theft for allegedly attempting to defraud an elderly homeowner in a \$13,000 property insurance fraud scheme. Fraga is a licensed Public Adjuster and the Owner/President of 305 Public Adjuster Corporation.

CFO Jimmy Patronis said, "Taking advantage of Florida's senior citizens is despicable and will not be tolerated in Florida. When bad actors show up on your doorstep offering to make repairs that you don't need, and sign documents that you haven't verified, tell them to leave your property immediately. Remember, if it sounds too good to be true, it is. Stay on guard for bad actors looking to turn your insurance policy into a quick payday. Thank you to my dedicated insurance fraud detectives and the local law enforcement officers who assisted on this fraud case."

An investigation by the CFO's Division of Investigative and Forensic Services (DIFS) revealed that Fraga allegedly approached and solicited a homeowner's handyman at a local Home Depot, offering to inspect her property for damages. After the handyman provided contact information, Fraga contacted the homeowner, who is elderly. Fraga convinced the homeowner to allow him to inspect the home, allegedly pretending to be a "government inspector". After meeting with the elderly homeowner and inspecting the home, Fraga advised that there was damage to the property. He attempted to persuade the homeowner to sign documents, but the homeowner refused citing the lack of damage. Fraga, without the homeowner's knowledge or permission, filed a kitchen water damage claim in the amount of \$13,000 on the homeowner's behalf with Citizens Property Insurance Corporation (Citizens).

The elderly homeowner learned of the claim after receiving notification from the Citizens, and she contacted them to report that Fraga had filed the claim without her knowledge or authorization.

Yoel Sainz Fraga was arrested on May 11, 2023, and was booked into Turner Guilford Knight Center. If convicted, he faces up to 15 years in prison.

###

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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CFO Patronis Announces \$300,000 Property Insurance Fraud Arrest in Miami

4/11/2023

For Immediate Release: Tuesday, April 11, 2023

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

CFO Patronis Announces \$300,000 Property Insurance Fraud Arrest in Miami

MIAMI GARDENS, Fla. - Today, Chief Financial Officer (CFO) Jimmy Patronis announced the arrest of Damacio Green on one charge of Filing a False and Fraudulent Insurance Claim for his alleged involvement in a property insurance fraud scheme to defraud Citizens Property Insurance Corporation (Citizens) out of more than \$300,000.

CFO Jimmy Patronis said, "In the state of Florida, when you try to game the system for your own personal gain, you will be caught and brought to justice. Insurance fraud is not a victimless crime, it drives up costs for all Floridians and contributes to the issues surrounding Florida's strained property insurance markets. Huge thank you to my fraud detectives and the Miami-Dade State Attorney's Office for their hard work in this case and working every day to keep Florida fraud free."

Sr. Director of Citizens' Special Investigations Unit Joseph Theobald said, "Insurance fraud continues to be a growing problem affecting all Floridians. Most of all, honest policyholders end up paying higher premiums to counteract the cost of fraud. We are grateful for the collaborative relationship with the Division of Investigative and Forensic Services for their tireless effort to combat insurance fraud."

In March 2021, Green filed a homeowner property insurance claim with Citizens alleging damage to his home in Miami Gardens. This damage was alleged to have occurred in February 2021, as a result of back up and overflow in the kitchen and bathrooms which was said to have resulted in cracked tiles and a bad smell. Green provided a sworn proof of loss in the amount of \$79,978.59 in property damage. However, inspection of the property by Citizens adjuster revealed that preexisting damages occurred prior to the policy inception of July 11, 2020.

Further investigation by the CFO's Division of Investigative and Forensic Services (DIFS) revealed that Green allegedly misrepresented the condition of the property when the policy inception occurred in 2020. Additionally, it was determined that Green provided false or misleading facts about the property under oath. Finally, investigation revealed that since 2007, Green has collected more than \$302,000 in combined property insurance payments, with \$196,400 in claims payments since 2015. It's alleged that Green knowingly omitted and lied about prior homeowner's insurance claims information on his homeowner's insurance application with Citizens on July 11, 2020. Furthermore, Green filed a homeowner claim alleging new damages when the damages being reported were preexisting damages that he never disclosed to Citizens on the policy application.

Damacio Green was arrested on April 5, 2023, and transported to Turner Guilford Knight Correctional Center. If convicted on all charges, he could face up to five years in prison.

###

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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