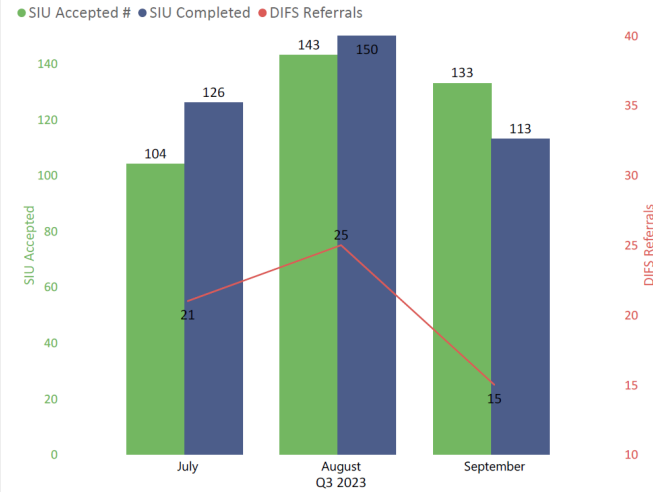


Addendum: SIU

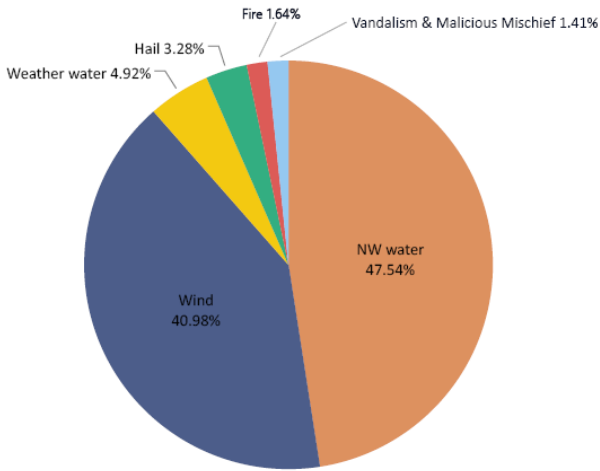
Claims Committee Meeting, November 16, 2023
Board of Governors Meeting, December 6, 2023

Special Investigations Unit (SIU)

Q3 2023 DIFS Referrals Vs. SIU Accepted & Completions



Q3 2023 DIFS Referrals by Loss Type



Q3 2023
 Investigations Accepted by SIU
 Investigations Completed by SIU
 SIU Investigations Resulting in DIFS Referral
 DIFS Referral Rate

	<i>Investigations Accepted by SIU</i>	<i>Investigations Completed by SIU</i>	<i>SIU Investigations Resulting in DIFS Referral</i>	<i>DIFS Referral Rate</i>
CAT	87	136	24	17.6%
Non-CAT	293	253	37	14.6%
Total	380	389	61	16.5%

Overview

During the third quarter of 2023, Citizens’ Special Investigations Unit (SIU) accepted 380 claims for investigation and submitted 61 referrals to the Florida Division of Investigative and Forensic Services (DIFS) in accordance with statutory requirements. Approximately 47% of claims investigated by the SIU and referred to the DIFS involve non-weather water claims. It’s notable that 40% of the suspect claims investigated by SIU involve Wind events and of those, 76% are associated with Hurricane Ian which made landfall in Florida September 2022. Many wind claims are solicited directly by a third-party representative, including public adjusting firms and contractors.

Major Case Update

Miami-Dade – Organized Ring Activity: In September, Florida’s CFO’s Office announced the arrest of five individuals, including representatives associated with a public adjusting firm, water mitigation provider, and mold assessment provider. The group was arrested for conspiring to defraud Citizens of more than \$60,000 by allegedly submitting fraudulent insurance claims related to the homeowners



Addendum: SIU

Claims Committee Meeting, November 16, 2023

Board of Governors Meeting, December 6, 2023

HVAC and plumbing system. Citizens' SIU found that the loss was contrived and according to our 94-year-old insured, she did not sign any of the contracts received by Citizens for the services claimed.

Please refer to the attached press release issued by the Department of Financial Services (DFS) in collaboration with Citizens.

Cases of Interest

Miami-Dade – Policy Fraud: During September 2023, DIFS arrested a licensed CSR in Miami-Dade County after our SIU investigation found evidence that the CSR submitted a falsified 4-point inspection in support of a policy which was discovered during the investigation of a claim, which was filed by the insured within two weeks of policy inception.

Broward – Wind – Non-weather water: During September 2023 DIFS announced the arrest of a Citizens' insured who was charged with insurance fraud after an SIU investigation revealed he attempted to collect more than \$93,000 in two separate claims for roof damage and interior plumbing leak damage for which he previously collected insurance payments that occurred under his prior policy. No payments were issued on the two claims which were withdrawn by the insured.

Brevard – Policy Fraud: During August 2023, a Citizens' policyholder was arrested and charged with insurance fraud because she submitted a false insurance application to Citizens in support of the issuance of a personal lines policy. Specifically, the insured operated an Assisted Living Facility at the risk address in Brevard County and lied on her application of insurance to obtain coverage she was not entitled. The policy was voided, removing \$458,950 exposure from Citizens.

Osceola – Wind: During October 2023, we received notification that in February 2023, Citizens' insured was arrested and is facing insurance fraud charges after she attempted to file a claim for hail damage that didn't occur within the policy period. Moreover, the pre-purchase home inspection provided direct evidence that the insured was aware, at the time she submitted the insurance application that the roof damage predated the policy reissued by Citizens. Subsequently, the claim was denied.

Hillsborough – Non-weather water: An investigation into the facts and circumstances surrounding a water damage claim revealed that the public adjuster misrepresented the cause of the water leak to Citizens to induce Citizens to issue payments for damage that wasn't related to a covered loss. The insureds admitted under oath that, contrary to the public adjuster's claim submission, the damage had existed prior to the date of loss and was unrelated to the event reported by their public adjuster. The claim was denied and a DIFS referral was submitted.

Lee – Wind: After receiving \$6,000 for hurricane-related roof damage from Citizens, the insured's \$38,000 Appraisal demand was rejected after SIU determined that the insured lied about the roof's condition and attempted to claim unrepaired damage that was related to a prior storm. A DIFS referral was submitted.

Addendum: SIU

Claims Committee Meeting, November 16, 2023

Board of Governors Meeting, December 6, 2023

Miami Dade – Wind: An SIU investigation established the insured misrepresented the cause and extent of their wind claim by alleging the storm resulted in broken windows when in fact the windows were boarded were broken and covered in plywood prior to policy inception. Moreover, the insured was seeking insurance benefits for existing water damage from identical losses submitted to their prior carrier. The claim was reserved at \$5,000 and denied due to existing damage. A referral to DIFS was submitted.

Pinellas – Burglary / Theft / Personal lines policy: No payments were issued on the insured's theft claim after an SIU investigation revealed that the insured lied about the use of the insured residence on their insurance application for a personal lines (HO-3) policy and was aware, at the time of application, that the property was purchased and used as a short-term rental. The policy was voided to inception and a DIFS referral was submitted.

Broward – Fire: An SIU investigation found evidence that the insured misrepresented the extent of damage from a kitchen fire when he alleged that he purportedly replaced all his smoke-damaged kitchen cabinetry prior to reporting his claim. The claim reserved at \$20,000 was denied because the claim was reported 15 days after the repairs were completed which denied Citizens the opportunity to view and inspect the damage. A DIFS referral was submitted.

Broward – Wind: An SIU investigation determined that the insured attempted to claim damage to their roof and interior for existing damage sustained from a prior loss which the insured received payment from their prior carrier. The claim reserved at \$15,000 was denied for no wind created opening and pre-existing damage. A DIFS referral was submitted.

Broward – Water: After a public adjuster submitted two separate and unrelated claims (roof damage and pipe break) on behalf of an insured, an SIU investigation found that the claims were contrived, and that the insured attempted to claim unrepaired damage from two prior identical losses that were submitted to their prior carrier. No payments were issued on the claims which were withdrawn by the insured. A DIFS referral was submitted.

Broward, Hillsborough, Lee, Palm Beach Counties – Personal Lines / Policyholder: Proactive investigative efforts revealed four separate policyholders intentionally submitted false Personal Lines insurance applications by failing to disclose they owned and operated Assisted Living Facilities at the risk locations. As a result, the policies were voided removing \$1.7 million in exposure from Citizens. DIFS referrals were submitted.

Hillsborough County – Personal Lines / Policyholder: Through proactive investigative efforts, an SIU investigation determined that a policyholder intentionally submitted a false Personal Lines insurance application by failing to disclose they owned and operated a Sober Home Facility at the risk location. As a result of the investigation, the ineligible policy has been voided removing \$437,000 in exposure from Citizens and a DIFS referral was submitted.

Miami-Dade County – Personal Lines / Policyholder: An SIU investigation established that the policyholder materially misrepresented a material fact on her insurance application in support of a personal lines policy by failing to disclose that a cosmetic surgery recovery home was in operation at the risk location. As a result of the SIU findings, the ineligible policy was voided, and \$229,000 exposure was removed. A DIFS referral was submitted.



Press Release

Contact our Office of Communications

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

ICYMI: WPLG: Insurance fraudsters targeted 94-year-old Miami Gardens woman, authorities say

9/26/2023

For Immediate Release: Tuesday, September 26, 2023

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

IN CASE YOU MISSED IT:

WPLG: Insurance fraudsters targeted 94-year-old Miami Gardens woman, authorities say

Monday, September 25, 2023

Janine Stanwood, Anchor/Reporter

Watch Full Story [HERE](#).

MIAMI GARDENS, Fla. – Authorities arrested two licensed insurance adjusters, one unlicensed insurance adjuster and a mold contractor on multiple felony charges after investigators said they worked together to defraud a 94-year-old Miami Gardens woman and Citizens Insurance.

Investigators with the Florida Department of Financial Bureau’s Bureau of Insurance Fraud accused the four of filing insurance claims on behalf of Gay Scott — without her knowledge — on undamaged property.

They said it was all an attempt to defraud her and Citizens out of more than \$57,000 this spring.

...

Authorities said the four forged Scott’s signature on “multiple fraudulent homeowner claims, assignment of benefits documents, public adjuster contracts and a service repair agreement.”

They said the group “worked in concert” with one another and “fabricated that the air conditioner and the kitchen had suffered mold and water damage.”

...

Florida Chief Financial Officer Jimmy Patronis told Local 10 News that the scam was a prime example of why Floridians keep paying more for insurance.

“This is why the rates of Citizens goes up, because the bad actors just like this,” Patronis said. “We can model for storms coming and impacting Florida. We cannot model for the litigation and fraud.”

...

###

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](#)).