

CitizensAdvisor



Citizens thanks stakeholders, applauds passage of AOB reform package

TALLAHASSEE, FL – Citizens Property Insurance Corporation applauds Florida lawmakers for passing meaningful legislation that will provide relief to Florida property insurance policyholders by reducing unnecessary litigation and assignment of benefits abuse.

The Legislature's passage of [HB 7065](#) caps a five-year effort to address runaway litigation and AOB abuse, especially surrounding nonweather related water loss claims that after decades of stability skyrocketed in recent years. These rising costs forced Citizens in 2019 to propose a rate increase for 97 percent of its homeowners policyholders. In 2015, Citizens passed on rate reductions to 70 percent of its homeowners policyholders.

Along with industry, business, and consumer groups, Barry Gilway, Citizens President, CEO and Executive Director, thanked Governor Ron DeSantis, Chief Financial Officer Jimmy Patronis, and Florida Insurance Commissioner David Altmaier for their support throughout the session.

Inside the Legislature, Senate President Bill Galvano (R- Bradenton), House Speaker Jose Oliva (R-Miami Lakes), Senator Doug Broxson (R, Pensacola) and Representative Bob Rommel (R-Naples) were instrumental to the bill's success.

"This is a critical step in our efforts to bring relief to our policyholders, who have had to pay the bill for runaway litigation and AOB abuse," Gilway said. "The bottom line is we could not have done this without the leadership of Governor DeSantis, CFO Patronis, and Commissioner Altmaier."

Citizens' actuaries have estimated the reforms would reduce the statewide average rate need from 25.2 percent to 10.1 percent for homeowners policyholders. In South Florida, the epicenter of the AOB abuse, the average rate need would drop from 30.4 percent to 12.8 percent. These figures will change slightly as policy information and data are updated.

Wednesday's vote followed months of negotiations between stakeholders, legislative sponsors and their staff. Christine Ashburn, Citizens Chief of Communications, Legislative and External Affairs, praised legislative leaders and sponsors for their commitment throughout the sometimes contentious process.

"President Galvano, Speaker Oliva, Chairman Broxson and Chairman Rommel were critical to the passage of this much needed legislation," Ashburn said. "We now have a reform package that will make a difference."

In other action, lawmakers passed [HB 301](#). Among its many provisions, the bill increases the Florida Hurricane Catastrophe Fund (FHCF) loss adjustment expense (LAE) factor from 5 percent to 10 percent beginning with the 2019 hurricane season.

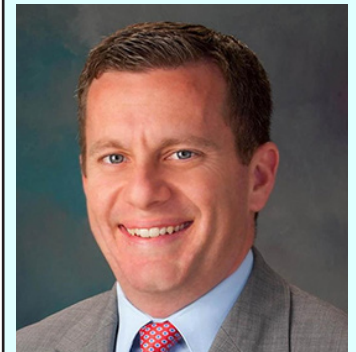
May 9, 2019

Events

June 19 @ 9 a.m.
[Citizens Board of Governors](#)

Sheraton Orlando North

Spotlight



Bo Rivard

Board of Governors

Policies in Force

419,812

as of May 3, 2019

Citizens Aids in Arrests of Alleged \$2.5M Water Claims Ring

MIAMI, FL – Florida law enforcement officials last week charged a Miami-area woman for leading a major crime ring involving contractors, an insurance agent and homeowners filing false insurance claims totaling about \$2.5 million against Citizens and private property insurance companies in South Florida.

On April 30, Miami-Dade police arrested public adjuster Barbara Maria Gonzalez of Rubicon Group in West Miami-Dade. Authorities also charged at least eight others they say comprised a phony water claims enterprise that may involve more than 30 people.



Citizens SIU Manager Gerald Green (second from left) and Director Joseph Theobald (far right) attended a news conference held by Miami-Dade State Attorney Katherine Fernandez Rundle and Florida CFO Jimmy Patronis (third and second from right).

Miami-Dade State Attorney Katherine Fernandez Rundle said ringleader Gonzalez and others defrauded insurers, including Citizens, over a period of years by filing water loss claims using forged invoices, made-up facts, and sometimes intentional damage.

Florida Chief Financial Officer Jimmy Patronis, who oversees the agency that investigates insurance fraud, said the probe, dubbed "Operation Rubicon," remains open and more arrests are expected.

"I will not stand by and let Floridians pay for higher insurance rates because of criminals gaming the system," Patronis said in a statement following the arrests.

A Citizens probe led to charges in August 2018 against Gonzalez and her ex-husband, former Miami-Dade Police Lt. Alexander Diaz de Villegas. Each was charged for the alleged fraud involving three water claims with Citizens dating back to 2013 and totaling \$100,000.

In the most recent set of charges, she also helped another man, Felix Bravo, file a fake \$75,000 claim of water damage to his house in January 2017. When the insurance company investigated, they found the plumber who supposedly fixed the damage didn't exist — and the receipt submitted was created at her office, according to arrest records cited by The Miami Herald.

"This type of activity costs billions of dollars every year and inflates premiums of honest insurance customers," said Joseph Theobald, Director of Citizens' Special Investigations Unit, which spearheaded the company's look into Rubicon's activities. "These arrests represent one more warning to those so inclined – we are watching and are serious about stopping fraud."

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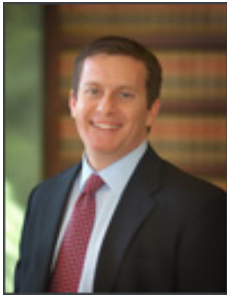
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Patronis appoints Rivard to Citizens Board

TALLAHASSEE, FL – Florida Chief Financial Officer (CFO) Jimmy Patronis has appointed Panama City resident Bo Rivard to the Citizens Property Insurance Corporation Board of Governors.

Rivard brings more than 20 years of experience working for families and businesses across the state, Patronis said in an announcement released April 29. Rivard, whose term expires on July 31, 2020, succeeds former Senate President John McKay, who stepped down in March.

“I’m thrilled that he will be joining the Citizens board,” Patronis said. “He has seen first-hand the financial impact of natural disasters, and I know he will work tirelessly for every policyholder,” Patronis said.



Rivard

Rivard, is a partner at Harrison, Rivard, Duncan, & Buzzett and recently served as chairman of the Florida Fish and Wildlife Conservation Commission.

“I’m honored to be part of Citizens and to help give a voice for Florida homeowners,” Rivard said in a statement. “My top priority is to ensure Floridians are at the forefront of every decision made, and I look forward to advocating every day for the families who call our state home.”

Hurricane prep and response is a 365-day-a-year effort

Jacksonville, FL – Whether it’s preparing for the 2019 hurricane season or handling claims from Hurricane Michael, Citizens staff members are willing and able to respond.



Employee representatives on site at DFS Insurance Village held Gulf Coast State College in Panama City.

Citizens joined other insurers May 5-6 at an insurance village sponsored by the Department of Financial Services in Panama City. Citizens claims representatives met with policyholders impacted by Michael, a Category 5 hurricane that slammed into the Panhandle in October 2018.

Looking forward, Citizens staff held a mock disaster exercise May 8 to test equipment and procedures in advance of the 2019 hurricane season that begins June 1. Nearly 150 Citizens employees have volunteered for field duty, if needed to handle claims after a storm.



News Links

[Insurance-fraud ring put in dozens of phony claims on homes across Miami-Dade, police say](#)
Miami Herald

[Miami-Dade State Attorney Katherine Fernandez Rundle Announces Arrests In \\$600K Homeowners Insurance Scam](#)
CBS Miami

['Operation Rubicon' Nets 9 Arrests in \\$600K Florida Insurance Fraud Scheme](#)
Insurance Journal

[AOB Abuse King Addresses His Army of Vendors, Vowing to Get Around the New Law](#)
Sunshine State News

[Florida's Eye of the Lawsuit Storm](#)
Wall Street Journal

[A Quick First Look at Florida's New AOB Bill](#)
Insurance Journal

[Hurricane Michael Insurance Consumer Village brings insurance companies to you](#)
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