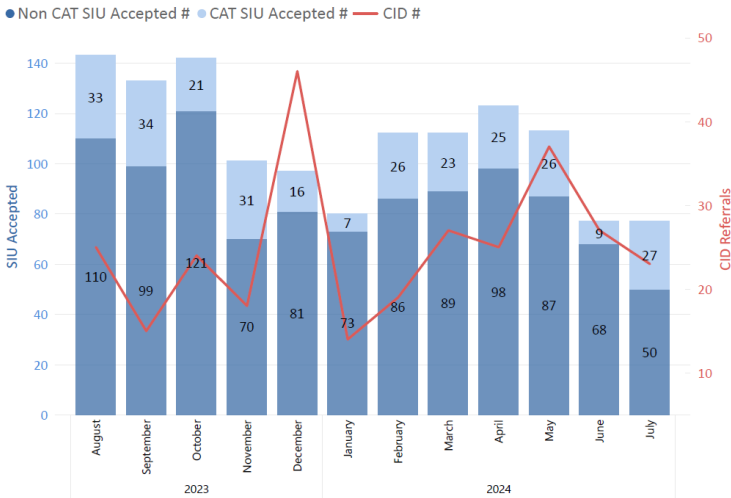


Addendum: SIU

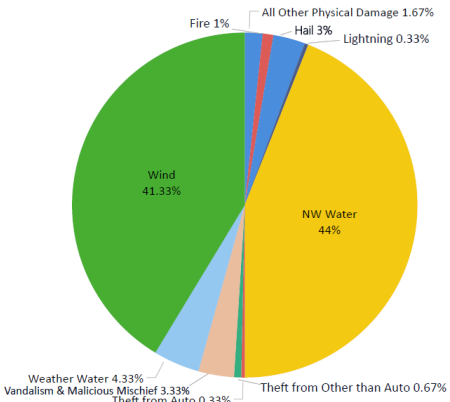
Claims Committee Meeting, September 12, 2024
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Special Investigations Unit (SIU)

CID Referrals Vs. CAT and Non-CAT SIU Accepted



CID Referrals by Loss Type



Q2 2024	Investigations Accepted by SIU	Investigations Completed by SIU	SIU Investigations Resulting in CID Referral	CID Referral Rate	Q1 2024 SIU Acceptance	% Change from Previous Quarter
CAT	60	56	14	25.00%	56	▲7%
Non-CAT	253	254	75	29.53%	248	▲2%
Total	313	310	89	28.71%	304	▲3%

Overview

During the second quarter 2024, the SIU opened 313 claim investigations which calculates to a 3% increase from the previous quarter and generated 89 referrals to the Florida Division of Criminal Investigation (CID) in accordance with statutory requirements. Approximately 28% of claims investigated by the SIU were referred to the CID and 41% involve weather/wind claims, many that are solicited directly by third-party representatives, including public adjusting firms and contractors.

Major Case Update

During July 2024, officials with Florida's CID arrested a Miami plumber that was charged with insurance crimes for engaging in a scheme to defraud Citizens of more than \$35,000 by creating false repair receipts. Additionally, two insureds were arrested for their part in the scheme by authorizing the submission of false property insurance claims for their property which was insured by Citizens. The trio of arrests stem from an ongoing Citizens' SIU investigation where it was determined that the plumber



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was involved in numerous suspect claims; some of which the insured's admitted that bogus claims were filed to Citizens even though no loss had occurred at their property.

Cases of Interest

Hillsborough County – Non-weather water: An SIU investigation into a non-weather water claim revealed that the public adjuster contrived the claim and according to the insured, the public adjuster was aware that damage predated the claim and the policy of insurance. The public adjuster and attorney withdrew representation of the insured, who subsequently withdrew his claim reserved at \$2,500. A referral to CID submitted.

Broward – Non-weather water: After the insured's claim was initially denied for long-term leakage and seepage, an SIU investigation ensued when Citizens received a repair invoice for air conditioning replacement in support of the loss. The contractor refused to cooperate with the investigation and details within the invoice didn't support the loss reported by the insured. Citizens' denial of the claim, which was reserved at \$5,000, was affirmed. A CID referral was submitted.

Miami Dade – Theft: An SIU investigation into a vandalism which purportedly occurred after the insured purchased a tenant occupied rental property determined that the insured attempted to claim \$52,000 for property that he was aware, at the time, was not stolen or damaged and that some damage occurred prior to issuance of the policy. A CID referral was submitted.

Hillsborough – Wind: An SIU investigation into a windstorm claim found that the insured attempted to claim interior water damage that he was aware, at the time, pre-dated the loss and issuance of the policy that was sustained in a prior windstorm; and that evidence that roof damage was man made. The claim was reserved at \$5,000 and was denied for material misrepresentation and concealment of information. A CID referral was submitted.

Hillsborough – Non-Weather Water: After the insured reported a leak under the kitchen sink resulting in damage to the surrounding cabinets, an SIU investigation found that the insured misrepresented the pre-loss condition and through his public adjuster submitted a \$27,000 estimate which included water damage that the insured was aware, at the time, was sustained in a prior claim she submitted to Citizens. A CID referral was submitted.

Palm Beach – Wind: An SIU investigation into a windstorm claim found that the claim was contrived and that the insured attempted to claim roof damage and resulting interior water damage that the insured knew, at the time, was sustained in a prior windstorm and presented to her prior insurer. The claim was denied, and no payments were issued. A referral to CID was submitted.

Miami Dade – Non-Weather Water and Windstorm: An SIU investigation revealed that after the insured agreed to a free inspection and signed an electronic tablet to submit a claim, two separate and unrelated losses were submitted on the insured's behalf within a four day period; a pipe-break in the plumbing system reported by a public adjusting firm and a claim for roof damage resulting from a storm that allegedly occurred eight months earlier, reported by an attorney. The SIU investigation into both claims, supported by the insured's admission, revealed that the water claim was contrived and initiated by a representative from the water restoration company that alleged to have completed over \$20,000 in temporary repairs, including water mitigation, tarping, and directed the legal representation of the insured

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to an attorney and public adjuster for the respective claims. The claims reserved at \$20,000 were denied; the non-weather water claim for no ensuing water damage and the windstorm claim for late reporting. A referral to CID was submitted on both claims.

Palm Beach County – Wind: A referral was submitted to CID after an SIU investigation determined that the insured and public adjuster knowingly submitted a false claim when they failed to disclose prior losses and existing damage they knew, at the time, were related to a previous windstorm submitted to a prior insurer. As a result, the claim reserved at \$27,500 was denied for material misstatements.

Hillsborough County – Wind: An insured voluntarily withdrew roof damage claim and for related emergency services after an SIU investigation determined that the insured and their public adjuster intentionally attempted to fabricate the date of loss to fit within the policy period. No payments were issued on the claim which was reserved at \$5,000 and the invoice for emergency services was not pursued by the contractor. A referral was submitted to CID.

Hillsborough, Miami-Dade, Sarasota, and Volusia Counties – Personal Lines / Policyholder: The SIU investigations established that five policyholders submitted false applications for personal lines coverage by failing to disclose they owned and actively operated Assisted Living Facilities at the risk locations which are commercial establishments not eligible for liability coverage afforded by a personal lines policy. As a result, three of the policies have been canceled and the remaining two policies have been nonrenewed, removing a total of \$2,504,640 in exposure from Citizens. CID referrals were submitted against the insureds for application misrepresentation.

Hillsborough and Pinellas Counties – Personal Lines / Policyholder: SIU identified two insureds that submitted false insurance applications for personal lines coverage for risk that were operating, at the time, as Adult Family Care Homes which are commercial establishments and not eligible for liability coverage. As a result, the policies were non-renewed, removing \$773,370 in exposure from Citizens. CID referrals were submitted against the insureds for application misrepresentation.

Orange County – Personal Lines / Policyholder: A Citizens' insured was arrested and charged with insurance fraud by materially misrepresenting the application of insurance by failing to disclose that she operated an assisted living facility in operation at the risk. As a result of the SIU findings, the policy was voided and the risk exposure of more than \$276,000 was removed and no payments were issued on the claim.