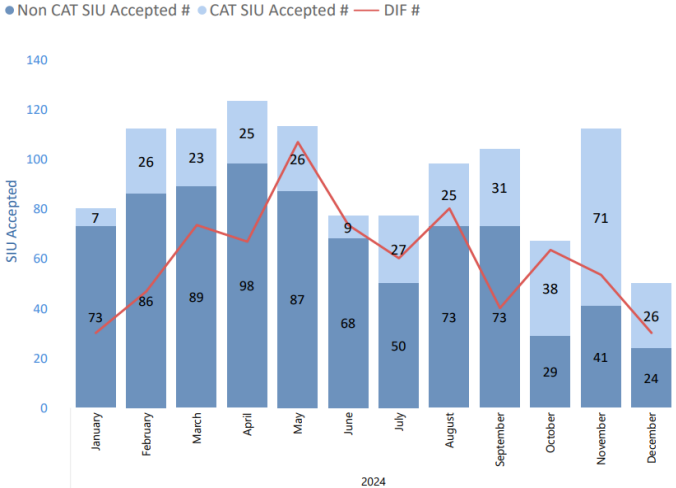


# Addendum: SIU

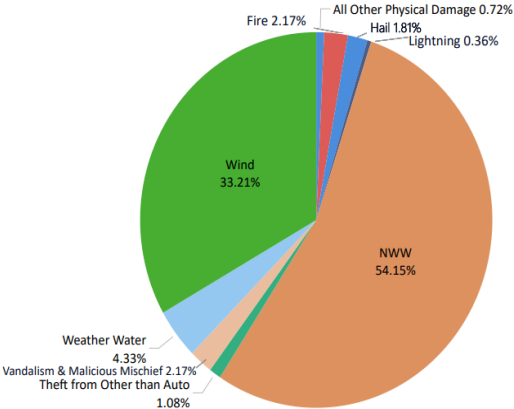
**Claims Committee Meeting, March 6, 2025**  
**Board of Governors Meeting, March 12, 2025**

## Special Investigations Unit (SIU)

FBE\* (DIF/CID) Referrals vs. CAT and non-cat Claim Investigations



DIFS Referrals by Loss Type



Q4 2024	Investigations Accepted by SIU	Investigations Completed by SIU	SIU Investigations Resulting in FBE* Referral	FBE* Referral Rate	Q3 2024 SIU Acceptance	% Change from Previous Quarter
<b>CAT</b>	135	126	11	8.73%	83	▲ 39%
<b>Non-CAT</b>	94	167	48	28.74%	196	▼ 109%
<b>Total</b>	<b>229</b>	<b>293</b>	<b>59</b>	<b>20.14%</b>	<b>279</b>	<b>▼ 22%</b>

\*Fraud Bureau and Enforcement pertains to complaints submitted to Florida's Bureau of Fraud, Criminal Investigation Division.

### Overview

During the fourth quarter of 2024, the SIU opened 229 claim investigations which calculates to a 22% decrease from the previous quarter and generated 59 referrals to Florida's Bureau of Fraud, Criminal Investigation Division (CID) in accordance with statutory requirements. Approximately 20% of claims investigated by the SIU were referred to the CID and 33% involve weather/wind claims, many that are solicited directly by third-party representatives, including public adjusting firms and contractors.

### Major Case Update

In October 2024, a former Citizens'-appointed agent was arrested by the Federal Bureau of Investigations (FBI) and charged with bank fraud in connection with the premium finance scheme and issuance of phantom policies.



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The agent's appointment has been terminated with cause following an extensive SIU investigation which found that he stole over \$5M in loans that were issued by a bank to help twenty condominium associations pay their property insurance premiums. Acting on a tip from a bank, the SIU found that the agent submitted false loan applications, along with underwriting submissions, for twenty condominium associations and kept the money. Because Citizens never received the funds, the submissions were closed, and no policies were issued. The SIU investigation confirmed that twelve of the commercial risks are insured through other insurance carriers or have purchased policies through another appointed agency. Certified letters were mailed to the remaining eight to notify them that there is no record of property insurance with Citizens. The agent and his attorney did not cooperate in an interview or onsite review of the agency records. Our findings were provided to Florida's Bureau of Fraud, Criminal Investigation Division (CID) who deferred to the FBI, which was already involved and assumed responsibility for filing charges.

## Cases of Interest

**Hillsborough – Wind:** During the presentation of an insured windstorm loss, the SIU established that the public adjuster engaged in unlicensed public adjusting when he represented the insured on the claim as their public adjuster, and prepared and submitted estimates on behalf of his client, which occurred after being notified that this public adjuster licensed has been suspended. A CID referral was submitted and a complaint to DFS Agent and Agency Services is forthcoming.

**Broward – Fire:** After the insured reported that her home sustained fire damage due to the explosion of a lithium battery, the SIU later determined that the fire was caused intentionally by her husband, who was subsequently arrested and charged with setting the fire. The claim, reserved at \$50,000, was denied because it was caused by an intentional act, and a CID referral was submitted due to the material misstatements of the insured.

**Miami Dade – Fire:** An SIU investigation, supported by an examination by an Origin and Cause Expert, determined that the fire damage was caused intentionally by an insured as an act of revenge and with the intent of causing damage. The claim, reserved at \$100,000, was denied after the insured failed to appear at an Examination Under Oath (EUO). A CID referral was submitted.

**Miami Dade – Wind-Hurricane:** After the insured filed suit against Citizens for claimed windstorm damage related to Hurricane Ian, the SIU investigation established that no loss occurred and that the insured misrepresented the pre-loss condition of the risk and presented unrepaired damage that was knowingly incurred from Hurricane Irma. As a result of the findings, the insured's attorney dismissed the suit with prejudice and no payments were made. A CID referral was submitted.

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**Broward – Wind-Hurricane:** After Citizens tendered \$39,000 in payments to the insured for damage related to Hurricane Ian, it was learned that the public adjuster absconded with the payments. Furthermore, the mold remediation company, owned by the public adjusters' wife obtained \$6,000 from Citizens under a direction to pay for services that were not rendered. A CID referral was submitted.

**Pinellas County – Wind:** The insured reported windstorm damage, which purportedly occurred within 30 days of policy inception. Because there were no signs of a storm-created opening and the damage resulted from improper flashing, the claim was initially denied. The insured's roofing contractor filed an AOB lawsuit demanding \$47,000 based upon their roof estimate in support of damage. During litigation, it was established that the roofing company representatives contrived the loss to occur after coverage began and that their inspections and \$2,950 in emergency mitigation services were performed a month prior to the reported loss and inception of the policy with Citizens. As a result, the lawsuit was dismissed with prejudice and the plaintiff was ordered to repay Citizens \$10,000. A CID referral was submitted.

**Duval – Wind:** After the insureds presented a \$20,000 invoice for tree removal and other repairs resulting from storm damage affecting rental property, an SIU investigation found that the insured materially misrepresented the cost by submitting a false contracting invoice by nearly 400%. The claim was denied for material misstatements by the insured and her fiancée, who created and submitted the invoice under his construction company. A CID referral was submitted.

**Miami-Dade – Non-weather water:** An SIU investigation into a sudden and accidental water loss resulting from a broken angle valve in the insured's bathroom, established evidence, supported by expert findings, that the water leak was staged by the plumber by pouring water on the angle valve. When provided with the SIU findings at the Examination Under Oath, the insured withdrew the claim.

**Seminole – Water-hail:** The SIU submitted complaints to the CID and DFS' Agent and Agency Services against an Orlando-based roofing company representative that engaged in unlicensed public adjusting when she attempted to direct and control the handling of a hail claim on behalf of the insured.

**Lee – Wind-Hurricane:** An SIU investigation into a Hurricane Ian claim determined that the insured's attorney submitted a false roofing contract for \$88,000 after the insured had already obtained a repair quote from a different roofer for \$60,000. A CID referral was submitted.

**Volusia – Non-weather water:** After their claim was closed failing to allow an inspection of the damaged property, the insured reopened the claim and presented Citizens with photographs in support of windstorm damage. The SIU investigation established that the claim was contrived, and the photographs presented by the insured were taken five months prior to the date of loss.

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**St. Johns – Wind:** An SIU investigation determined that after Citizens tendered payment to replace the insured's roof, the insured's contractor submitted forged documents and an Appraisal Demand to Citizens without the insured's knowledge or consent. Citizens had previously issued payments for full replacement of the roof and no action was taken on the falsified appraisal demand of \$26,500.

**Miami-Dade, Palm Beach Counties – Personal Lines / Policyholder:** SIU identified three insureds who submitted false applications by failing to report they were operating, at the time, as Licensed Assisted Living Facilities which would have been a total of \$5,400 higher premium owed and not extended liability coverage under a commercial lines policy.

**Brevard County – Personal Lines / Policyholder:** SIU identified an insured that submitted a false insurance application for personal lines coverage for a risk that operated, at the time, as an Adult Family Care Home, which is a commercial establishment costing \$661 higher premium and not eligible for personal lines liability coverage. As a result of the investigation, the policy was voided, removing \$650,750 in exposure from Citizens. A CID referral was submitted against the insured for application misrepresentation.