

INTERNAL AUDIT

Special Investigation Unit
Advisory Engagement

May 7, 2019





Advisory Memorandum

Background

Citizens' Special Investigations Unit (SIU) investigates potential fraudulent activity referred by the Company's Claims, Underwriting and Agency Services Department personnel. Additionally, by leveraging data from Citizens' systems and applications, SIU performs rules based data analytics and reporting, which are reviewed by SIU Managers for indicators of potential insurance fraud. These indicators can lead to SIU investigations to determine if insurance fraud has occurred.

Ever evolving complex fraud schemes are compelling SIU Departments world-wide to explore opportunities to best utilize available data with emerging technology including advanced fraud analytic solutions. Given this, there is an opportunity for Citizens' SIU, in support of its vision, to develop governance processes surrounding proactive insurance fraud monitoring that will allow SIU to meet emerging detection needs.

Objectives and Scope

The objective of this advisory was to provide consultative advice regarding controls and leading practices for adequate oversight of SIU processes designed to proactively detect insurance fraud. In collaboration with SIU Management, Internal Audit aimed to assist in providing advice to enhance governance processes surrounding proactive insurance fraud monitoring that would enable SIU to easily transition to a future analytic reporting system should it become available.

Results

Internal Audit collaborated with SIU Management to develop proactive insurance fraud monitoring governance procedures and tools, including a report matrix & scorecard, which will enable tracking, consistency and accountability surrounding the creation and review of monitoring reports. Furthermore, the scorecard captures how report creators and reviewers time can be best optimized and prioritized based on value and difficulty to create and review.

Additionally, we noted opportunities to enhance monitoring and oversight of processes designed to proactively detect insurance fraud at Citizens. These opportunities are based on industry leading practices and can aid SIU to achieve its vision of effectively leveraging advanced analytics to increase the speed and efficiency of insurance fraud detection.

Internal Audit would like to thank SIU Management and staff for their cooperation and professional courtesy throughout the project.



Distribution

Addressee(s) Joseph Theobald, Director, Claims - SIU

Addressee(s) **Business Leaders:**
Barry Gilway, President/CEO/Executive Director
Jay Adams, Chief, Claims
Christine Turner Ashburn, Chief, Communications, Legislative & External Affairs
Mark Kagy, Acting Inspector General

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The External Auditor

Completed by Michael Walton, Internal Audit Manager, and Patrick Lynch, Internal Audit Manager

Under the Direction of Joe Martins, Chief of Internal Audit