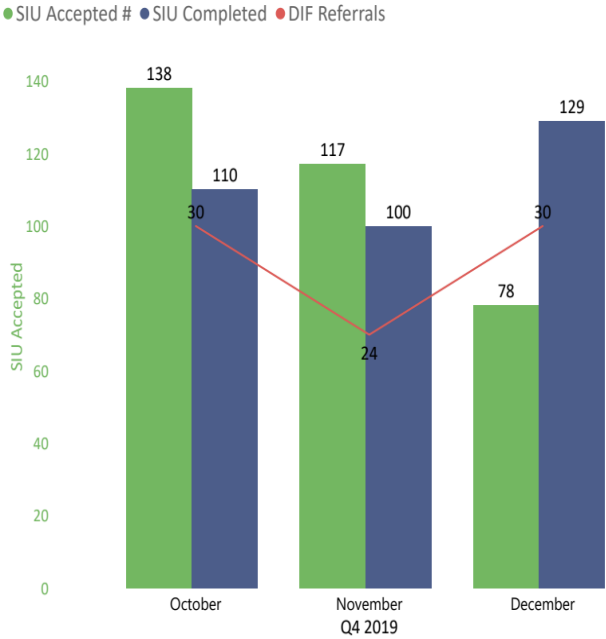


Addendum: Special Investigations Unit

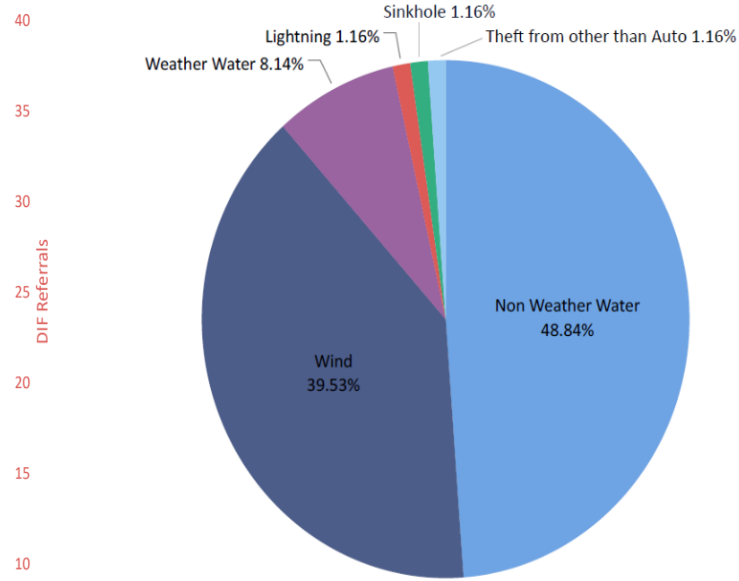
Claims Committee Meeting, March 12, 2020
 Board of Governors Meeting, March 25, 2020

Special Investigations Unit

Q4 2019 DIF Referrals Vs. SIU Accepted & Completions



Q4 2019 DIF Referrals by Loss Type



Q4 2019	Investigations Accepted by SIU	Investigations Completed by SIU	SIU Investigations Resulting in DIFS Referral	DIFS Referral Rate
CAT	109	103	32	31%
Non-CAT	224	236	52	22%
Total	333	339	84	24%

Overview

During the fourth quarter 2019, Citizens’ Special Investigations Unit (SIU) accepted 333 claims for investigation and submitted 84 referrals to the Florida Division of Investigative and Forensic Services (DIFS) in accordance with our statutory requirements. Forty-eight percent of claims investigated by the SIU involved losses associated with Hurricane Irma, most of which are late reported by third party representatives such as attorneys, public adjusters, and contractors.

Major Case Update

Operation Crossing the Rubicon (Update): Since the last Claims Committee meeting, law enforcement officials from Miami-Dade Police Department, working in conjunction with Florida Department of Financial Services, arrested nine policyholders for their role in submitting fraudulent non-weather water and wind claims to Citizens. The scheme was investigated by investigators with Citizens’ SIU who turned over documentation on approximately 100 claims to law enforcement in support of their



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efforts to prosecute fraud. The year and a half long effort by investigators brings the total number of arrests to 41 individuals who are charged with various insurance crimes.

As a result of the investigations and internal collaboration with Litigation and Legal, Citizens obtained dismissals on several lawsuits filed by insureds and their Assignment of Benefit (AOB) providers. The arrests of 32 insureds spans 46 claims in which \$1.3 million in payments had been issued by Citizens.

Other Cases of Interest

Clearwater / Sinkhole: The Insured reported structural damage to his property's foundation due to sinkhole activity. The SIU investigation established evidence that on his application of insurance, the insured misrepresented the risk condition and failed to disclose existence of a prior sinkhole damage. As a result, the insured's policy was voided ab initio and the premiums returned. The claim reserved at \$115,000 was not paid. A DIFS referral was submitted.

Tampa / Non-Weather Water: The insured failed to appear for an Examination Under Oath in order to explain the conflicting information submitted in support of reported damage that he alleged to have sustained by a failed supply line. The claim reserved at \$6,500 was withdrawn after the insured's attorney filed a voluntarily dismissal without prejudice. A DIFS referral was submitted.

Palm Beach / Non-Weather Water: The insured's attorney reported water damage to the kitchen, hallway, dining room and bathrooms due to a plumbing failure in the kitchen. The SIU investigation revealed that the loss was fabricated by the attorney firm and the insured had no knowledge that a claim for damage or loss was being submitted on his behalf. It was further established that an unlicensed loss consultant had obtained information from the insured after knocking on his door offering to provide a free home inspection. The claim reserved at \$5,000 was withdrawn. A referral to DIFS was submitted.

Broward / Wind Loss: After the insured's public adjuster submitted a claim for wind and water damage associated with Hurricane Irma, the SIU investigation established that the claim was contrived, and that the insured attempted to claim old damage that pre-dated the event. The claim reserved at \$10,000 was denied as there was no storm-created opening and that the existing damage resulted from long term leakage, seepage and rot. A DIFS referral was submitted based on the insured's material misrepresentation of the date of loss, as well as her false statements under oath.

Broward County, Palm Beach County – Personal Lines / Policyholder: Through proactive investigative efforts, SIU identified two personal lines risks that were operating as Assisted Living Facilities (ALF). The SIU investigations established that the policyholders misrepresented the risk use at the time of application. The policies were canceled, removing \$744,790 in exposure from Citizens. DIFS referrals were submitted for each of the insureds.