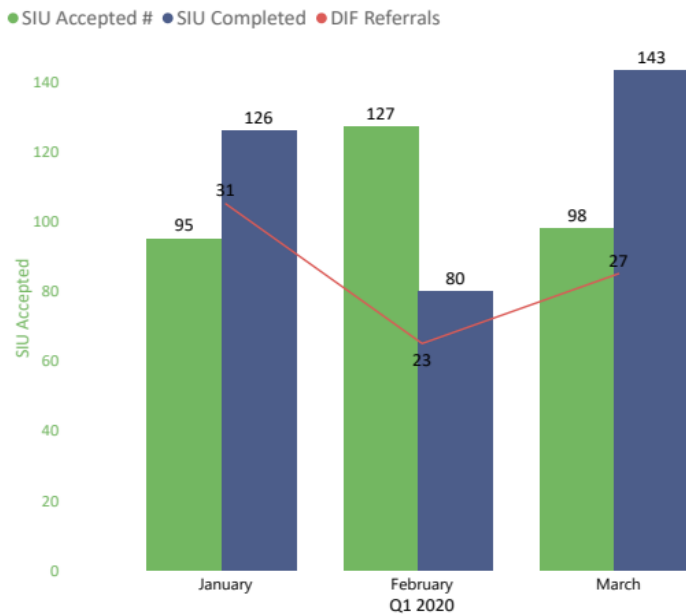


Addendum: SIU

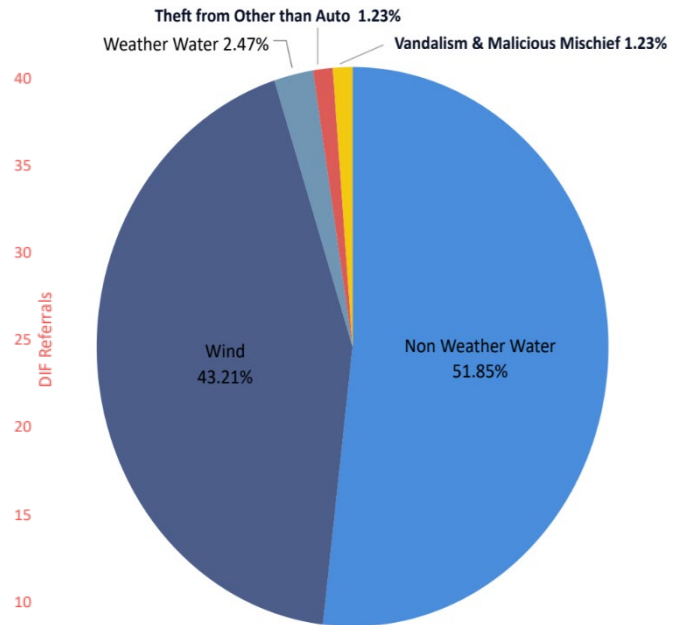
Claims Committee Meeting, June 1, 2020
Board of Governors Meeting, June 24, 2020

Special Investigations Unit (SIU)

Q1 2020 DIF Referrals Vs. SIU Accepted & Completions



Q1 2020 DIF Referrals by Loss Type



Q1 2020	Investigations Accepted by SIU	Investigations Completed by SIU	SIU Investigations Resulting in DIFS Referral	DIFS Referral Rate
CAT	104	129	29	22%
Non-CAT	216	220	52	23%
Total	320	349	81	23%

Overview

During the first quarter 2020, Citizens' Special Investigations Unit (SIU) accepted 320 claims for investigation and submitted 81 referrals to the Florida Division of Investigative and Forensic Services (DIFS) in accordance with our statutory requirements. Forty-three 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.

Addendum: SIU

Claims Committee Meeting, June 1, 2020

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Major Case Update

Underwriting Fraud: An Underwriting investigation into four personal-lines policies ultimately established evidence that a Tampa-based inspector submitted duplicate stock photos in support of mitigation credits on 229 personal lines risks. During his interview, the inspector admitted he used stock photos for the roofing construction features (such as nail spacing) and had put in erroneous information into the wind mitigation forms. During a reinspection of the risks coordinated by Underwriting, it was confirmed that the inspector provided materially false and misleading information to Citizens and our appointed insurance agents, leading to damages that will be in excess of \$100,000 sustained by both Citizens and our consumers. As a result of SIU's findings, complaints have been submitted to the Department of Business and Professional Regulation and DIFS.

Other Cases of Interest

Miami-Dade / Non-Weather Water: An SIU investigation into a non-weather water loss determined that the Insured's attorney reported a plumbing leak which caused damage to the kitchen cabinets, baseboards and flooring. Citizens was notified of the plumbing leak 7 days after the alleged event, and after \$4,182.72 in water mitigation services under an Assignment of Insurance Benefits (AOB). The SIU investigation established that the loss was contrived, and the insured attempted to claim damage that occurred eight years prior. The claim reserved at \$2,500 was subsequently denied due to material misrepresentation concerning repairs made by the insured under oath. A Florida Division of Investigative and Forensic Services (DIFS) referral was submitted.

Brevard / Wind: After Citizens' claims adjuster determined that the insured's hurricane damage was below the hurricane deductible, a contractor submitted a supplemental claim with Proof of Loss for repairs and roof replacement. It was established the insured had no knowledge that the supplement was being pursued on her behalf and confirmed she had not replaced her roof. The SIU investigation established the contractor submitted false documents. SIU further established the contractor was not licensed as a general contractor, roofer or public adjuster and did not complete the repairs as claimed. The supplement submitted in the amount of \$37,704.25 was not paid and a DIFS referral was submitted.

Miami-Dade, Palm Beach – Personal Lines / Policyholder: SIU's investigation identified four instances where a personal lines risks became statutorily ineligible for personal lines coverage when they began operating as Large Family Daycares after insurance applications were received by Citizens. Although it was determined there was no evidence of intentional misrepresentation, three policies were nonrenewed and one cancelled, removing a total of \$1,344,600 in exposure from Citizens.

Palm Beach – Personal Lines / Policyholder: An SIU investigation revealed the insured submitted an altered property inspection report by falsifying the date. As a result, Citizens Underwriting cancelled the policy, removing approximately \$530,560 in risk from Citizens. A DIFS referral was submitted.

Miami-Dade – Agency Matter: An SIU investigation revealed a Citizens appointed agent accepted premium payments from two different insureds for four different policies and failed to remit the payments to Citizens and/or make reimbursement to the insureds in a timely manner. The agent's actions involve misappropriation of approximately \$6,682. Citizens Agency Management has terminated the appointments of the agent and agency. A referral was submitted to DIFS.