

# OFFICE OF INSPECTOR GENERAL

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## ANNUAL REPORT

**Mark Kagy**  
Acting Inspector General

A report of the Office of Inspector General's  
activities and accomplishments.



# 2019



## A Message from the Acting Inspector General

On behalf of the Office of Inspector General (OIG) for Citizens Property Insurance Corporation (Citizens), I am pleased to submit this annual report which summarizes the OIG's major activities for calendar year 2019.

The OIG's mission is to protect the integrity of Citizens and its public purpose to provide property insurance products and services to eligible Floridians. The OIG accomplishes its goals by serving as an independent, investigative entity, which is administratively housed within Citizens. Our job is to help Citizens operate with accountability, integrity, and efficiency. We do this by conducting objective, fact-based analyses, and developing impartial reports.

The OIG was created in 2014 with the hiring of Citizens' first Inspector General, Bruce Meeks. Mr. Meeks was instrumental in the formation of the office and integrating our work into the corporation. Mr. Meeks set the stage for the OIG, developing a firm and fair approach and establishing an independent yet professional and respectful relationship between the OIG and Citizens. Mr. Meeks selected staff with a wide range of experience and expertise, that has remained dedicated to this day. Having spent four years building the OIG, Meeks ultimately retired in 2018 to pursue other personal goals. Since his departure, I have been tasked with driving the OIG into the future.

As we begin our seventh year of operation, the OIG has successfully transitioned from the "building phase" into a fully formed office. Each year, the OIG has experienced an increase in the number of inbound complaints and projects performed. As the OIG ages and its purpose becomes clearer to Citizens' staff, vendors, and policyholders; increases in projects and complaints are to be expected.

As you will see in this report, the OIG has spent significant time responding to complaints and requests for assistance or investigations. Although investigative projects are the cornerstone of OIG work, having a proactive approach can often resolve matters before an investigation is necessary. As such, we have made considerable efforts to establish the OIG presence at Citizens and build a professional rapport with individual Citizens' divisions.

In closing, I would personally like to express my thanks and appreciation to the Financial Services Commission, the Chair of Citizens' Board of Governors, and to the Chief Inspector General for their support in our operations. I appreciate the efforts of the OIG staff as they have each greatly assisted in filling the gaps felt by Mr. Meeks' retirement. I look forward to the future and I am excited to see the continued successes of this office.

Mark Kagy, CCEP, CIG, CFE, CIGI  
Director of Investigations  
Acting Inspector General



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# Executive Summary

Section 627.351(6), Florida Statutes, establishes Citizens Property Insurance Corporation (Citizens) as a government entity that is an integral part of the state. Citizens is responsible for providing insurance protection to Florida policyholders who are entitled to but are unable to obtain insurance in the private market. Citizens operates pursuant to a plan of operation approved by order of the Financial Services Commission.

Citizens' Office of Inspector General (OIG) was established to "provide a central point for coordination of and responsibility for activities that promote accountability, integrity, and efficiency." Citizens' first Inspector General, Bruce Meeks, retired in 2018 and beginning February 1, 2018, Director of Investigations Mark Kagy has served as Acting Inspector General. The OIG has just completed its sixth year of existence and has assembled this **Annual Report** highlighting the accomplishments and activities of the office.

In 2019, the OIG:

- Received 49 correspondence (defined as inbound communications – these include complaints, referrals, requests for investigation or review, or any other tracked communications)  
This resulted in the *initiation* of:
  - 13 Cases (eight Investigations, four Investigative Inquiries and one Process Review)
  - 36 Administrative Projects (Consultations, Referrals, and Administrative Closures)
- Closed 14 Investigations/Investigative Inquiries (six Investigations/Investigative Inquiries carried over from 2018)
- Closed 40 Administrative Projects (Consultations, Referrals and Administrative Closures (four Administrative Projects carried over from 2019))
- Assisted in leading and conducting multiple Citizens training activities, events, and seminars aimed at identifying and enhancing leadership qualities within the corporation
- Refined internal standard operational procedures for investigations and other projects
- Participated on Citizens' Executive Leadership Team (ELT) and Senior Leadership Team (SLT)
- Conducted formal and informal outreach efforts to Citizens' managers in an effort to exchange information regarding OIG and business unit roles, responsibilities, and expectations

# Corporate Background

Citizens Property Insurance Corporation was created by the Florida Legislature in August 2002 as a not-for-profit, tax-exempt, government entity. Its mission is to provide insurance protection to Florida policyholders who are entitled to but are unable to find property insurance coverage in the private market.

Citizens' customers include Florida home, business and condominium owners, as well as Florida property owners who come to Citizens seeking coverage. Citizens is funded by policyholder premiums and, additionally, if its surplus is depleted in the wake of a particularly devastating storm or series of storms, Florida law requires Citizens to levy assessments on most Florida property-casualty insurance policyholders until any deficit is eliminated. These financial responsibilities drive Citizens' commitment to quality customer service and rigorously sound financial management.

Citizens operates according to statutory requirements created by the Florida Legislature and a Plan of Operation approved by the Florida Financial Services Commission. The corporation is governed by a Board of Governors that administers its Plan of Operation. Three members of the Board are appointed by Florida's Governor, and the President of the Florida Senate, Speaker of the Florida House and the state's Chief Financial Officer each appoint two members.

Citizens has offices in Tallahassee, Jacksonville and Tampa. Tallahassee is the corporate headquarters for the organization. The Jacksonville office provides policy services and underwriting, claims, and customer support. The Tampa office provides limited office and meeting space for locally based and remote employees<sup>1</sup>.

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<sup>1</sup> [www.Citizensfla.com/who-we-are](http://www.Citizensfla.com/who-we-are)

# The Office of Inspector General

## Creation of the OIG

On May 29, 2013, Senate Bill 1770 was signed into law, modifying section 627.351(6)(gg), Florida Statutes. The bill required several modifications to Citizens' structure and operations. Most notably, for purposes here, the bill established the Office of Inspector General (OIG) to "provide a central point for coordination of and responsibility for activities that promote accountability, integrity, and efficiency."

## Purpose and Mission

The OIG is an integral part of Citizens. The OIG is authorized by Section 627.351(6)(gg), Florida Statutes. The office's mission is to promote accountability, transparency, integrity, and efficiency in Citizens' operations through independent and objective oversight.

## Differentiating the Role

Offices of inspector general are common throughout Florida. All state agencies maintain an office of inspector general and many local and county government entities and school districts have begun implementing inspector general offices in their jurisdictions.

State government offices of inspector general are housed within each state agency and operate under the authority of Section 20.055, Florida Statutes. Although not a state agency, Citizens is a government entity and the Citizens OIG

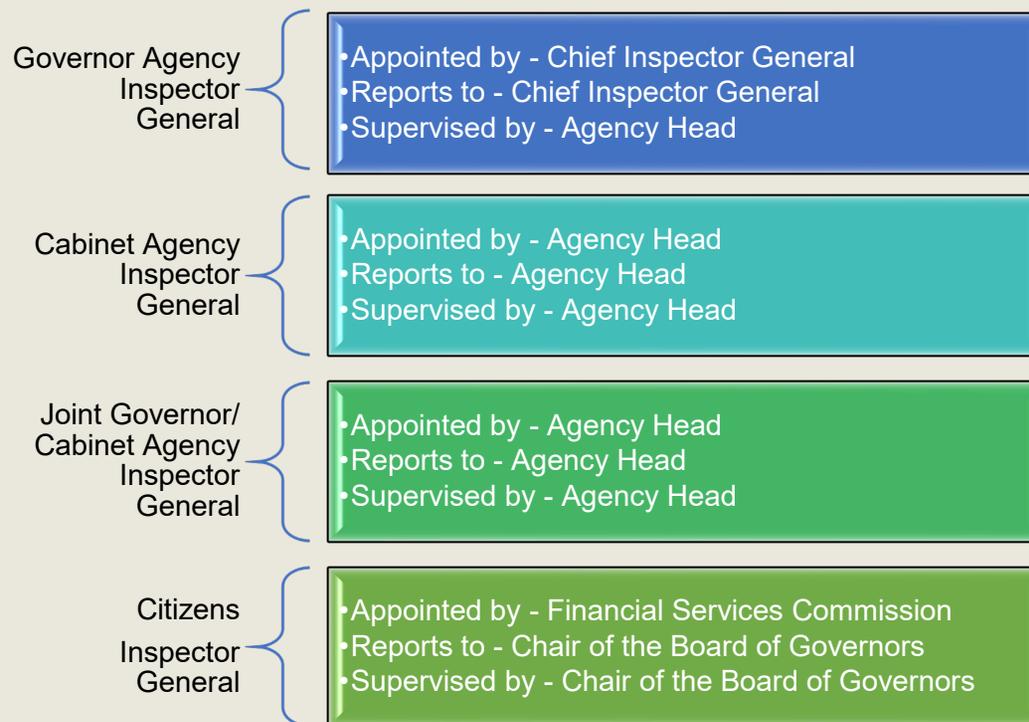
is housed administratively within the corporation. Citizens' OIG does not operate under the same authority as state agency offices of inspector general; Citizens' OIG is authorized by Section 627.351(6)(gg), Florida Statutes.

Citizens' OIG is unique in its function and authority as compared to state agency offices of inspector general. Although the reporting structure and responsibility of Citizens' OIG differs from that of state agency OIGs, Citizens' OIG maintains an independent structure and broad authority.

State agency OIGs have authority to conduct audits, investigations, and management reviews, as does Citizens' OIG. With respect to state agency OIGs, the staff and resources required to carry out these functions are housed under a singular OIG unit. Unlike state agencies, Citizens has a separate, independent OIG, and a separate, independent Office of the Internal Auditor (OIA). Citizens' Chief of Internal Audit is appointed by, reports to, and is under the general supervision of the Board of Governors, while reporting functionally to the Audit Committee of the Board of Governors.

Similar to Citizens' OIG, Citizens' OIA has audit, investigation and management review responsibilities in its enabling statute. Consequently, due to the duality of the OIG and OIA functions, Citizens' Inspector General and Citizens' Chief of Internal Audit have agreed that the OIG will be responsible primarily for investigative activities while the OIA will be responsible primarily for audit functions, and will collaborate on projects as necessary and mutually agreed upon. Both offices are required statutorily to cooperate and coordinate activities to maximize efficiencies and avoid duplication of effort.

In addition to investigative, audit, and management review functions, Citizens' OIG also has responsibilities not assigned to state agency OIGs. For example, Citizens' OIG has multiple responsibilities related to Citizens' ethics program, compliance, and security.



## Citizens' Inspector General Responsibilities

In accordance with Section 627.351(6)(gg)2, Florida Statutes, the inspector general shall initiate, direct, coordinate, participate in, and perform audits, reviews, evaluations, studies, and investigations designed to assess management practices; compliance with laws, rules, and policies; and program effectiveness and efficiency. This includes:

- a. Conducting internal examinations; investigating allegations of fraud, waste, abuse, malfeasance, mismanagement, employee misconduct, or violations of corporation policies; and conducting any other investigations as directed by the Financial Services Commission or as independently determined
- b. Evaluating and recommending actions regarding security, the ethical behavior of personnel and vendors, and compliance with rules, laws, policies, and personnel matters; and rendering ethics opinions
- c. Evaluating personnel and administrative policy compliance, management and operational matters, and human resources-related matters
- d. Evaluating the application of a corporation code of ethics, providing reviews and recommendations on the design and content of ethics-related policy training courses, educating employees on the code and on appropriate conduct, and checking for compliance
- e. Evaluating the activities of the senior management team and management's compliance with recommended solutions
- f. Cooperating and coordinating activities with the chief of internal audit
- g. Maintaining records of investigations and discipline in accordance with established policies, or as otherwise required
- h. Supervising and directing the tasks and assignments of the staff assigned to assist with the inspector general's projects, including regular review and feedback regarding work in progress and providing recommendations regarding relevant training and staff development activities
- i. Directing, planning, preparing, and presenting interim and final reports and oral briefings which communicate the results of studies, reviews, and investigations
- j. Providing the executive director with independent and objective assessments of programs and activities
- k. Completing special projects, assignments, and other duties as requested by the Financial Services Commission
- l. Reporting expeditiously to the Department of Law Enforcement or other law enforcement agencies, as appropriate, whenever the inspector general has reasonable grounds to believe there has been a violation of criminal law

## Organizational Structure

Citizens' Inspector General is appointed by the Financial Services Commission and may be removed from office only by the commission. The Inspector General reports to, and is under the supervision of, the Chairman of Citizens' Board of Governors.

Beginning February 1, 2018, Citizens' first Inspector General, Bruce Meeks, took a leave of absence and ultimately retired. Since that time, Director of Investigations Mark Kagy has served as Acting Inspector General and the office has continued to operate with an open position. The OIG currently consists of four employees:

- Acting Inspector General/Director of Investigations
- Two Senior Investigators
- Project Administrator

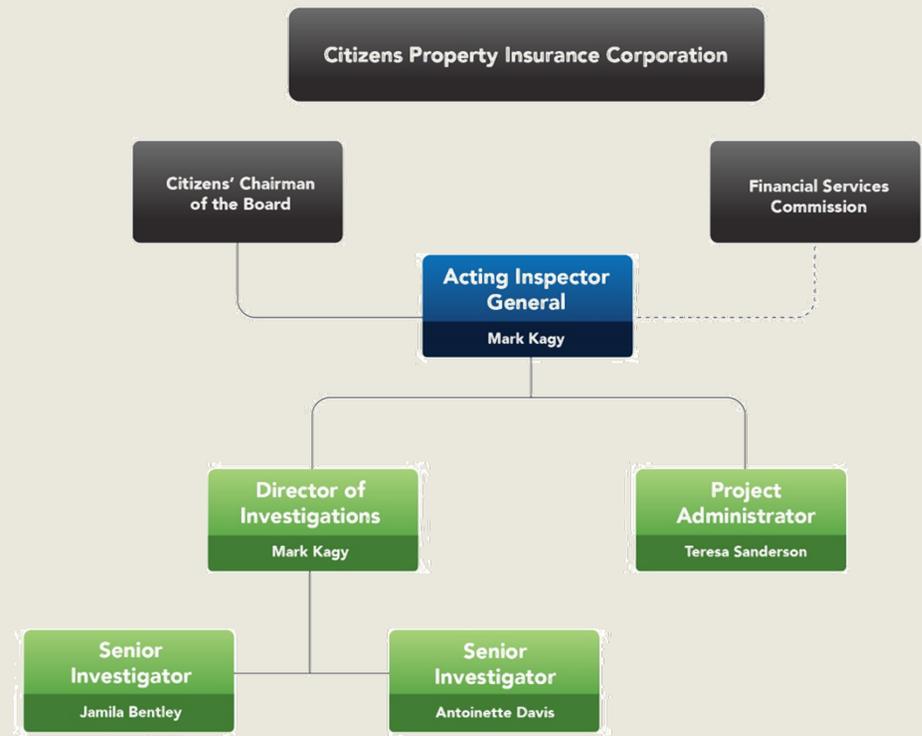
The OIG staff functions as a team with each member contributing through their unique background, professional experiences, education, knowledge, and skills.

OIG staff members hold the following specialty certifications and credentials:

- Certified Inspector General (1)
- Certified Compliance and Ethics Professional (1)
- Certified Inspector General Investigators (3)
- Certified Fraud Examiners (2)
- Certified EEOC Investigators (4)

- Notary Public (1)
- Graduate degree (1)
- All staff minimally possess a bachelor's degree

## Organizational Chart



# Office of Inspector General Processes

## Professional Standards

The OIG is committed to operating in conformity with the Principles and Standards for Offices of Inspector General as established by the national Association of Inspectors General (AIG). These professional ideals promote standardization of practices, policies and ethics; encouragement of professional development and education; and generation of work products of the highest quality. AIG standards are:

**Independence** – The inspector general and OIG staff involved in performing or supervising any assignment should be free from personal or external impairments to independence and should constantly maintain an independent attitude and appearance.

**Planning** – The OIG should maintain a planning system for assessing the nature, scope, trends, vulnerabilities, special problems, and inherent risks of organizational programs and operations and for use in establishing the goals, objectives, and tasks to be accomplished by the OIG within a specific time period.

**Organizing** – The inspector general is responsible for organizing the OIG to assure efficient and effective deployment of the OIG's resources.

**Staff Qualifications** – OIG staff should collectively possess the variety of knowledge, skills, and experience needed to accomplish the OIG mission.

**Direction and Control** – The inspector general should direct and control OIG operations to ensure that (1) all activities are adequately supervised, (2) performance is consistent with professional standards, and (3) periodic internal assessments are made of OIG activities and accomplishments.

**Coordination** – The OIG should coordinate its activities internally and with other components of government to assure effective and efficient use of available resources.

**Reporting** – The OIG should keep appropriate officials and the public properly informed of the OIG's activities, findings, recommendations, and accomplishments as consistent with the OIG's mission, legal authority, organizational placement, and confidentiality requirements.

**Confidentiality** – The OIG should establish and follow procedures for safeguarding the identity of confidential sources and for protecting privileged and confidential information.

**Quality Assurance** – The OIG should establish and maintain a quality assurance program to ensure that work performed adheres to established OIG policies and procedures, meets established standards of performance, and is carried out economically, efficiently, and effectively.

## OIG Investigations Procedures Manual

The OIG has developed a comprehensive internal investigations manual. This manual outlines standard operating procedures and provides the OIG staff with guidance to ensure activities are conducted in a consistent, fair, thorough, transparent, and objective manner. Procedures include detailed and specific standards and expectations within the OIG to include the following subject areas:

Analysis	Performance Evaluation
Case Management	Position Responsibilities
Case Planning	Post Investigative Activities
Code of Ethics	Proper Notification of Findings
Complaint Handling	Public Records Requests
Confidentiality	Qualifications
Continuing Education	Record Retention
Document Gathering	Reporting
Evidence Review	Report Distribution
File Organization	Security of Records
Independence	Teamwork
Interviewing	Training
Mission Statement	Whistle-blower Requirements
Organization	

## Continuing Professional Education and Training

In an effort to ensure staff remain abreast of ever-changing investigative practices and to ensure compliance with professional standards, OIG investigative staff are required to obtain 40 hours of continuing

education at least every two years and maintain professional competence for all investigative staff.

All members of the OIG attended EEOC training and became Certified EEOC Investigators.

## Complaint Triage Process

Citizens' Inspector General convenes meetings to triage complaints received through Citizens' complaint reporting hotline, *Tell Citizens* (or other mechanisms), to discuss the merits of the complaint and collaboratively assign the complaint for handling as appropriate<sup>2</sup>. The vast majority of complaints received are retained by the OIG for investigative projects. However, complaints involving performance issues, grievance matters, and the like, generally are referred to Human Resources (HR) or the appropriate business unit for handling. Offices in receipt of a referral have 30 days to provide a written response to the OIG of actions taken in response to the complaint.

The triage team may include any persons who are in a position to add value to the triage process. Typically though, the triage team consists of the:

- Inspector General
- Chief of Internal Audit
- Ethics and Compliance Officer
- Director of HR Strategic Services

<sup>2</sup> Prior to any triage activities, the Inspector General conducts a Whistle-blower analysis to determine if the complaint could meet the requirements of Florida's Whistle-blower Act.

Complaints determined by the Inspector General to meet the requirements of Florida's Whistle-blower Act are not subject to triage. Additionally, OIG investigations, inquiries, or reviews requested by the Chair of Citizens' Board of Governors, the Financial Services Commission, Citizens' President/CEO and Executive Director, an Executive Leadership Team member, or initiated independently by the Inspector General are not subject to triage. The Chief of Internal Audit is informed of non-triaged investigative projects.

### Claims-Based Complaints

On occasion, Citizens' policyholders will contact the OIG in an effort to resolve a claim or dispute an indemnity. Likewise, on occasion, claims-related matters are referred to the OIG by external parties, such as the Office of the Chief Inspector General for the Governor, or the Inspector General for the Office of Insurance Regulation. Again, these referrals usually arise from policyholders seeking to resolve claim disputes.

The OIG does not serve in a claims dispute resolution or mediation role. However, Citizens maintains a statutorily required office dedicated to this function. Consequently, upon receipt of claim-focused complaints or referrals, the OIG generally will refer such matters to Citizens' Customer Correspondence Team. The Customer

Correspondence Team will review the matter and provide the OIG with an update on its findings within 30 days. The OIG will track and monitor all referrals to the Customer Correspondence Team to ensure matters are addressed and customer concerns are reviewed and resolved promptly and objectively.

### Utilization of Independent Legal Services

On occasion, the OIG is presented with situations, investigations, or other matters that require the assistance of independent, external legal counsel. As an independent office housed within Citizens, it is sometimes most prudent for the OIG to consult external, independent legal counsel for assistance. Notwithstanding, Citizens' internal general counsel's office staff have been very helpful when assistance has been requested as appropriate.

As a matter of routine procedure, the OIG engages outside counsel on all discrimination, harassment, and whistle-blower investigations. The OIG also may engage outside counsel to assist with other complex issues where the potential consequence of error warrants specific legal expertise and prudence.

# Office of Inspector General Outreach and Engagement

## Education and Outreach Efforts

Offices of inspectors general have existed in most state executive branch organizations for decades; however, the inspector general concept is relatively new to Citizens. Many staff with private sector insurance backgrounds are unfamiliar with the role of the inspector general and related functions. A primary and ongoing goal of the OIG is to impart related knowledge through formal and informal meetings rather than when contact and interaction becomes necessary during an active investigation.

Acting Inspector General Mark Kagy regularly conducts scheduled, in-person meetings with select corporate vice-presidents, senior directors, and directors. These meetings are designed as information exchange sessions outlining OIG functions while simultaneously gaining an understanding of individual business unit roles. He also addresses individual business units through their team meetings or general “town hall” meetings. These meetings and information exchanges are critical to the OIG function and visibility and will continue throughout 2020.

### Leadership Corner Article

Leadership Corner features articles written by members of Citizens’ Executive Leadership Team and Senior Leadership Team on Citizens’ Intranet Portal. The

articles run for about two weeks before they are archived. Acting Inspector General Mark Kagy wrote an article discussing Transparency.

### Presentation to Human Resources – Business and Occupational Fraud

Human Resources held business acumen series inviting different business units to talk to the Human Resources team about the various responsibilities of their divisions. Acting Inspector General Mark Kagy was invited to present Business and Occupational Fraud. After the presentation Kagy was available to answer any questions about fraud or the OIG in general.

## Workshop and Seminar Participation

Acting Inspector General Mark Kagy directly participated in multiple Citizens training activities, events, and/or seminars. These events provided an opportunity for Citizens’ staff and managers to meet formally and interact with OIG leadership.

### Lead 365

Acting Inspector General Mark Kagy provided leadership remarks to the graduates of Citizens’ Lead 365 program. Rising leaders within Citizens’ ranks were identified and participated in this six-month program. Program topics included leadership and team building, managerial foundations, and mentoring.

### Leadership Forum – Assistant Directors and Above

Acting Inspector General Mark Kagy participated in the corporate-wide leadership forum involving the top 80 leaders at Citizens. This forum provides participants with Citizens' strategic and division-specific priorities and is concluded with a lengthy question and answer session for Executive Leadership Team members.

### Managers and Supervisors

Acting Inspector General Mark Kagy participated in the corporate-wide leadership forum involving over 180 of Citizens' mid-level managers and supervisors. This forum provides participants with Citizens' strategic and division-specific priorities and is concluded with a lengthy question and answer session for Executive Leadership Team members.

### Fraud Awareness – *Cracking the Rubicon – How Citizens' SIU Uncovered a \$2.5 Million Fraud Ring*

Acting Inspector General Mark Kagy led a panel of Special Investigations Unit (SIU) investigators in a discussion about SIU's involvement in uncovering a \$2.5 million fraud ring. This national Fraud Awareness Week training opportunity provided participants with an understanding of the effects of insurance fraud as well as occupational fraud here at Citizens. Participants were encouraged to bring their lunch for this presentation and ask questions of him as well as representatives from the Special Investigations Unit regarding fraud investigation, detection, and deterrence.



## Leadership Teams

Citizens' Executive Leadership Team (ELT) consists of the top nine leaders within the corporation and is led by Barry Gilway, Citizens' President/CEO and Executive Director. Upon Mr. Gilway's invitation and encouragement, Acting Inspector General Kagy has been accorded full membership on Citizens' ELT where he has the opportunity to provide perspective and information from his role as Acting Inspector General during regular and periodic meetings.

Citizens' Senior Leadership Team (SLT) consists of nine key vice presidents, senior directors, and directors throughout the corporation. Acting Inspector General/Director of Investigations Mark Kagy is an SLT member and attends the group's monthly meetings, as well as participates in SLT projects.

As a member of Citizen's Leadership Teams, Kagy attended the hurricane and catastrophe response (CAT) calls regarding Hurricane Dorian.

## Committee Involvement

### Risk Steering Committee

Citizens' Risk Steering Committee (RSC) is responsible for overseeing the risk management processes for the corporation. Acting Inspector General Mark Kagy participates in these meetings and assists the RSC in its responsibilities to provide leadership through the alignment of risk mitigation activities, prioritize risk exposures, ensure optimal risk management, and open communication across functional units.

## Safety and Security Committee

Acting Inspector General Kagy attends Citizens' Safety and Security Committee meetings and provides advice to the committee's chairperson as needed. The committee is responsible for promoting a safe and secure working environment. The committee meets regularly and identifies potential unsafe or unsecure work practices and conditions, provides recommendations for resolution, and analyzes historical trends. The committee also assists in the development of safety and security awareness programs, as well as loss prevention and loss control programs, and promotion of a culture of safety and security.

## Employee Well-Being Advisory Committee

Acting Inspector General Kagy is a member of the Employee Well-Being Advisory Committee which partners with Human Resources to provide direction and guidance for program development and recommendations to the Employee Well-Being Council. The committee's responsibilities include:

- Communicating and sharing the vision of the employee well-being programs
- Educating and engaging management
- Championing programs that promote a healthy organizational culture where employees are highly engaged

- Promoting program initiatives and encouraging employee involvement
- Encouraging cross-departmental collaboration within each city to enhance a culture of employee well-being
- Rewarding success through recognition and celebratory activities

## Florida Chapter of AIG Board of Directors

The Florida Chapter of the Association of Inspectors General (FCAIG) is a civic, educational, charitable, and benevolent organization for the exchange of ideas, information, education, knowledge, and training among municipal, local, state, national and international inspectors general. The FCAIG fosters and promotes public accountability and integrity in the general areas of the prevention, examination, investigation, audit, detection, elimination, and prosecution of fraud, waste and abuse through policy research and analysis; standardization of practices, policies, conduct and ethics and encouragement of professional development by providing and sponsoring educational programs. In fall 2018, Acting Inspector General Mark Kagy was honored to be selected to serve on the FCAIG Executive Board.

# Investigative Projects

## Types of OIG Projects and Activities

The OIG investigates allegations of fraud, waste, abuse, malfeasance, mismanagement, employee misconduct, and violations of corporate policies. The OIG handles and manages several types of activities including investigations, investigative inquiries, reviews, and referrals.

### Correspondences

The large majority of OIG activities begin with a correspondence. Correspondences are inbound communications by any individual or entity to the OIG that subsequently is entered into and tracked by OIG's Case Management and Tracking System. Correspondences include complaints, referrals, requests for investigation or review, or any other tracked communication. However, not all correspondences result in cases or substantive projects.

### Cases

An *Investigation* is conducted when the Inspector General has determined that the highest level of review by the OIG is necessary. Investigations typically consist of multiple interviews of the complainant, witnesses, and other subjects, as well as detailed analysis of Citizens and non-Citizens documents, communications, data, and business processes and systems. Investigations often stem from complaints involving alleged employee or vendor employee misconduct, which if proved, could result in significant action against the employee or vendor employee. Investigations may result in disciplinary action up to and including terminations or criminal prosecutions.

An *Investigative Inquiry* is a lower level of review conducted by the OIG. An investigative inquiry is conducted when circumstances dictate that an alternative to a full investigation is prudent. For example, an employee may file a complaint and subsequently withdraw the complaint. This scenario would require inquiry and documentation by the OIG with a memorandum of activities and results; however, the scenario likely would not lead to a full investigation proving or disproving the original allegation. The purpose of an investigative inquiry is to provide an appropriate level of review in situations where a full, detailed analysis and conclusion typically associated with an investigation is unwarranted or impractical. Additionally, memoranda of Investigative Inquiries do not contain conclusions of fact such as *Supported* or *Not Supported*.

## Substantive Projects

A *Process Review* analyzes a particular Citizens business unit's processes and attempts to determine if the actual or outlined processes are effective and efficient, or in need of improvement.

A *Compliance Review* attempts to determine if a specific Citizens business unit, function, action, or process is compliant with applicable laws, rules, policies, and procedures.

## Administrative Projects

*Consultation Services* are provided to any Citizens individual or business unit upon request. This is an OIG engagement whereby leading practices, appropriate responses, or necessary actions to ongoing corporate issues are discussed and analyzed. Care is taken to ensure that any OIG input is provided in a discretionary, advisory manner so as not to impair OIG independence.

*Opinions* are proactive determinations provided by the Inspector General to inquiries made by Citizens staff or business partners. Opinions promote assurance that inquiries or concerns have been received and documented by the Office of Inspector General and appropriate guidance is provided to facilitate compliance. The most common form of opinion is an ethics opinion; rendering of ethics opinions always are coordinated and confirmed with the Ethics and Compliance Officer.

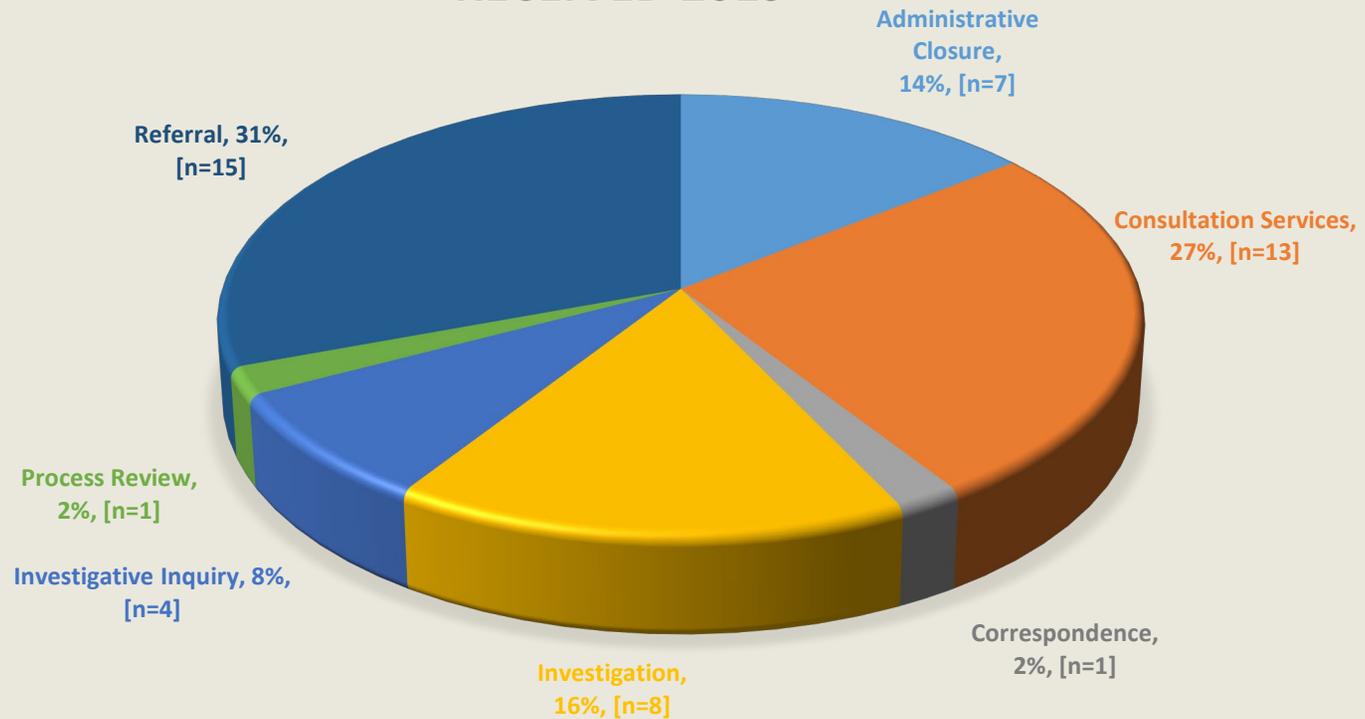
*Referrals* can be made to internal Citizens business units or external parties. A referral is a request from the OIG for the recipient to review the matter, address the matter as appropriate, and advise the OIG of the intended response prior to the matter being closed. The most common referrals are job performance or grievance complaints, which are typically referred to Human Resources for handling.

*Administrative Closures* occur on occasion when no additional investigative activity is warranted for a particular matter or the matter falls outside of the OIG's jurisdiction to handle or refer.

## 2019 Projects Overview

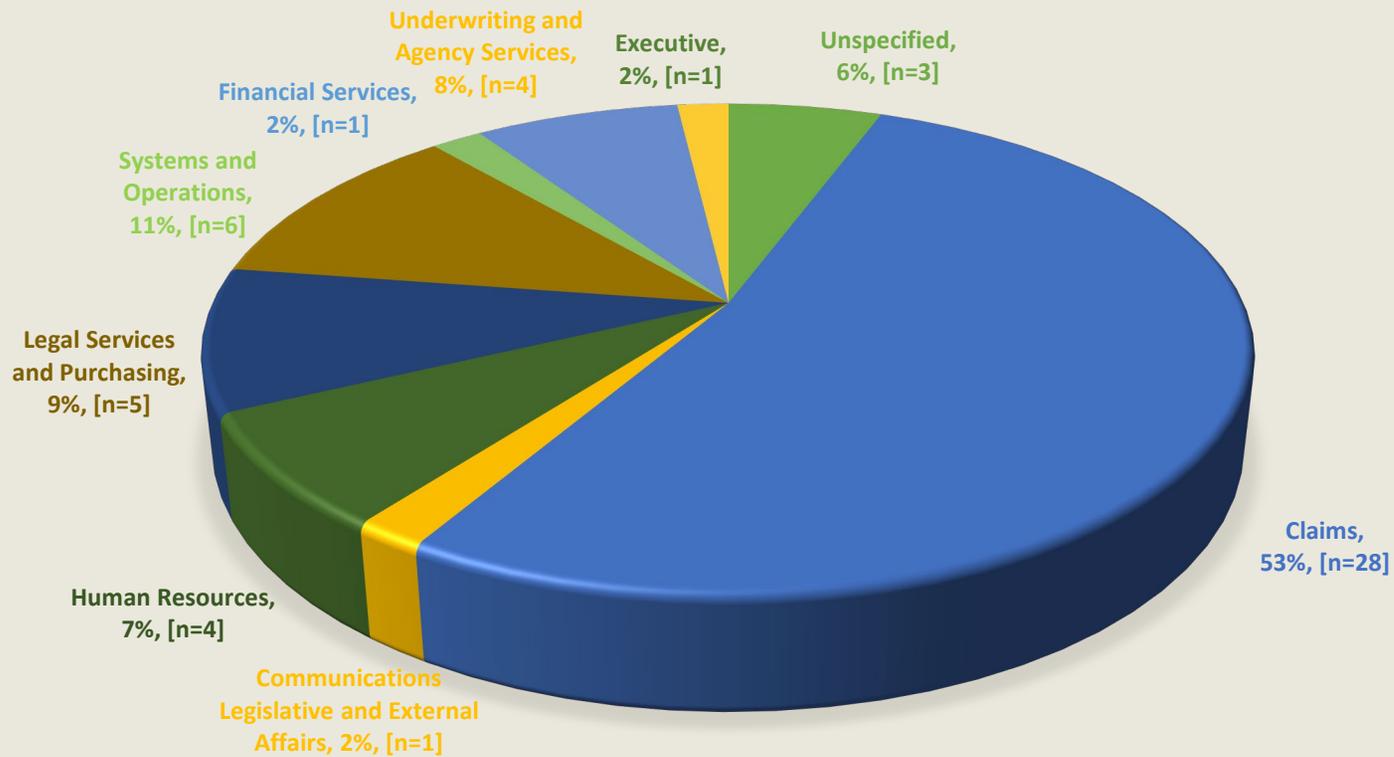
The OIG received 49 correspondences/matters throughout the year, of which 32 were categorized as complaints. The OIG addressed 49 correspondences/matters, with the following projects initiated.

### CORRESPONDENCES/MATTERS RECEIVED 2019



The 49 received correspondences involved matters throughout the corporation with some correspondences relating to multiple divisions. The distribution of correspondence subject matters can be viewed by division within the corporation:

## CORRESPONDENCES/MATTERS RECEIVED BY AFFECTED DIVISION 2019



## 2019 Closed Project Summaries

In 2019, the OIG closed seven Investigations and seven Investigative Inquiries.



### 18-05 Investigative Inquiry – Conflicts of Interest

The OIG received information regarding a potential conflict of interest based on a Citizens' Independent Adjuster (IA) also serving as an umpire on Citizens' claims. The IA stated he did not initially disclose the umpiring business to Citizens because he did not view the business as a conflict. The OIG determined the IA's dual roles as an umpire and IA did not appear to present a conflict of interest based on the criteria presented in Florida Statutes 627.70151. The OIG also found there are no specific Citizens' policies or procedures that addresses the appropriateness of IAs also serving as umpires on Citizens' claims. At the time of the inquiry, another complaint was received involving the umpiring process which brought forward a concern related to Citizens' alleged use of an "approved umpire list." The finding involving the IA conflict of interest was communicated to Jay Adams; however, it was decided that consult with Office of Internal Audit (OIA) in an effort to fully understand Citizens' umpire practices on a more macro level was needed. The OIA review was completed and no findings were noted.



### 18-09 Investigation – Employee Misconduct

The OIG received information from a former Citizens employee alleging that a Citizens manager sexually harassed an employee, sent nude pictures, and made unwanted advances. The OIG interviewed the alleged victim of the sexual harassment who refuted the complainant's allegation by stating they were not subjected to any form of harassment, did not receive any nude pictures from the manager, and was not subjected to any unwanted advances. The allegation was **Not Supported**. The former Citizens employee alleged that a Citizens manager engaged in improper workplace discussions by talking to employees about marijuana, caused a scene while inebriated on a business trip, and used Citizens' funds for personal purposes. The OIG determined that multiple employees directly witnessed these events and refuted the allegations. Additionally, expense records and travel documentation was reviewed with no discrepancies noted. The allegation was **Not Supported**. The former Citizens employee alleged that a Citizens assistant director and a Citizens manager engaged in sexually explicit conversations using work email, instant messaging, and phone systems. The employees denied having the conversations and the OIG review of employee emails and instant messages did not reveal inappropriate correspondence. The allegation was **Not Supported**.





### 18-10 Investigative Inquiry – Conflict of Interest

The OIG received a complaint accusing a claims manager of maintaining inappropriate personal relationships with Citizens’ vendors. Specifically, the manager was said to host parties and invite Citizens’ vendor staff from independent adjusting and legal defense firms. The OIG interviewed several witnesses and was preparing to obtain a statement from the manager. However, the manager submitted a resignation letter prior to the completion of the investigation and no longer works for the company. The OIG found no cause to actively investigate and administratively closed the matter.



### 18-11 Investigative Inquiry – Discrimination

The OIG received information a former Citizens employee reported in an exit survey that prior to her retirement she was discriminated against based on her age after being told her promotion was denied because she was considering retiring. When questioned, management stated the employee was not considered for a promotion due to concerns for her longevity in the promotional position based on her impending retirement. It appears the assumption of retirement was based on the former employee’s expressed plans to retire, not her age. The OIG determined that denying a promotion based on availability related to retirement is not a violation of Citizens’ policy.



### 18-12 Investigation – Misconduct

The OIG received a complaint alleging an employee (Sr. Counsel) initiated an inappropriate exchange with a member of a Facebook group. According to the complainant, who provided screenshots, the comments by the employee included multiple homophobic slurs, inappropriate sexual comments, and threats of physical violence. The employee acknowledged having the inappropriate conversation via private message and expressed regret and remorse. The OIG reviewed numerous other Facebook posts and groups and did not discover any additional similar comments or posts from the employee, the incident appeared to be an isolated event. The OIG investigation found that the conversation did not take place on Citizens’ property, during Citizens’ work hours, or utilizing Citizens’ resources. Additionally, the discussion did not involve Citizens’ business, policyholders, or potential stakeholders. Further, according to management personnel, the employee had no history of misconduct, nor demonstrated any violent tendencies while at work. However, the extreme nature of the employee’s comments constituted vicious, profane, abusive, and malicious statements which are in violation of Citizens’ Standards of Conduct. The allegation that the employee engaged in an inappropriate exchange online was **Supported**. It should be noted, the employee was terminated.





### 18-13 Investigative Inquiry – Secondary Employment

The OIG received information that an employee posted on Facebook advertising their catering business while on a medical leave of absence and short term disability from Citizens. Medical leave and short term disability is administered by a 3rd party vendor, Cigna. Without knowledge of the disability it is difficult to determine appropriate and inappropriate actions for the employee. It was determined that merely advertising a catering business on Facebook while on short term disability does not constitute a prohibited act.



### 19-01 Investigation – Conflict of Interest – Independent Adjuster

The OIG received information alleging that an Independent Adjuster (IA), after having denied a claim, referred the policyholder to an attorney to file a lawsuit against Citizens for the claim. It was also reported that the IA may have received compensation for the referral. During the OIG investigation the IA admitted sending the referral and the OIG determined the referral created the perception of a conflict of interest. The allegation of an improper referral was **Supported**. However, the IA denied receiving compensation for the referral. The policyholder and the referred attorney confirmed the IA was not compensated. Additionally, a review conducted by Citizen’s Special Investigations Unit found no evidence to suggest a pattern of improper referrals between the IA and attorneys associated with claims adjusted by the IA. The allegation the IA received compensation for the improper referral was **Not Supported**. In the report, the OIG recommended Citizens consider the development of written restrictions for IAs and staff adjusters concerning this issue. The business unit responded to the recommendation stating that as of the report release the Ethics and Confidentiality form signed by all adjusters was updated to include more descriptive language regarding referrals under the “Prohibition of Future Representation” section. In addition, it should be noted that the IA was removed from providing Citizens services during the course of this investigation.



### 19-03 Investigative Inquiry – Mismanagement

The OIG received information from a member of Citizens’ Executive Team requesting the OIG review a matter concerning a recently discharged Independent Adjuster (IA). Prior to his departure, the IA sent an email stating he was being “forced to be part of a lie to keep my job” and asked that a specific claims file be reviewed. The OIG opened this inquiry in an effort to determine if the IA had information regarding the mishandling of a Citizens’ claim or possibly a larger systemic concern. When contacted by the OIG, the IA clarified that his email referenced his disagreement with a performance reprimand he had received. A review of the claim specified by the IA was conducted and no significant irregularities with the handling of the claim were found. On an unrelated claim file, the IA also alleged that failures by a Citizens’ defense attorney resulted in a much higher settlement amount than was appropriate. The OIG found that the defense attorney’s failures had been previously reported through Citizens’ Claims Litigation unit and were being addressed by Citizens and the attorney’s law firm according to established protocols. Additionally, Claims Litigation confirmed the attorney’s actions had no bearing on the claim’s settlement amount. The OIG determined no further investigative activity was warranted and Administratively Closed the inquiry.



### 19-04 Investigation – Disclosure of Confidential Information/Conflict of Interest

The OIG received a complaint identifying a potential conflict of interest involving a Legal Billing Auditor and a water restoration company owned by the employee’s mother which had open litigated cases against Citizens. The OIG investigation found the employee had accessed electronic files involving her mother’s company on 14 occasions; however, the employee had a business reason and/or sufficient explanation for the access. The employee denied intentionally accessing the files for any reason other than to perform job functions, denied disclosing any information to the employee’s parents, and denied having a business connection to the company. The OIG found no evidence to contradict any of these claims and found no conflict of interest violation. The allegation that the employee inappropriately accessed and may have released confidential information was **Not Supported**.





### **19-05 Investigative Inquiry – Mismanagement**

The OIG received information from a public adjuster alleging a Citizens representative treated an employee in the public adjuster’s firm in a hostile and sexist manner. The public adjuster also alleged Citizens’ use of umpires creates a conflict of interest, the appraisal process has been misused, and that Citizens stores claims information within a legal data system for the purpose of shielding the information through attorney-client privilege. The public adjuster and his employee did not respond to repeated efforts by the OIG to obtain additional information. The OIG proceeded with available information and coordinated with Citizens’ Office of Internal Audit. The inquiry involved file reviews of 49 claims involving the public adjuster’s firm and process reviews related to Citizens’ use of umpires, the appraisal process, and data housed within Acuity – Citizens’ legal data system. No improper conduct by Citizens’ staff was found and the Investigative Inquiry was closed.



### **19-06 Investigative Inquiry – Conflict of Interest**

The OIG received an anonymous complaint alleging a Claims Adjuster Lead (CLA) has a conflict of interest with a Citizens vendor. The complainant did not respond to the OIG’s attempts to obtain additional information specifying the conflict. The review revealed that the CLA and his father previously worked for the vendor. However, the father is no longer employed for the vendor and the CLA currently has no involvement with the vendor’s contract. It was also discovered the CLA’s brother is an independent adjuster for a Citizens vendor. The CLA also had no involvement with his brother’s employer. The OIG and Citizens’ Ethics and Compliance Officer did not find any information to support that the CLA had a conflict of interest with a Citizens vendor. Therefore, the Investigative Inquiry was closed.





### 19-07 Investigation – Falsification of Records

The OIG received an anonymous complaint alleging a Claims Adjuster (CA) had been logging into the time and attendance system from home then arriving to work later that morning. Additionally, it was alleged the CA’s supervisor was adjusting the CA’s timesheet to make it appear she had worked 40 hours for that week. The OIG conducted a six-month timekeeping and building access review which revealed the CA had logged into the time and attendance system prior to accessing Citizens’ office building on 13 occasions. The CA admitted to logging in prior to arriving to work with the intentions of making up the time later. The allegation was **Supported**. The six-month review also showed the CA did not log out for a lunch break, as required per the employee handbook on 44 days, this resulted in a **Supported** finding. The OIG’s investigation revealed the CA’s supervisor made adjustments to the CA’s timesheet; however, the adjustments did not appear to be excessive or contrary to the CA’s building access and departure times. The supervisor denied adjusting the timesheet to reflect hours the CA did not work and the CA denied asking the supervisor to do so. The allegation was **Not Supported**. It should be noted the CA submitted a letter of resignation soon after the OIG interview and prior to the completion of the investigation.



### 19-08 Investigation – Misconduct – Theft

The OIG received an anonymous complaint alleging a Facilities Technician (FT) removed a trailer caddy and printer belonging to Citizens without authorization. The complainant provided photos of the trailer caddy in the bed of a red pickup truck and the printer in facilities’ storage office. A witness stated they saw the trailer caddy, which was marked for disposal, on the back of the FT’s red pickup truck in the parking garage. Citizens’ records showed the caddy should have been disposed of at an offsite location. The FT stated he was responsible for disposing of the caddy; but he provided conflicting accounts of how and where it was disposed. The Technical Support Center was unable to locate the printer. The last inventoried location was a vacant office in which the FT was involved in preparing for the next occupant. Witnesses stated they heard the FT making comments about wanting to take the printer home and later saw the printer in facilities’ storage office. The FT was given an opportunity to verify he did not have the items by going to his home with the OIG investigator and supervisor; however, after initially agreeing, the FT declined. Based on the information obtained the allegations were **Supported**. The FT was terminated after the report was issued. It should be noted, the OIG is statutorily required to report to law enforcement “whenever the inspector general has reasonable grounds to believe there has been a violation of criminal law.” The OIG contacted the local sheriff’s office which ultimately declined to pursue the matter criminally.





### 19-09 Investigation – Secondary Employment

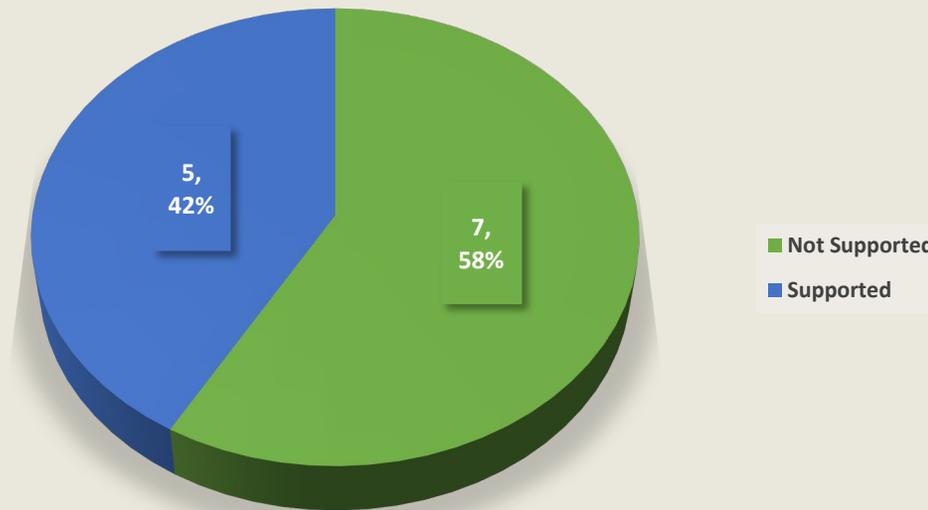
The OIG received an anonymous complaint alleging a Legal Billing Reviewer was using company resources to engage in secondary employment activities during work hours. The investigation found that during a recorded review period the employee did not engage in any secondary employment activities. The employee denied conducting any secondary employment and acknowledged having briefly researched a company for possible secondary employment on Citizens' computer during work hours. This research was noted by the OIG investigation and determined to be permissible by policy as the use was incidental and infrequent. Additionally, the OIG verified the Legal Billing Reviewer was not currently employed by the specified company. The allegation the employee used corporate resources to engage in secondary employment activities during work hours was ***Not Supported***.



## Investigative Findings Summary

The seven closed Investigations (exclusive of Investigative Inquiries) contained 12 individual allegations. Seven allegations were **Not Supported** and five allegations were **Supported**.

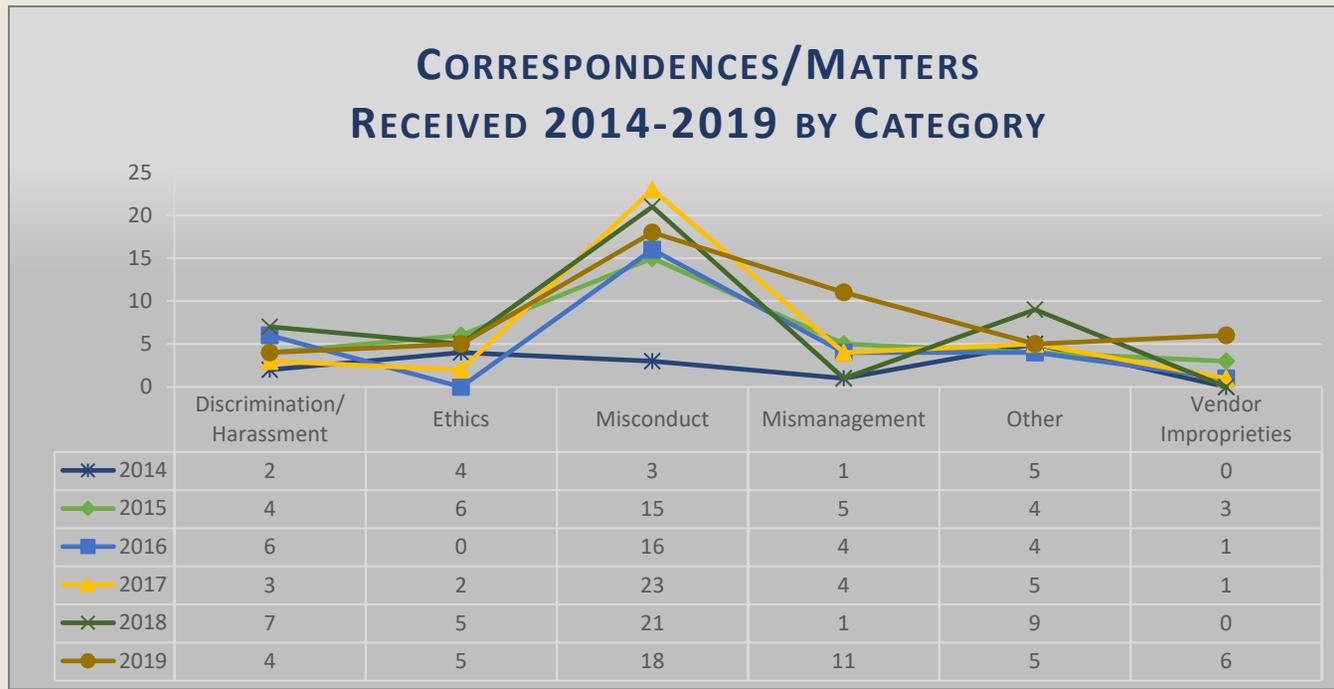
### 2019 Investigative Findings



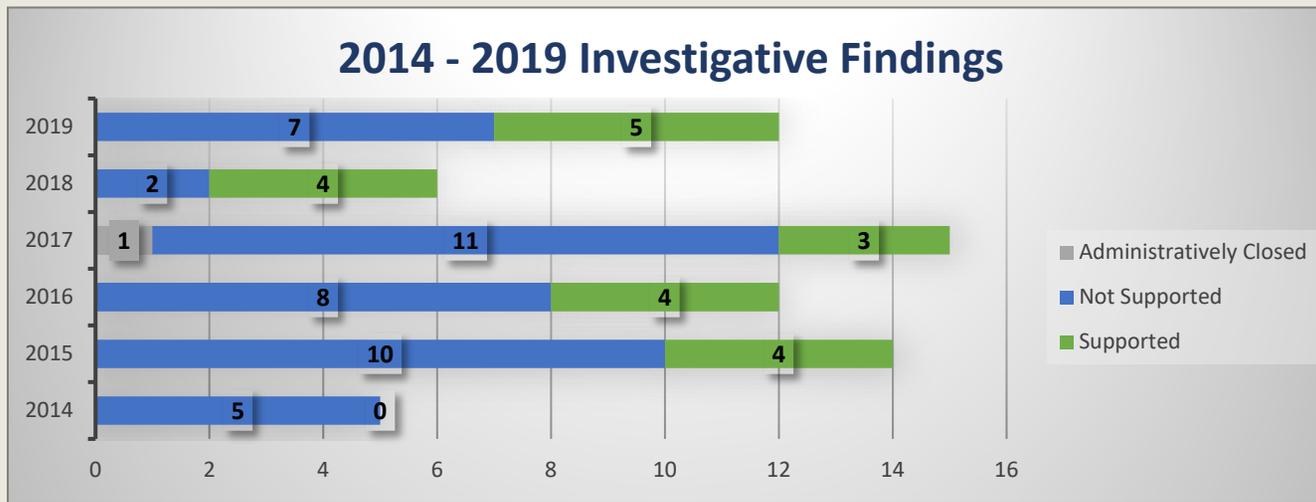
## 2014-2019 Trends

Since its inception in 2014, the OIG has received correspondences categorized under the following primary issues/allegations:

	2014	2015	2016	2017	2018	2019
<b>Discrimination/ Harassment</b>	2	4	6	3	7	4
<b>Ethics</b>	4	6	0	2	5	5
<b>Misconduct</b>	3	15	16	23	21	18
<b>Mismanagement</b>	1	5	4	4	1	11
<b>Other</b>	5	4	4	5	9	5
<b>Vendor Improprieties</b>	0	3	1	1	0	6
<b>Total</b>	15	37	31	38	43	49



Since its inception, the OIG has investigated 64 allegations (exclusive of Investigative Inquiries). Forty-three of the allegations were **Not Supported**, twenty allegations were **Supported**, and one allegation was **Administratively Closed**.



# Report on Impairments to Independence

## OIG Budget

The Office of Inspector General is administratively housed within Citizens and our budget is funded through the Corporation's general budget. In addition, the governing statute requires that the OIG remain independent ensuring that no interference or external influence affects the objectivity of the office. Each year the OIG submits a proposed budget to the corporation in accordance with the regular budget process. The proposed budget includes a reasonable estimate of operating expenses. Citizens' Chief Financial Officer and accounting staff provide resources and support throughout the budget process. The final budget for the organization must be approved by Citizens' Board of Governors. While this arrangement could lead to a lack of independence from the corporation, **the OIG is pleased to report that all requests for budget have been approved by Citizens with full funding necessary to achieve the OIG responsibilities.** The OIG remains committed to operating in an independent and fiscally responsible manner.

## Independence Impairments

As required by law<sup>3</sup> and as instituted by best professional practices<sup>4</sup> for offices of inspectors general, the inspector general, staff, and projects must be protected from any actual or perceived impairments to independence. In all matters, the OIG and each individual staff member should be free both in fact and appearance from personal, external, and organizational impairments to independence. The OIG is committed to reporting any internal or external effort to negatively impact, reduce, or infringe upon OIG independence.

The purpose of this section is to:

- Identify any instances of possible impairments to OIG independence from internal or external sources.
- Report on any events whereby the independence of the OIG was possibly jeopardized.
- List any mitigation efforts by the OIG to resolve any actual or perceived infringement on OIG independence.

**The OIG is pleased to report that at no time during the reporting period did the OIG observe any effort which could be perceived to have negatively impacted our independence.**

<sup>3</sup> Section 627.351(6)(gg), Florida Statutes

<sup>4</sup> Principles and Standards for Offices of Inspector General as published by the Association for Inspectors General; Council of the Inspectors General on Integrity and Efficiency





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