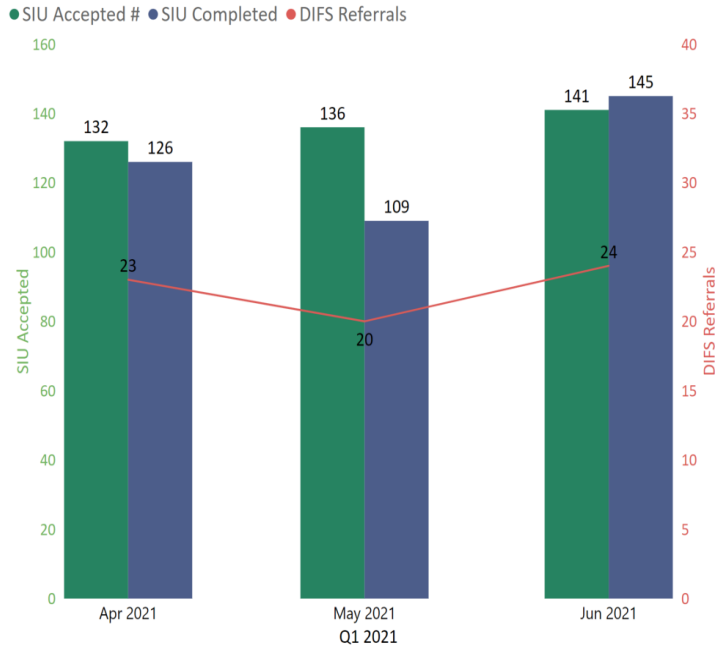


Addendum: SIU

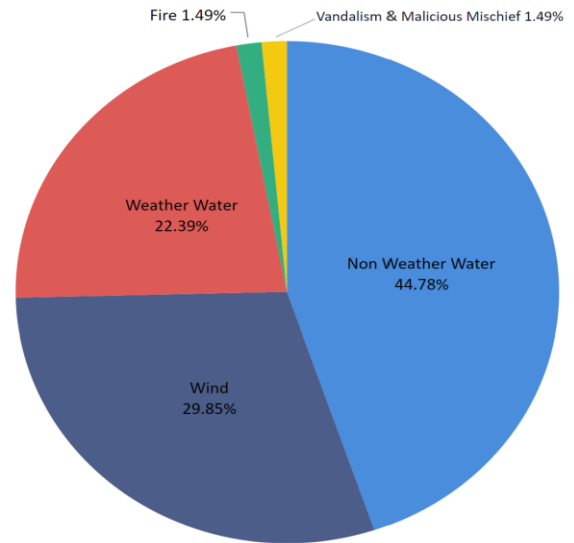
Claims Committee Meeting, September 9, 2021
Board of Governors Meeting, September 22, 2021

Special Investigations Unit (SIU)

Q2 2021 DIFS Referrals Vs. SIU Accepted & Completions



Q2 2021 DIFS Referrals by Loss Type



Q2 2021	Investigations Accepted by SIU	Investigations Completed by SIU	SIU Investigations Resulting in DIFS Referral	DIFS Referral Rate
CAT	109	103	23	22.33%
Non-CAT	300	277	44	15.88%
Total	409	380	67	17.63%

Overview

During the second quarter 2021, Citizens' Special Investigations Unit (SIU) accepted 409 claims for investigation and submitted 67 referrals to the Florida Division of Investigative and Forensic Services (DIFS) in accordance with statutory requirements. Twenty percent of claims investigated by the SIU involved catastrophe losses where we continue to see driven by late reported losses associated with Tropical Storm Eta. Many of these involve by third-party representatives such as attorneys, public adjusters, and contractors.

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Major Case Update

Agency Matter: On 8/11/21, we were informed by the DIFS of the arrest of an appointed insurance agent in Miami in connection to the submission of fraudulent documents in support of issuance of six insurance policies she owned with her siblings. She faces 16 counts of insurance fraud and 1 count of organized scheme to defraud.

The investigation into the insurance agency was initiated in 2017 when it was discovered that the agent bound approximately 27 properties with Citizens just prior to Hurricane Irma making landfall. The SIU investigation found evidence of wide-spread fraud across the agency which spanned over 60 policies and 25 subsequent claims, which 12 were generated on properties that were bound just prior to the storm. Specifically, it was determined that the insurance agent fabricated wind mitigation forms, four-point inspections and proof of prior coverage forms to bypass a mandatory 30 day wait on coverage on \$1.3 million of risk. Furthermore, SIU found evidence of claim fraud which was the basis of 18 DIFS referrals on 25 storm related claims on policies issued by this agency. Because of our proactive efforts, 18 claims were voluntarily withdrawn and 2 were denied.

Operation Rubicon (Update): During the quarter, two insured's that had been charged with insurance crimes associated with the staging of insurance claims have agreed to a plea agreement which includes payment of \$22,627.88 in restitution to Citizens, bringing the total collected to \$97,906.63. As previously reported, collaborative efforts with Miami Dade's Economic Fraud Task Force resulted in the arrest of 41 individuals, including 32 insureds for their involvement in staging non weather water and weather-related storm claims.

Cases of Interest

Miami-Dade / Non-Weather Water: A Citizens policyholder was arrested and charged with insurance fraud for her role for attempting to pass off property renovations as bogus pipe-break claim to Citizens. Citizens denied the claim after the SIU investigation found evidence that the insured contrived the claim and submitted falsified invoices totaling \$12,000 in repairs in support of the damage claim.

Miami-Dade / Wind: A Citizens policyholder was arrested and charged with insurance fraud and forgery after the SIU investigation determined that the insured attempted to claim \$74,000 for damage that predated the policy and claimed in losses with their previous carrier.

Broward / Windstorm: An SIU investigation into a weather-related roof claim revealed there was no evidence of precipitation or high winds on the loss date and the insured attempted to claim \$11,000 in damage that was previously claim in a prior loss. As a result, the claim was denied and a DIFS referral was submitted.

Broward / Non-Weather Water: An SIU investigation into a plumbing back up claim determined that the loss presented by the insured and their public adjuster was contrived, and that the insured attempted to

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claim more than \$7,000 in damage sustained in loss from eight years ago. The claim was subsequently withdrawn and a DIFS referral was submitted.

Miami-Dade / Non-Weather Water: An SIU investigation into a kitchen pipe break claim established that the loss was contrived and that the insured presented falsified repair invoices as proof of repairs of a prior loss. The claim was denied after the insured failed to appear for an Examination Under Oath and the claim. A DIFS referral was submitted.

Hillsborough County – Personal Lines / Policyholder: SIU identified a personal lines risk that was operating as a Large Family Child Care Home, which are statutorily ineligible for Citizens' Personal Lines Policies. As a result of the investigation, the policy was voided, removing more than \$361,000 in exposure from Citizens. A DIFS referral was submitted for the insured for application misrepresentation.

Miami-Dade County – Agency Matter: An SIU investigation determined that the agent was mishandling premium. The agent collected the funds and deposited them into the agency account and failed to bind coverage resulting in a lapse in coverage for multiple consumers. As a result of the SIU findings, the agent/agency were terminated for cause and a DIFS referral was submitted.