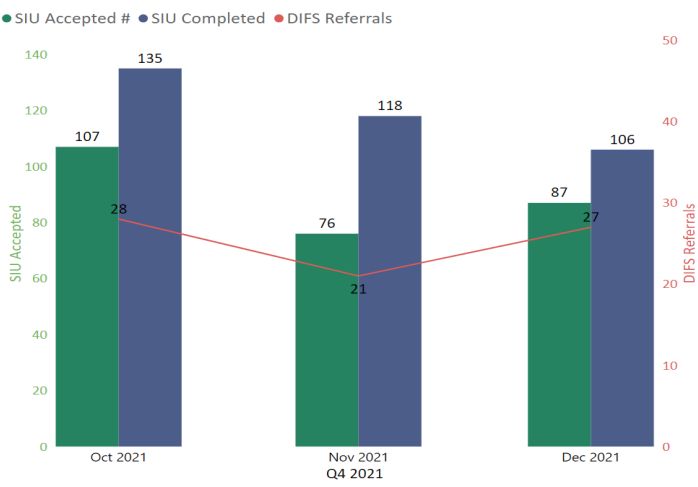


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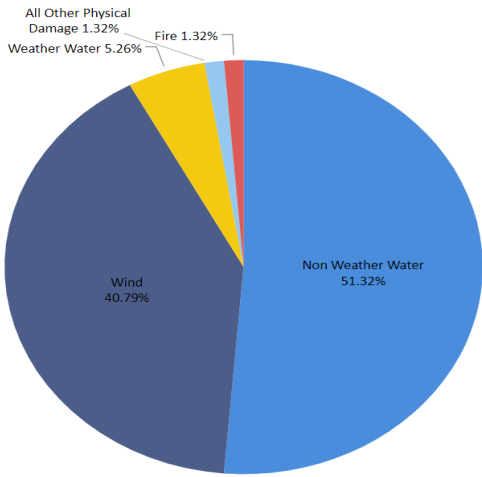
Claims Committee Meeting, March 10, 2022
Board of Governors Meeting, March 23, 2022

Special Investigations Unit (SIU)

Q4 2021 DIFS Referrals Vs. SIU Accepted & Completions



Q4 2021 DIFS Referrals by Loss Type



Q4 2021	Investigations Accepted by SIU	Investigations Completed by SIU	SIU Investigations Resulting in DIFS Referral	DIFS Referral Rate
CAT	47	80	25	31.3%
Non-CAT	223	279	51	18.3%
Total	270	359	76	21.2%

Overview

During the fourth quarter 2021, Citizens’ Special Investigations Unit (SIU) accepted 270 claims for investigation and submitted 76 referrals to the Florida Division of Investigative and Forensic Services (DIFS) in accordance with statutory requirements.

Most claims investigated by the SIU and resulting in referral to DIFS involved non-weather water (51 percent) and 40 percent of claims investigated by the SIU involved catastrophe losses, mostly associated with Tropical Storm Eta. Most of the claims are late reported, many by third-party representatives such as attorneys, public adjusters, and contractors.

Major Cases

Operation Crossing the Rubicon (Update): In November 2021, Citizens was informed of the arrest of a Miami man for his role in the submission of a fraudulent non-weather water claim to Citizens in 2015. He was arrested and charged with felony insurance claim fraud and grand theft. The insured submitted invoices for repairs which included a description of the work performed. An initial SIU investigation by SIU concluded that the loss was contrived and did not result from a single one-time event and a DIFS referral was submitted. During the subsequent investigation into the Rubicon Group initiated by the

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Miami-Dade Task Force, SIU obtained additional evidence that the loss was staged by the insured in concert with representatives of the Rubicon Group's Barbara Diaz De Villegas. This brings the total number of arrests of those associated with the operation to 42, including 33 Citizens' insureds.

Cases of Interest

Orange – Wind: An SIU investigation into a hail claim submitted by an Orange County insured revealed that the damage pre-existed the loss date and that the insured had been reported and indemnified by the prior carrier. The claim was withdrawn, and no payments were issued. Following the DIFS referral for the misrepresented facts in the claim presentation, the insured was arrested in December 2021. The insured was charged with Felony Insurance Fraud.

Miami-Dade – Vandalism: An SIU investigation into a vandalism claim filed 35 days after policy inception revealed that the insured submitted false information concerning the condition of the risk at the time of application and was aware, at the time, that the property was condemned. As a result of the investigative findings, the policy was voided to inception and no payments were issued on the claim. A DIFS referral was submitted and as a result, the insured was arrested in November 2021 and charged with Felony Insurance Fraud.

Miami-Dade – Windstorm: An SIU investigation into a windstorm claim submitted by the insured found evidence that the insured misrepresented the condition of the roof and submitted materially false information in support of the application of insurance. The policy was voided, and no payments were issued on the claim, reserved at \$8,000. A DIFS referral was submitted.

Miami-Dade / Non-weather Water: An SIU investigation determined that the insured submitted a claim for a shower pan leak that factually occurred after the policy lapsed and provided false information in attempt to obtain coverage for the damage that they were otherwise not entitled. The insured voluntarily withdrew the claim when asked to provide additional documentation of the loss. A DIFS referral was submitted.

Broward – Windstorm: An investigation into a windstorm claim submitted within 4 months of policy inception determined that the insured was aware that the damage pre-dated the issuance of the policy and that the loss details were contrived. The claim reserved at \$10,000 was denied due to damage pre-dating the policy and for intentionally concealment / misrepresentation of a material fact. A DIFS referral was submitted.

Broward – Plumbing Leak: An SIU investigation into the insured's water damage sustained by a plumbing leak determined that their public adjuster created and submitted a false plumbing invoice in support of the claim. Moreover, the public adjuster prepared a damage estimate that included damage to the kitchen cabinets that pre-dated the event and was unrelated to the loss reported by the insured. This claim was reserved at \$10,000 but denied due to constant or repeated seepage of water. A DIFS referral was submitted.

Broward – Windstorm: An SIU investigation into Tropical Storm Eta determined that the public adjuster solicited the insured to file a claim for damage that pre-dated the storm and were not related to a

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windstorm event. Furthermore, the public adjuster misrepresented that Citizens was paying out for storm damage pursuant to an emergency order of the Governor. The public adjuster directed of \$10,000 in water mitigation and mold testing services that damaged the insured's roof. As a result, the claim reserved at \$5,000 was denied as the damage was not storm related. A DIFS referral was submitted and the investigation by the Department into the public adjuster's activities is active.

Broward, Hillsborough, Miami-Dade, St. Lucie Counties – Personal Lines / Policyholder: Through investigative efforts, SIU identified seven personal lines risks that were operating as Assisted Living Facilities. As a result of the investigations, three policies were nonrenewed and four were cancelled, removing a total of \$2,461,560 in exposure from Citizens. DIFS referrals were made against three of the insureds after it was determined that they misrepresented the risks on their applications of insurance.

Hillsborough County – Personal Lines / Policyholder: Through proactive investigative efforts, SIU identified a personal lines risk that was operating as an Assisted Living Facility and not as a single-family residence as presented by the policyholder on their application of insurance. As a result of the investigation, the policy was voided to policy inception and \$349,000 in exposure was removed from Citizens. A DIFS referral was made based upon the insured intentional and material misrepresentations contained on the application of insurance.

Miami-Dade – Agent Misconduct: A SIU investigation established a pattern of altered documents submitted by the agency. In total, five personal lines policies were identified where the required proof of prior insurance submitted by the agent was confirmed to have been altered. As a result of the findings, the agent of record voluntarily terminated her appointment and is ineligible for reappointment with Citizens for two years. A DIFS referral was submitted.

Broward – Agent Misconduct: An SIU investigation established that Citizens' appointed agent mishandled \$46,374 in premium and diverted funds to their operating account. The investigation identified fourteen policies where the agency failed to remit funds in a timely manner, resulting in lapses in coverage for policyholders. In other instances, policyholders had been placed on payment plans despite the agency receiving full payment for the premium from their customer. As a result of the SIU findings, the agent voluntarily terminated his appointment and is ineligible for reappointment for two years. A DIFS referral was submitted.