

Compliance Program Framework

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CITIZENS PROPERTY INSURANCE CORPORATION

COMPLIANCE PROGRAM FRAMEWORK

Statement of Purpose

Citizens Property Insurance Corporation is committed to promoting a culture of honesty and integrity. As a government entity fulfilling a public purpose, Citizens aspires to provide insurance products and services that meet the needs of Florida property owners who are, in good faith, entitled to obtain coverage through the private market but are unable to do so. Citizens strives to reduce the financial burden on all Floridians by being good stewards of the premium funds entrusted to it and will conduct itself with the highest level of ethical behavior.

In furtherance of this vision, Citizens has identified as a strategic goal to “Protect the public interest and maintain the integrity of the corporation”. To assist in this effort, Citizens has established and implemented this Compliance Program Framework (“the Program”) to ensure that Citizens Property Insurance Corporation complies with all applicable federal and state laws, rules and regulations, and maintains a culture that meets the highest standards of ethical, professional, and business conduct.

Compliance Program Elements

The elements of an effective compliance program are guided by the principles enunciated in the *Federal Sentencing Guidelines* and *ISO Standard 37301 Compliance management systems — Requirements with guidance for use* and include:

- (1) Written policies, procedures, and standards of conduct
- (2) Compliance structure and oversight
- (3) Open lines of communication
- (4) Non-intimidation and non-retaliation
- (5) Training and education
- (6) Internal auditing and monitoring
- (7) System for prompt response and corrective action
- (8) Well publicized disciplinary standards

1. Written Policies, Procedures, and Standards of Conduct

Citizens has developed and adopted policies and procedures, including a [Code of Ethics](#), that are designed to ensure appropriate workplace behavior, preclude fraud, waste, and abuse or other violations that could result in criminal and/or civil liability, reputational or financial harm to Citizens. These policies are also intended to ensure that the organization maintains high business and legal standards that are in compliance with federal and state laws, rules, and regulations, help to identify areas of non-compliance, and provide a structure for reporting, investigating, and resolving compliance concerns.

Code of Ethics

The Code of Ethics is the foundation of the Program and outlines its expectations for ethical conduct and includes the [Conflicts of Interest Policy](#) which applies to all employees and members of the Board of Governors. Citizens employees are statutorily required to attest upon onboarding and each year thereafter that the employee does not have a conflict of interest. Employees are given an opportunity to discuss potential conflicts with the Ethics and Compliance Officer to implement mitigating strategies as necessary.

Additional Policies and Processes

In addition to the Code of Ethics the following policies and processes are instrumental to the Program:

Internal Complaint Handling and Corrective Action: Citizens has established processes for conducting a timely inquiry of instances of complaints that raise allegations of misconduct and other areas of non-compliance and works to remediate any actual violations of federal and state laws, rules, and regulations to lessen the probability of reoccurrence. The Inspector General will promptly review and investigate all reported violations of the Code of Ethics, policies and procedures, laws and regulations and maintain any related information and documentation in a manner that ensures confidentiality to the extent possible by law in accordance with the [Internal Complaints Handling Corporate Policy](#). In the event the results of an investigation indicate non-compliance, the Inspector General will communicate those findings to Executive Leadership and may also communicate them to relevant Compliance Champion Network members or other appropriate stakeholders to prevent reoccurrence as appropriate. Corrective actions undertaken by management as a result of those findings may include policy and procedure updates, remedial training, and recommendations for appropriate disciplinary action with respect to individuals involved in the non-compliant activity in accordance with the [Corrective Action Corporate Policy](#).

Inclusive Workplace: Citizens does not tolerate any form of discrimination or harassment based on age, race, color, religion, sex, national origin, disability, marital status, pregnancy, genetic information, sexual orientation, gender identity, or any characteristic protected by law, regardless of whether the conduct is by a supervisor, manager or others in the workplace. An employee who engages in discrimination or harassment may be subject to disciplinary action, up to and including termination. Further, Citizens will not tolerate any form of retaliation against an employee, applicant, or contingent staff who files a complaint alleging discrimination or harassment or participates in an investigation of discrimination or harassment. See the [Nondiscrimination and Anti-Harassment Corporate Policy](#).

Privacy and Information Security: Citizens has established Privacy and Information Security policies and standards to ensure that Citizens Workforce members preserve the privacy, integrity, confidentiality and security of Citizens data. These policies meet the requirements of applicable federal and state laws and other best practice and industry standards and preserve the security of data and technology infrastructure from accidental or intentional unauthorized access, modification or destruction. Any breach of information security is reported in accordance with Florida Statute under the direction of the Privacy Officer. See the [Information Security and Privacy Corporate Policy](#).

Public Records Retention and Management: Citizens ensures that all public records including business documents, financial reports, accounting records and policy holder information, comply with applicable public record maintenance and retention requirements. To that end Citizens has designated a corporate Records Custodian who implements the [Records Management and Records Request Corporate Policy](#).

Physical Safety: The [Physical Safety and Security Corporate Policy](#) establishes a set of requirements that defines acceptable physical and environmental safety and security standards for all Citizens-occupied facilities.

Vendor Management and Purchasing: Citizens has a dedicated Vendor Management and Purchasing Department (VMAP) which ensures there are processes and controls in place to ensure compliance with all statutory procurement, contract management and vendor payment requirements. VMAP has created a [Vendor Management and Purchasing Playbook](#) which is kept current with frequent updates and is a reference to assist employees in the management of vendors, contracts and purchasing. Additional governance can be found in the [Purchasing Corporate Policy](#) and [Vendor Management Corporate Policy](#).

Sanction Screening: Citizens has designated an Office of Foreign Assets Control (OFAC) Sanctions Compliance Officer who implements and maintains the organizational OFAC Sanctions Compliance program which includes providing training and advice to senior leadership across the organization and ensures Citizens' compliance with OFAC requirements.

Compliance with standards of conduct set forth in the Code of Ethics and related corporate policies or vendor conduct guidelines as appropriate, is the responsibility of all Citizens' Workforce members. As a condition of employment, Citizens employees acknowledge that they have received and will comply with the Code of Ethics which

includes the standards of conduct. Written policies, including the Code of Ethics, are found on the internal website corporate policy page accessible to all employees. Citizens also disseminates applicable guidelines to its contractors and contingent workers upon onboarding.

2. Effective Compliance Structure and Oversight

Citizens has designated an **Ethics and Compliance Officer (ECO)** vested with the responsibility of developing, monitoring and administrating the Program. The ECO reports directly to the General Counsel and has reporting responsibilities to the Risk Steering Committee and the Board of Governors Audit Committee regarding the operation and effectiveness of the Program.

The Ethics and Compliance Officer is responsible for providing oversight of the corporate policy process. This includes ensuring corporate policies are periodically reviewed and updated by the business units responsible for their implementation as well as the Office of the General Counsel for legal sufficiency. The review process also ensures the policies are approved by the appropriate members of Executive Leadership, posted for enterprise visibility and retained in accordance with applicable retention requirements.

The ECO, Privacy Officer, and Enterprise Compliance Program Manager are collectively known as the **Office of Ethics and Compliance** and collaboratively implement the day-to-day operations of the Program.

Office of Ethics and Compliance

In addition to the foregoing, the Office of Ethics and Compliance will:

- Participate with Enterprise Risk on assessing compliance risks.
- Work with Internal Controls to identify compliance processes where internal control development is needed.
- Collaborate with HR Learning and Development, VMAP and other stakeholders to identify compliance training opportunities and to report on compliance training initiatives.
- Identify metrics (or develop them as needed) to easily gauge the status of the Program.
- Coordinate, implement and manage the annual compliance certification process
- Manage the implementation and monitor compliance with the Conflicts of Interest and Privacy Policies, including the reporting of any breach incidents.
- Manage the corporate policy process to ensure corporate policies are maintained, periodically reviewed for relevancy and accuracy, updated as required, adequately communicated to the appropriate staff and monitored for compliance by the appropriate business unit.

- Annually review the Compliance Program Framework and recommend revisions as necessary.
- Schedule routine and periodic meetings of the Compliance Champion Network to engage in compliance related topics and educational opportunities.

Inspector General

The Inspector General is also an integral part of the Program. The Office of Inspector General (OIG) was created by statute in 2013 to provide a central point for coordination of and responsibility for activities that promote accountability, integrity, and audits, reviews, evaluations, studies and investigations designed to assess management practices, compliance with laws, rules and policies, and program effectiveness and efficiency. The mission of the OIG is to protect the integrity of Citizens' operations and to promote efficiency and effectiveness through independent and objective investigations, reviews, and oversight. The OIG has the responsibility to initiate, direct, coordinate, participate in, and perform.

In regard to the Program the OIG will:

- Develop and implement methods and programs that encourage the Citizens community to report suspected fraud, waste, and abuse and other misconduct without fear of retaliation.
- Oversee the intake of complaints as defined in the [Internal Complaint Handling Policy](#) and manage Citizens' complaint management system including the Tell Citizens Hotline.
- Document the receipt of complaints, monitor the progress of complaint handling or investigation, and upload final resolutions or reports in the complaint management system.
- Initiate and conduct a preliminary inquiry or review; initiate and conduct the investigation; or refer the matter to an appropriate entity for handling.
- Recommend the development of appropriate corrective action when necessary.
- Monitor the implementation of corrective action plans so recommended and
- Monitor the quality and effectiveness of the compliance program using a risk-based approach to select in-scope laws, rules, and regulations (LRRs).

Compliance Champion Network

The Compliance Champion Network provides support and encouragement to the Program and assists the Office of Ethics and Compliance as needed. The Compliance Champion Network is Chaired by the ECO with the Privacy Officer serving as Vice Chair and is comprised of business unit Compliance Champions as well as ex officio members. Members of the Compliance Champion Network are positions of trust and are chosen by their respective Executive Leadership Team Members (ELT) recognizing that the role is an important part of the employee's duties.

The Compliance Champion Network has a strong commitment to maintaining an effective and proactive compliance strategy for Citizens. In collaboration with the Office of Ethics and Compliance the Compliance Champion Network strives to uphold this commitment by carrying out the following responsibilities and duties:

- Providing support to the Program and recommending improvements to enhance the effectiveness of the Program, as necessary or appropriate.
- Promoting and maintaining a high level of compliance organization-wide by developing strategies to raise awareness, including through education, communication, and other compliance resources. Working within their area to encourage a culture of compliance including adherence with all corporate policies and the Citizens Code of Ethics.
- Assisting in the corporate policy process upon request thereby ensuring Citizens has up-to-date policies that align with operational practices.
- Assisting in the enterprise risk assessment process upon request to identify and assess significant compliance risk areas for mitigation.
- Assisting the ECO in resolving compliance concerns and the annual review of the Compliance Program Framework by providing requested feedback.
- Collaborating upon request with the ECO, IG, fellow Network members and others on the appropriate mitigation and response to areas of non-compliance.
- Meeting at least quarterly to discuss compliance activities, the annual compliance certification, compliance best practices and other elements of the Program.
- Act as a resource for collaborative feedback to identify opportunities for compliance training and awareness.

Compliance Champions:

- Act as the subject matter expert on the laws rules and regulations (LRRs) in their respective unit, sphere of influence or area of functionality (hereafter “area”)
- Have substantial understanding of processes and procedures and the ability to meaningfully influence resource allocation and management decisions in their area.
- Participate in the annual compliance certification process by reviewing and certifying their LRRs for compliance on behalf of their respective ELT Member and
- Strive to have a working knowledge of the entire LRR inventory.

Ex Officio Members: The Network also includes standing ex officio members who represent the following risk and compliance functions (individuals who are appointed to serve in an ex officio capacity may also be designated as Compliance Champions):

- Enterprise Risk
- Internal Controls
- Inspector General- Investigations
- Enterprise Services (VMAP and Strategic Planning)
- Learning and Development -Compliance Training
- Human Resources -Employee Relations
- OFAC Compliance Governance
- Records Management Governance
- Internal Audit Activity and
- Special Investigations Unit.

3. Open Lines of Communication

Duty to Report

In alignment with our mission, vision and values, all managers have an obligation to report misconduct or unlawful activity to their immediate supervisor, Office of Inspector General (OIG) or “Tell Citizens” for proper handling. Managers are also required to report instances of suspected discrimination in accordance with the [Non Discrimination and Anti -Harassment Policy.](#)

Employees are encouraged to report instances of non-compliant activity. Managers are the first line of defense in this regard and upon request members of the Compliance Champion Network can be a valuable resource to assist in remedying less serious incidents of non- compliance. In addition, the Inspector General has an established triage system that fosters open lines of communication between the Ethics and Compliance Officer, Human Resources, the Inspector General and the Chief of internal Audit which helps to ensure allegations of misconduct are reviewed and investigated as appropriate. These open lines of communication support and promote good faith reporting of compliance concerns as they are identified (i.e., with the reasonable belief the reported act is illegal or a violation of policy).

Tell Citizens Hotline

Having a mechanism for reporting suspected compliance issues is a vital component of the Program.

The Inspector General is responsible for oversight of the Hotline a toll- free telephone line, also known as “Tell Citizens”, for reporting suspected occupational fraud and other misconduct. The Tell Citizens Hotline is available 24 hours a day, 7 days a week. Compliance concerns may also be reported online using a secure web intake tool. Reports to the Compliance Hotline (whether by phone or online) may be made anonymously.

Tell Citizens Hotline
(800) 593-7420
www.tellcitizens.com

4. *Non-intimidation and Non-retaliation*

Under no circumstances will Citizens tolerate intimidation or retaliation against an employee or any other person who in good faith makes a report of suspected or actual misconduct to the Inspector General, their supervisor, Human Resources, the Tell Citizens Hotline, or to law enforcement or a government agency. Any employee who believes they have been retaliated against for reporting, in good faith, any misconduct, and/or for participating in an investigation, should report the matter to the Inspector General directly, or through the Tell Citizens Hotline. The Inspector General will promptly and thoroughly investigate the allegation.

5. *Effective Training and Education*

Human Resources Learning and Development Unit, in consultation with the ECO, is responsible for overseeing Citizens' compliance training efforts in collaboration with the appropriate subject matter experts and ensures that the training is updated periodically to reflect any material changes in regulations or policy.

New Employees

All new employees must participate in New Hire Orientation on the first day of employment which encompasses in depth training on the Code of Ethics. Each employee must also complete several online compliance training courses within the first 45 days of hire which include: *Fraud Awareness, Information Technology Security and Privacy Awareness, Physical Safety and Security, Achieving a Respectful Workplace, and Employee Handbook Overview.*

Current Employees

All employees are required to participate in annual mandatory compliance training which includes: *Fraud Awareness, Maintaining a Respectful Workplace, Physical Safety and Security, and IT Security and Privacy.* Additionally, on a yearly basis, all employees must take an on- line mandatory *Ethics Refresher* and attest whether they have a conflict of interest.

Vendors

Contracted vendors complete *Vendor Ethics, IT Security Awareness for Third Parties, and Safety and Security* on- line courses. Independent adjusters who perform adjusting work for Citizens as an employee for a contracted adjusting company are required to complete a *Vendor Ethics Acknowledgment* course which requires an affirmative disclosure of potential conflicts of interest.

Other Training, Tracking and Documentation Training may also be administered from time-to-time to Citizens Workforce as the result of recommendations from final audit reports, corrective action measures, or as needed to address identified deficiencies, and new or updated policies and regulations.

6. Internal Monitoring and Review

The ECO will conduct procedures that ensures thorough monitoring and review of the effectiveness of the Compliance Program, including thorough assessment of risk, identification and monitoring of appropriate corrective action and reporting of results. This includes activities such as:

The Compliance Certification Process ensures Citizens is in compliance with all relevant LRRs. The Ethics and Compliance Office oversees and executes the Compliance Certification process on an annual basis. The purpose of the certification is to gather information on LRRs, make changes to the LRR inventory, and certify that business units are in compliance. The certification is done by the Compliance Champions on behalf of their areas and includes all business divisions and business units within the Company. The results are reported to leadership and any noncompliant areas are then remediated in a strategic risk -based fashion.

Comprehensive Risk and Control Frameworks. The Enterprise Risk and Internal Control teams within Office of Internal Audit are responsible for the design, maintenance, and enhancement of Citizens' Enterprise Risk Management Framework and Internal Control Framework. As part of each framework, the teams facilitate, enable, and partner with business units to perform assessments designed to mitigate risks and strengthen Citizens' control environment which includes compliance risks and controls. The ECO will partner with the Enterprise Risk and Internal Control teams to ensure a detailed and thorough consideration of Compliance Program Risks are considered and appropriate control procedures have been recorded and implemented.

While the following two internal processes are not intended to be encompassed in this Program, they significantly enhance overall compliance efforts.

Office of Internal Audit

Citizens' Office of the Internal Auditor (OIA) was established by 627.351(6)(i), Florida Statute to provide a central point for coordination of and responsibility for activities that promote accountability, integrity and efficiency to the policyholders and to taxpayers of Florida. The mission of the Office of Internal Audit is to provide independent, objective assurance over Citizens' internal control environment to the Audit Committee, Board of Governors and management. OIA also provides consultative support to management regarding best practices related to control design and mitigation of risks.

Special Investigations Unit

The Special Investigations Unit (SIU) is responsible for identifying and performing investigations of suspected fraud occurring at any point during the insurance policy lifecycle (e.g. Underwriting, Claims), including Agents representing the Company. SIU also maintains the statutorily required anti-fraud plan per *Florida Statute 626.9891(3)* and where appropriate reports suspected fraud to the State Division of Investigative and Forensic Services.

7. Response System and Corrective Action

The Inspector General conducts timely investigations and responds appropriately to significant compliance issues identified through complaints of suspected violations, fraud, waste and abuse, and violation of Citizens Code of Ethics, policies, and applicable laws and regulations. The Inspector General promptly reports any criminal violations when required to the appropriate law enforcement agency(ies), and otherwise ensures appropriate response measures and corrective action is taken by management when violations have been found to have occurred.

8. Well-Publicized Disciplinary Guidelines

Citizens [Code of Ethics](#), which includes the standards of conduct, is made available to all employees on onboarding, and is also available on both the internal and external website. It is intended to provide general ethical conduct standards to follow and to assist in the organization's commitment to maintaining a culture of compliance. The [Employee Handbook](#) made available to all employees also reiterates conduct standards. Any person who violates the Code of Ethics or other corporate policies may be subject to disciplinary action in accordance with the [Corrective Action Corporate Policy](#). The consequences of non-compliance will be consistently applied and enforced to preclude future incidents or the reoccurrence of misconduct.

Conclusion

Citizens believes that by implementing an effective compliance program it will more effectively meet all applicable compliance requirements and reduce the risk of fraud, waste, and abuse and other violations. While Citizens recognizes that the implementation of this Program may not entirely eliminate legal misconduct and non-compliance, it reflects Citizens sincere effort to comply with federal, state, and local laws and regulations through the establishment of this Program.

This Compliance Program Framework has been approved and adopted by the Citizens Executive Leadership including the Inspector General. This Framework supersedes the 2016 Operational Compliance Governance Framework and has the force and effect of Corporate Policy.