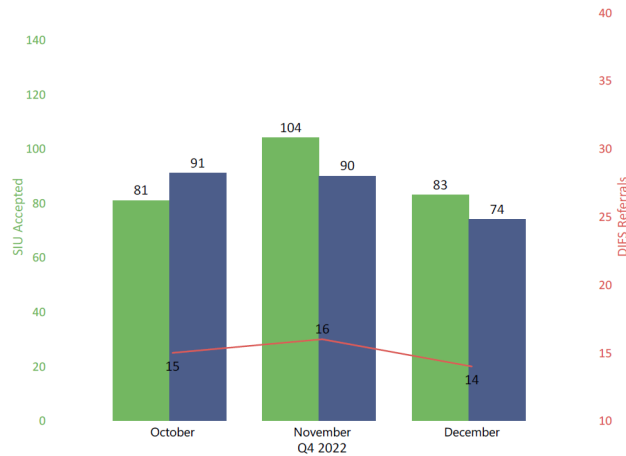


Addendum: SIU

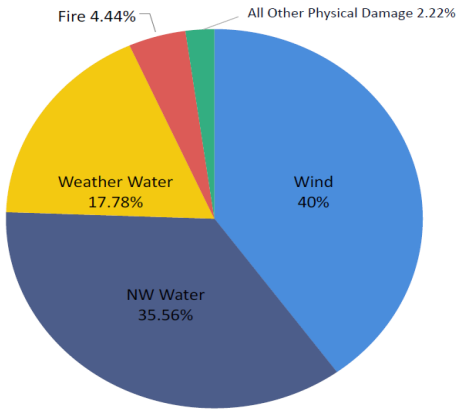
Claims Committee Meeting, March 9, 2023
Board of Governors Meeting, March 29, 2023

Special Investigations Unit (SIU)

Q4 2022 DIFS Referrals Vs. SIU Accepted & Completions



Q4 2022 DIFS Referrals by Loss Type



Q4 2022	Investigations Accepted by SIU	Investigations Completed by SIU	SIU Investigations Resulting in DIFS Referral
CAT	122	74	9
Non-CAT	146	181	36
Total	268	255	45

Overview

During the fourth Quarter 2022, Citizens’ Special Investigations Unit (SIU) accepted 268 claims for investigation and submitted 45 referrals to the Florida Division of Investigative and Forensic Services (DIFS) in accordance with statutory requirements. Approximately 35% of claims investigated by the SIU involve non-weather water claims, many that are solicited directly by a third-party representative, including public adjusting firms and contractors. Citizens’ SIU continues to investigate newly reported Hurricane Ian claims, many which involve suspect actions of third parties, including roofing contractors and public adjusters.

Major Case Update

Operation Crossing the Rubicon (Update): During January 2023, Citizens received \$100,000 restitution from two key individuals that intentionally submitted falsified documents in support of contrived weather and non-weather claims to Citizens. As previously reported, the collaborative investigation with Miami-Dade’s Economic Crimes Task Force and the DIFS found evidence in the form of text and email communications that the principal owner of Rubicon Public Adjusting had conspired with insureds and others to stage losses and submit falsified claims. In some cases, insureds received payments by Rubicon’s owner for referring others to have false claims submitted to Citizens. Overall, **there have been**

Addendum: SIU

Claims Committee Meeting, March 9, 2023

Board of Governors Meeting, March 29, 2023

42 arrests of insureds and others associated with the crime ring. Citizens is seeking **\$1.5 million in restitution** resulting from the criminal actions and to date collected a total of \$298,465 in restitution payments.

During February 2023, it was found that the principal owner and ringleader, Barbaria Diaz de Villegas (nee Gonzalez), was arrested for economic crimes she allegedly committed while free on bond while awaiting trial for her insurance crimes involving Citizens. As a result, her bond was revoked, and she was taken into custody.

Cases of Interest

Broward – Non-weather Water: An SIU investigation into the insured's pipe break claim revealed that a family member submitted falsified documents in support of \$21,000 in Additional Living Expenses (ALE) to Citizens. No payments were issued towards the ALE claim after the insured failed to submit to an Examination Under Oath (EUO). As a result of the referral to the DIFS, the family member was arrested and charged with insurance fraud and uttering a forged instrument.

Brevard – Personal Lines / Policyholder: A former Citizens' insured was arrested and charged with insurance fraud after an investigation revealed he submitted a false application to Citizens in support of issuance of a policy. The SIU investigation established that the policyholder operated an Assisted Living Facility (ALF) and misrepresented the use of the property on his application of insurance. The policy was voided to inception, removing \$295,000 in risk exposure from Citizens.

Tampa – Weather Water & Non-weather Water: An investigation into two claims submitted on behalf of the insured for two separate and unrelated water losses found that the public adjuster and water mitigation provider provided documents that conflicted with the insured's account of events. The claims, reserved for \$20,000 were withdrawn by the insured and AOB providers after Citizens requested an EUO of the insured. DIFS referrals were submitted.

Volusia – Fire: After the insured reported that assailants set fire to her house, an SIU investigation determined that the insured misrepresented the facts and circumstances surrounding her actions and developed evidence that she set the fire intentionally to collect the insurance benefits. The claim reserved at \$75,000 was denied based on false statements and material misrepresentations by the insured during the EUO. A DIF referral was submitted.

Pinellas – Non-weather Water: An SIU investigation determined that the insured submitted false documentation in support of personal property that she claimed was damaged from water resulting from a pipe break from a neighboring condominium unit. The claim reserved at \$20,000 was denied based upon the insured's misrepresentation. A DIF referral was submitted.

Broward – Windstorm: After a windstorm claim was received ten months after the date of loss and six months after the policy expired, an investigation determined that insured's attorney directed \$15,500 in unnecessary mold testing and temporary repairs to the roof that were unrelated to any losses occurring during the policy period. The claim was subsequently denied after the insured admitted during an EUO that he didn't suffer any loss during the policy period. A DIFS referral was submitted.

Addendum: SIU

Claims Committee Meeting, March 9, 2023

Board of Governors Meeting, March 29, 2023

Lee County – Wind: An SIU investigation revealed that an individual representing several residents of a condominium for their individual damage claims associated with Hurricane Ian was not licensed as a public adjuster in Florida. The individual, who once held a nonresident claim adjuster license, contracted to act on behalf of the insureds for a percentage of the insured's recovery for the claims and had never held a public adjusters license. A DIFS referral was submitted.

Duval – Wind: An SIU investigation into a weather-related roof claim found evidence the claim was contrived, and the insured attempted to claim duplicate unrepaired damage that pre-existed the date of loss. The SIU investigation, supported by claim records and historical aerial images, established the damage pre-existed the reported loss date and was paid by the prior carrier. The claim reserved for \$2,500 was withdrawn. A DIFS referral was submitted.

Highlands – Wind: After the insured submitted a claim for hail damage to their single-family home, an SIU investigation determined the insured intentionally submitted a materially false application for personal lines policy when they failed to disclose that the single-family home was actively operating as a licensed ALF. As the result of the misrepresentation, the policy was voided to inception and no payments were issued on the claim reserved for \$15,000. A DIFS referral was submitted.

Lee – Wind: An SIU investigation into a Hurricane Ian claim found that the public adjuster executed a contract to charge the insured 20% of the claim recovery in violation of the declaration of a state of emergency by the Governor that limits public adjuster fees to 10%. A DIFS referral was submitted.

Lee – Wind: After the insured's public adjuster submitted an \$84,000 estimate in support of the insured's windstorm claim, an investigation found evidence that the asphalt shingles were intentionally torn after Citizens' initial inspection. The claim was denied as the damage was unrelated from the reported windstorm event. A DIFS referral was submitted.

Orange – Wind: An investigation to the insured's reported windstorm damage established the roofing contractor engaged in the practice of public adjusting without being licensed by the department. A DIFS referral was submitted.

Collier, Miami-Dade, and Palm Beach Counties – Personal Lines / Policyholder: An SIU investigation identified five personal lines risks in which insureds were aware, and failed to disclose on the application, that the single-family homes operated as ALF's. As a result, the policies were voided to inception, collectively removing \$1.7 million in exposure from Citizens. DIFS referrals were submitted for the insureds' material misrepresentations on the insurance applications to Citizens.

Volusia – Personal Lines / Policyholder: An SIU investigation established that the policyholder owned and operated an Adult Family Daycare Home at the risk location. As a result, the policy was set for non-renewal and \$342,000 in risk removed. A DIFS referral was submitted against the insured for insurance application misrepresentation.

Hillsborough – Personal Lines / Policyholder: SIU identified a personal lines risk that was operating as an Adult Family Daycare Home. The SIU investigation established that the policyholder owned and operated an Adult Family Care Home at the risk location. As a result of the investigation, the policy was voided, removing \$681,000 in exposure from Citizens. A DIFS referral was submitted against the insured for application misrepresentation.