



**ANNUAL  
REPORT**

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**2023**

**OFFICE OF  
INSPECTOR  
GENERAL**

**Mark Kagy**  
Inspector General

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



## **A Message from the 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 2023.

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.

As you will see in this report, the OIG has spent considerable 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 provide resolution before an investigation is necessary. As such, we have made considerable efforts to maintain the OIG presence at Citizens and to build a professional rapport with individual Citizens' divisions. The OIG looks forward to current and future proactive projects such as the awareness campaign for Citizens' anonymous complaint reporting hotline and website - *Tell Citizens*, initiation of a corporate compliance assurance project, and post-hire background checks for all Citizens staff,

In closing, I would like to thank the Chair of Citizens' Board of Governors, and Florida's Chief Inspector General for their support in our operations. The OIG staff is a dynamic team and I appreciate their efforts and continued contributions, I look forward to the future and I am excited to see the continued successes of this office.

Mark Kagy, CCEP, CIG, CFE, CIGI  
Inspector General

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# Executive Summary

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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." The OIG has assembled this Annual Report highlighting the accomplishments and activities of the office.

In 2023, the OIG:

- Received 291 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:

- 9 Cases (three Investigations, five Investigative Inquiries and one Compliance Review)
- 282 Administrative Projects (Consultations, Referrals, and Administrative Closures)
- Closed 10 Cases (four Investigations, five Investigative Inquiries and one Process Review)
- Closed 285 Administrative Projects (Consultations, Referrals and Administrative Closures)
- Assisted in leading and conducting multiple Citizens training activities, events, and seminars aimed at identifying and enhancing leadership qualities within the corporation
- Continued activities to increase awareness of the OIG and the complaint reporting hotline *Tell Citizens*
- Conducted formal and informal outreach efforts to Citizens' managers, employees, and stakeholders to exchange information regarding OIG and business unit roles, responsibilities, and expectations.

## Office of Inspector General

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Tallahassee, FL 32303

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# Corporate Background<sup>1</sup>

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## A Purpose-Driven Mission

Citizens Property Insurance Corporation plays a crucial role in Florida’s property insurance marketplace by providing property insurance protection to people who are in good faith entitled to obtain coverage through the private market but are unable to do so. As one of Florida’s leading insurers of Florida homes and businesses, we strive to ensure that our customers receive service that is comparable to private-market standards.

Citizens is a not-for-profit company whose employees are driven first and foremost by our mission of service to the people of Florida. In addition to providing a quality product and service, we strive to be good stewards of the premium funds entrusted to us and are committed to modeling the highest level of ethical behavior.

Our purpose-driven mission informs every action and decision we make, and we are proud of the valuable service we provide to our customers and the Florida marketplace.

## About Citizens

Citizens was created by the Florida Legislature in August 2002 as a not-for-profit, tax-exempt, government entity to provide property insurance to eligible Florida property owners unable to find insurance coverage in the private market. Citizens is funded by policyholder premiums; however, Florida law also requires that Citizens levy assessments on most Florida policyholders if it experiences a deficit in the wake of a particularly devastating storm or series of storms.

Citizens operates according to statutory requirements established by the Florida Legislature and is governed by a Board of Governors. The board administers a Plan of Operation approved by the Florida Financial Services Commission, an oversight panel made up of the Governor, Chief Financial Officer, Attorney General and Commissioner of Agriculture.



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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

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## 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.

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*The purpose of the OIG is to "provide a central point for coordination of and responsibility for activities that promote accountability, integrity, and efficiency."*

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## 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

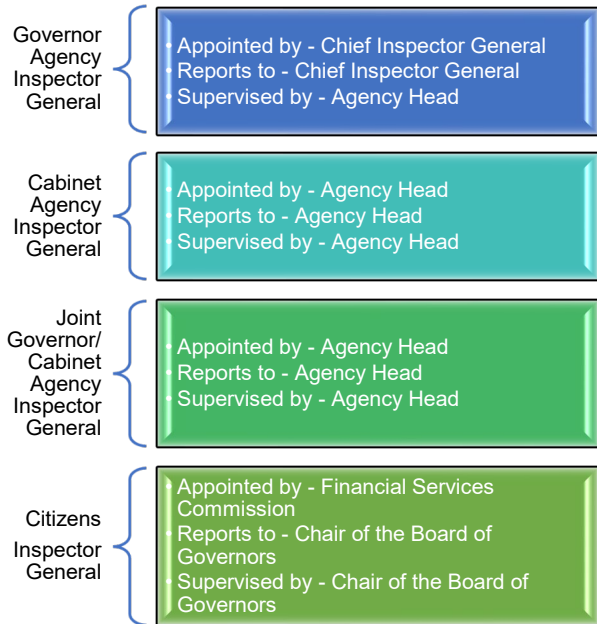
under the authority of Section 20.055, Florida Statutes. Although not a state agency, Citizens is a government entity, and the Citizens OIG is housed administratively within the corporation. Citizens' OIG does not operate under the same authority as state agency offices of inspector general. Citizens' 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.



## 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.

Mark Kagy was appointed as Citizens' Inspector General in 2021. The OIG currently consists of five positions:

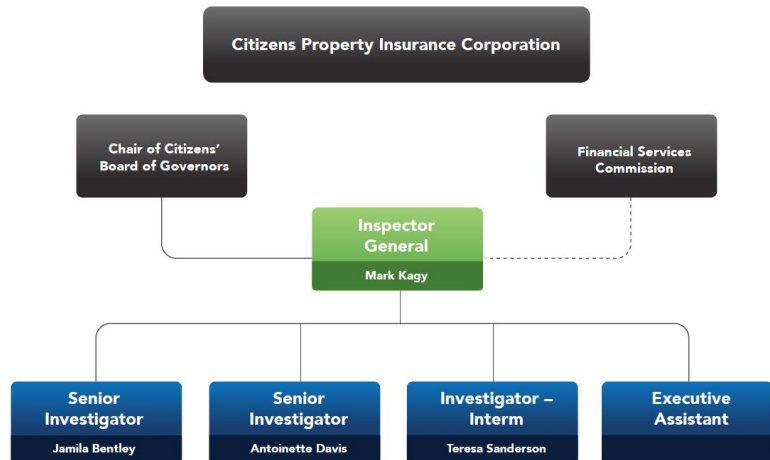
- Inspector General
- Three Investigators (2 Senior, 1 Intermediate)
- Executive Assistant

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 (3)
- Graduate degree (1)
- Bachelor's degree (4)

## Organizational Chart



## 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



# OIG Processes

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## 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 which 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.

## Professional Education and Training

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.

All members of the OIG annually attend the Equal Employment Opportunity Commission (EEOC) training to maintain their EEOC Investigators certification.

## 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, are generally 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 to address the complaint.

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

- Inspector General
- Chief of Internal Audit
- Ethics and Compliance Officer
- Human Resources Representative

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 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.

## 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.

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<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.

# OIG 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 increase awareness and knowledge through formal and informal meetings rather than when contact and interaction becomes necessary during an active investigation.

Inspector General Kagy regularly conducts scheduled, in-person/virtual 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 2024.

### Leaders Corner Articles

Leaders 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 and remain accessible to employees.

Inspector General Kagy wrote two Leaders Corner articles during 2023.

In the first article titled “4 Ways Self-Awareness Can Lead to Success”, Kagy discussed ways to develop self-awareness by identifying our strengths and weaknesses, analyzing them, and making necessary changes for improvement. Kagy stated “Our focus is typically outwards, but greater growth is more often achieved by focusing inward.”

In the second article titled “Fraud Awareness: Citizens Eyes Occupational Fraud, Too.” Kagy discussed less commonly known fraudulent behaviors. Kagy stated “International Fraud

Awareness Week is a good time to remember it is everyone’s responsibility to do what they can to combat fraud.” The article also provided

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*“International Fraud Awareness Week is a good time to remember it is everyone’s responsibility to do what they can to combat fraud.”*

*– Mark Kagy, Inspector General*

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information on how to report suspected fraud.

### OIG and Tell Citizens Awareness Campaign

In early 2020, the OIG created a plan to raise the profile of the *Tell Citizens* hotline and increase awareness of the Office of Inspector General. In 2020, the OIG implemented several ongoing activities to educate employees about our office and *Tell Citizens*.

In 2023, the OIG continued to raise awareness of the office with activities such as writing Leaders Corner Articles, updating mandatory employee training with OIG and *Tell Citizens* information, reviewing and updating the OIG page on Citizens’ internal and external sites, providing *Tell Citizens* informational cards with all employee ID badges, and participating in multiple presentations within the organization.

The OIG is accessible to external parties through the Inspector General page on Citizens’ external site which provides an overview of the office, information on how to file a complaint, and general contact information. A contact card for the Inspector General that includes a link to the *Tell Citizens* site can be found under the “Contact Us” page on Citizens’ external site. In addition, an Office of Inspector General contact web form can be completed under the “Email Us” page so external parties can reach the OIG.

### Workshop and Seminar Participation

Inspector General 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.

## Fraud Awareness Week

Every year Citizens plans a Fraud Awareness Week for employees. During this week, which often coincides with International Fraud



**Fraud:**

Identify It.  
Report It.  
Help Stop It.

Awareness week, there are activities and articles that discuss the effects of fraud and what Citizens does to combat fraud. Inspector General Kagy participates in planning

the content and activities surrounding this annual event.

## Leadership Summit

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

## Lead 365

Lead 365 is a program developed to guide future leaders. Program topics include leadership and teambuilding, managerial foundations, and mentoring. Rising leaders within Citizens' ranks were identified and participated in this six-month program. Inspector General Kagy provided leadership remarks to the graduates.

## Leadership Teams

Citizens' Executive Leadership Team (ELT) consists of the top leaders within the corporation and is led by Citizens' President/CEO and Executive Director. Inspector General Kagy has been accorded full membership on Citizens' ELT where he provides perspective and information from his role as Inspector General during regular and periodic meetings.

## Committee Involvement

### Risk Steering Committee

Citizens' Risk Steering Committee (RSC) is responsible for overseeing the risk management processes for the corporation. Inspector General Kagy participates in these meetings and assists the RSC in its responsibilities to provide

leadership through the alignment of risk mitigation activities, prioritizing risk exposures, ensuring optimal risk management, and facilitating open communication across functional units.

## Safety and Security Committee

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.

Kagy takes a lead role in several matters related to the safety and security of Citizens' operations. This year, he was consulted or took a leadership role in resolving four matters. As a result, there were no known negative impacts to Citizens' staff, vendors, policyholders, or operations. The OIG works continually to monitor threats to Citizens' safety and security and takes immediate actions to resolve any threats.

## 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. Inspector General Kagy is honored to be serving his second term on the FCAIG Executive Board.

# Investigative Projects

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## 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

Most of OIG activities begin as 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, business unit experts and the subject of the complaint 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. 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*.

## OIG Project/Activity Types

### Cases

*Investigation*

*Investigative Inquiry*

### Substantive Projects

*Process Review*

*Compliance Review*

### Administrative Projects

*Consultation Services*

*Opinions*

*Referrals*

*Administrative Closure*

## 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.

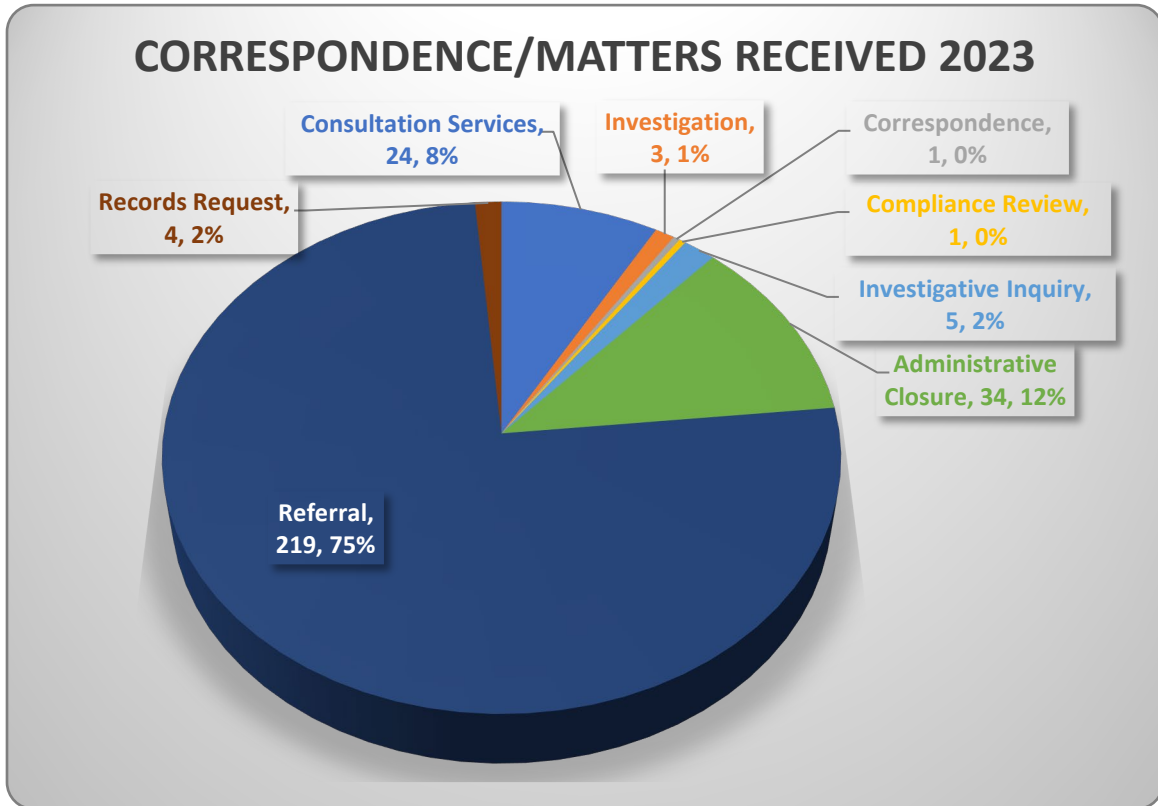
*Opinions* are proactive determinations provided by the Inspector General to inquiries made by Citizens staff or business partners. Opinions promote assurance that inquiries or concerns have been received and documented by the OIG and appropriate guidance is provided to facilitate compliance. The most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

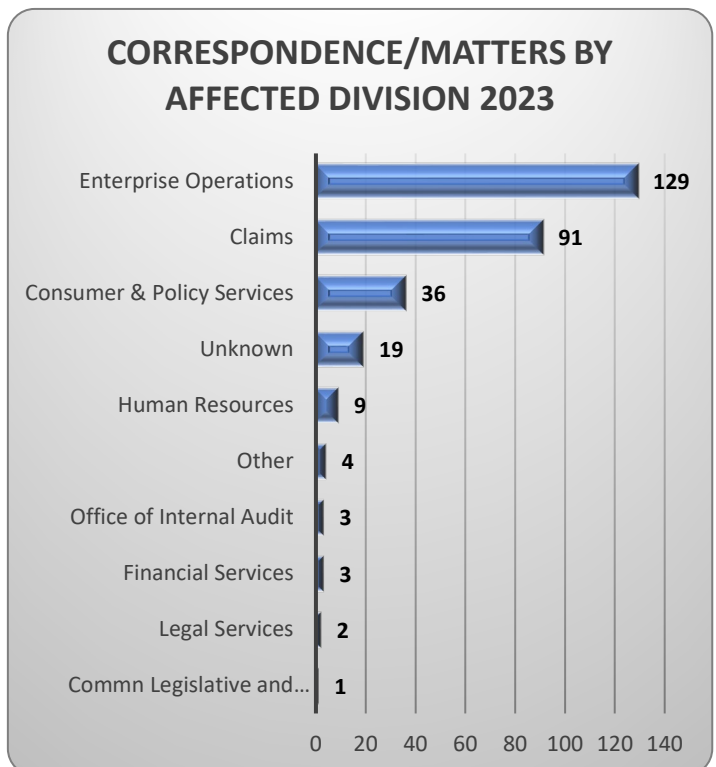
*Administrative Closures* occur on occasion when no additional investigative activity is warranted for a particular matter, or the matter falls outside of the OIG's jurisdiction to handle or refer.

## 2023 Projects Overview

The OIG received 291 correspondences/matters throughout the year, of which 223 were categorized as complaints. The OIG addressed the 291 correspondences/matters with the following projects initiated:



The 291 received correspondences involved matters throughout the corporation. In some instances, correspondences can affect multiple divisions. The distribution of correspondence subject matters can be viewed by division within the corporation:



## 2023 Closed Project Summaries

In 2023, the OIG closed four Investigations, five Investigative Inquiries, and one Process Review.



### 22-14 Investigation – Sexual Harassment, Misconduct

A Citizens policyholder alleged inappropriate conduct by an Independent Adjuster (IA) during a home inspection and in subsequent communications. She further alleged the IA delayed the processing of her claim due to her refusal of his advances. The policyholder indicated there were no witnesses to his alleged behavior; however, she claimed a review of call logs, texts, and email communications would demonstrate improper conduct by the IA. The OIG conducted a review of these communications but found no evidence of improper conduct.

The IA indicated he referred the policyholder’s claim to Citizens’ Special Investigations Unit (SIU) for review due to inconsistencies and other red flag indicators of possible fraud. OIG interviewed Claims and SIU management and staff who evaluated the claim and individually stated the referral to SIU was appropriate, and the IA followed the proper referral processes.

OIG conducted a review of the IA’s past performance and noted overall high ratings for customer satisfaction surveys. Additionally, OIG contacted multiple policyholders that had claims assigned to the IA in an effort to determine if prior inappropriate behavior occurred. None of the individuals contacted by OIG expressed concerns. The allegation the IA behaved in an inappropriate manner is **Not Supported**. The allegation the IA delayed the processing of the policyholder’s claim is **Not Supported**.



### 22-15 Process Review – Licenses and Appointments

The OIG received information that three employees held active insurance licenses that are not required for their position, a possible violation of Citizens’ Code of Ethics which informs employees that non-required insurance licenses should be placed in an “inactive” status through the Department of Financial Services. In response, the OIG conducted a Process Review to:

- Evaluate Citizens’ policies and procedures related to licenses and appointments;
- Identify and provide recommendations for areas of improvement; and
- Provide a determination regarding three employees identified to have multiple appointments.

The OIG process review determined that policies regarding staff licenses are being followed and procedural opportunities for improvement exist. Although policy outlines license requirements, it does not address the appropriateness of “appointments” from other carriers. New employees are being notified and trained regarding Citizens’ Code of Ethics by HR during their onboarding. However, specifics related to non-required licenses and non-Citizens’ appointments are not covered during new hire orientation, the annual Conflicts of Interest training, or in the “Acknowledgement of Code of Ethics” form. Additionally, employees are not being consistently asked if they have a license and Citizens does not maintain a master list of employees with licenses or positions that require a license.

Various staff members shared they have received feedback that there has been confusion among employees and their supervisors regarding the license process. Staff members also communicated that updates to policies and procedures regarding licenses and appointment were in progress. The OIG verified that the identified employees were not engaging in secondary employment and no further action concerning the employees by the OIG was warranted. The process review concluded with the



OIG providing management with procedural recommendations to consider, many of which were already in progress.



### 23-01 Investigation – Discrimination, Misconduct

A Citizens policyholder alleged an Independent Adjuster (IA) acted in an unprofessional manner and poor customer service due to the policyholder's race. It was also alleged that a Citizens Claims Manager used a racial slur and denied the policyholder's request for a new adjuster because of his race.

Both the IA and Claims Manager denied the allegations of race discrimination against the policyholder. Citizens does not record all calls between policyholders and adjusters or managers. At the request of the OIG, Claims Management and staff conducted a review of the file and determined the loss was largely an noncovered event as water damage appeared to have been preexisting and the result of a slow leak rather than a covered loss. This finding was verified by an engineering firm that documented improper installation. Numerous calls between the policyholder and the IA were documented, noting regular communication. Claims Management stated transfer requests are only approved in limited circumstances due to the additional cost to Citizens. OIG interviewed multiple claims managers and staff who individually concurred that the appropriate decisions were made during the claims process,

Additionally, there are no records of previous complaints or incident reports filed against the Claims Manager. OIG reviewed customer satisfaction surveys from policyholders who were previously served by the IA. In the areas of Thoroughness of Information Provided and Professionalism and Courteousness of Adjuster, the IA received overall high ratings. However, an additional complaint involving alleged race-based discrimination was made against the IA during the course of the OIG investigation. Although the phone calls in which the IA allegedly used racially insensitive comments were not recorded, management was advised to monitor or take other action deemed necessary to ensure policyholder communication is non-discriminatory, courteous, and professional,

The allegation that the IA acted in an unprofessional manner with the policyholder during the processing of his claim because of the policyholder's race is **Not Supported**. The allegation that the Claims Manager used a racial slur, provided poor customer service, and denied his request for a new adjuster because of the policyholder's race is **Not Supported**.



### 23-02 Investigative Inquiry – Print and Mail Vendor Contract Improprieties

The OIG received information from the Office of the Chief Inspector General (CIG) concerning a Whistle-blower complaint. The complaint contained allegations of contract violations by a mail vendor including failing to meet service level agreements. The OIG's review concluded Citizens' Contract Manager was aware of the vendor's deficiencies and responded appropriately through the issuance of two Corrective Action Plans. An additional allegation concerning the vendor failing to provide postage discounts was referred to law enforcement for review and action deemed necessary.

During the OIG's review, Citizens' Office of Internal Auditor (OIA) determined the vendor had also engaged in improper billing practices by submitting invoices for work not yet performed. This finding resulted in the vendor amending their invoices and agreeing to provide Citizens with service level credits.

As a result of the identified vendor issues, Citizens began the process of transitioning to new mail vendors. Citizens is also implementing recommendations from OIG and OIA and has retained the services of an independent management consulting firm to evaluate the overall mail process. Based

on the information obtained, no further action by the OIG is warranted and the investigative inquiry is closed.



### 23-03 Investigation – Excessive Overtime

The OIG received a complaint that an Analyst II was submitting excessive and unnecessary overtime hours. Managers provided the OIG with information supporting the use of overtime and described staffing challenges. Management believed the Analyst II’s overtime usage was justified and did not believe she was abusing overtime based upon her job responsibilities, their observations of her performance, and feedback from the business units she supports. Management also expressed measures are being taken to streamline processes and balance workload through filling vacancies and shifting tasks to other teams.

The Analyst II’s manager acknowledged concerns of workload imbalance but said any changes to duties involving current employees would be challenging because her team is already at capacity, shifting additional duties would require training, and she considered the exempt employees who would be working additional hours without receiving additional compensation. HR personnel confirmed the business unit has experienced staffing difficulties and verified that a recently filled position had been vacant for about five months, and the business unit was actively filling another vacancy.

Based on the information obtained, the allegation that the Analyst II is submitting excessive and unnecessary overtime is **Not Supported**.

OIG also identified the twenty employees with the highest accrual of overtime. OIG reviewed these hours with each employee’s Executive Leadership Team member who verified the accuracy and appropriateness of their overtime. Most of the overtime was attributed to Hurricane Ian response as well as Citizens’ overall growth.

Additionally, OIG noted that Citizens’ managers do not have access to comprehensive overtime reports or timesheet reports which would provide overtime usage. Currently, managers must manually monitor and calculate overtime usage for each of their direct reports or request an ad hoc report. HR is in the process of developing a comprehensive overtime reporting tool to assist leaders across the organization in monitoring and managing overtime usage by the end of the year.



### 23-04 Investigation – Sexual Harassment

A field employee alleged that approximately five years ago her supervisor behaved inappropriately while at her home assisting with office furniture. The employee stated there were no witnesses to the incident. The OIG interviewed the supervisor’s former and current direct reports, Human Resources personnel, and co-workers. None of the employees reported witnessing, experiencing, or having knowledge of any improper behavior by the supervisor. Additionally, a review of the supervisor’s email correspondence did not reveal inappropriate material. The supervisor acknowledged going to the employee’s home to assist her assemble an office desk but denied engaging in any inappropriate behavior. Prior to the closure of the investigation, the complainant requested to withdraw the complaint. Based on this request and the lack of corroborating evidence, the OIG closed the investigation.





### 23-05 Investigative Inquiry – Discrimination

A Citizens employee alleged discrimination when he did not receive timely feedback on his internal job application and subsequent status request. Talent Acquisition management demonstrated proper actions were taken to review and consider the employee’s application, but acknowledged notification of the decision was not handled timely in accordance with the normal process. The Talent Acquisition Specialist acknowledged the delay in communication as inadvertent but denied race discrimination and stated she was unaware of the employee’s race. OIG staff verified that an applicant’s race is systematically withheld from the applicant profiles.

OIG also reviewed the good standing check process relevant to the employee’s application, as an inconsistency in the execution of this process was discovered. According to management statements and documentation, the Talent Acquisition Specialist requested a good standing check for the employee, and received a response that the employee was in good standing to apply. However, performance records reflected the employee had been placed on a final warning less than four months prior to applying for the position. OIG determined the employee would not have been deemed in good standing had HR staff checked a prior year’s metrics log or consulted with an HR Business Partner. HR executive management stated automation of the good standing check process is underway to ensure accuracy and consistency.

Based on the information obtained, no further action by the OIG is warranted and the inquiry was closed.



### 23-06 Investigative Inquiry – Secondary Employment

A supervisor reported concerns that his subordinate, who worked as a field employee, was engaging in unapproved secondary employment. The supervisor said the employee had work performance issues and routinely did not respond timely to messages, emails, or calls for several hours despite appearing available through Microsoft Teams. Additionally, the supervisor stated he heard what sounded like a work meeting, unrelated to his Citizens’ employment, in the background during a call with the employee. The employee was interviewed by the OIG and denied engaging in secondary employment. However, he stated he had been looking for a new job after receiving negative feedback on his recent performance evaluation. During the interview, the employee expressed his intentions to resign from Citizens, stating he felt his supervisor did not respect or trust him. The employee subsequently submitted his resignation. As a result, further investigative activity by the OIG was unwarranted and the inquiry was closed.



### 23-07 Investigative Inquiry – Vendor Employee Theft

The OIG received a complaint alleging a vendor field inspector stole property from a policyholder following a home inspection. Upon notification, the vendor terminated the employee and negotiated a settlement with the policyholder. The OIG’s inquiry revealed the employee had a previous criminal history that was not identified by the vendor through their initial background check. The vendor acknowledged mistakes were made on their behalf and stated procedural changes were in progress to include reviewing results of background checks for accuracy, conducting yearly background checks, and ensuring the successful completion of background checks prior to work assignments. Citizens’ vendor management issued the vendor a corrective action plan for non-compliance and flagged the employee as ineligible to perform future work for Citizens. The policyholder reported the alleged theft to local law enforcement. Based on the information obtained, no further action by the OIG is warranted and the investigative inquiry was closed.





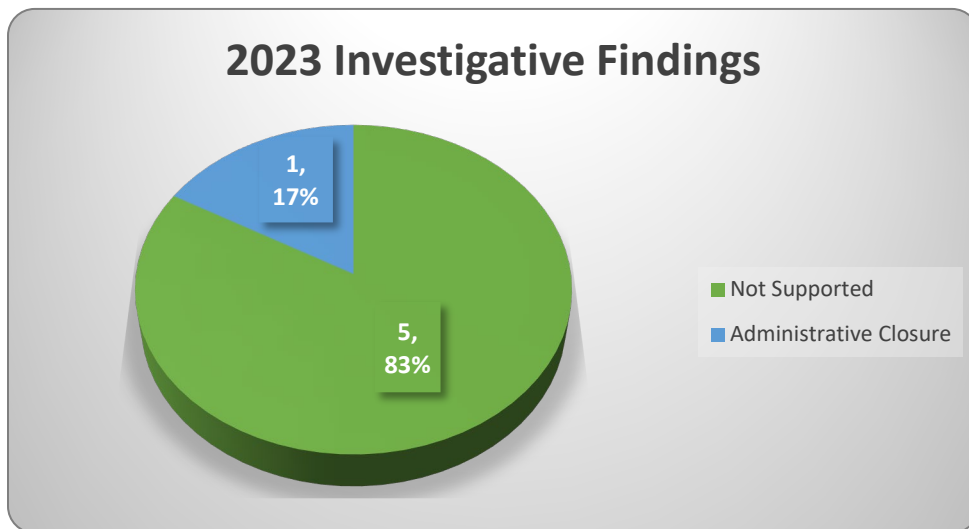
### 23-08 Investigative Inquiry – Retaliation

The OIG was informed Plaintiff’s counsel for a Citizens’ Claims Adjuster, suing Citizens over a roof claim, alleged the Claims Adjuster was experiencing retaliation as a result of the suit. Plaintiff’s counsel alleged the employee was “being called in to various people’s offices” and subjected to threats of termination “if he keeps doing continuing education regarding roofs.” OIG contacted the Claims Adjuster to provide an avenue for him to voice any concerns as needed. The Claims Adjuster stated he was not experiencing retaliation for filing a lawsuit against Citizens and was unaware of any statements by his attorney to that effect. No further action by the OIG was warranted and the inquiry was closed.



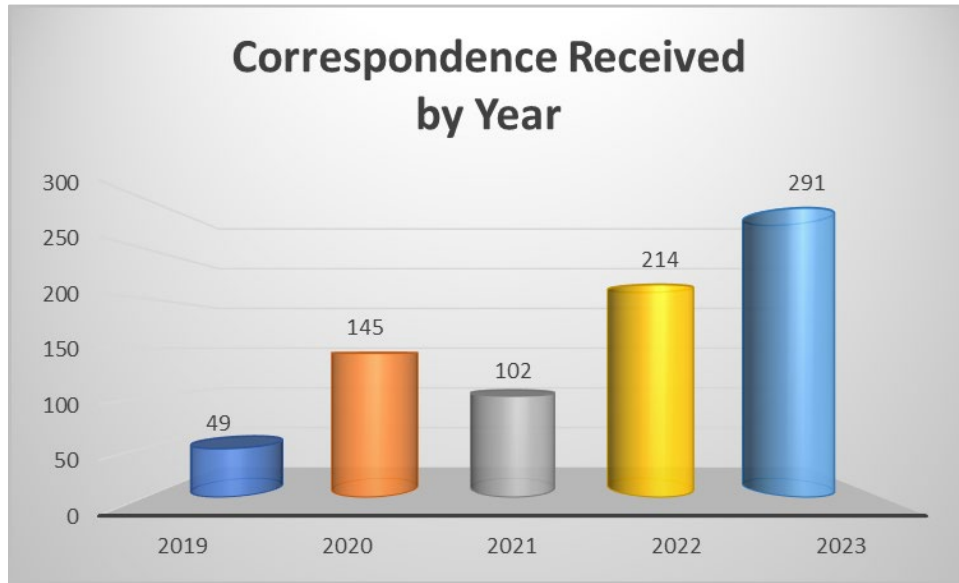
### Investigative Findings Summary

The four closed Investigations (exclusive of Investigative Inquiries) contained six individual allegations. Five allegations were **Not Supported** and one allegation was **Administratively Closed**.



## 2019-2023 Trends

Over the past five years the number of correspondences/matters received by the OIG have increased. The increases seen are due to proactive involvement in projects and to the increased awareness of the office created by the 2020 OIG and *Tell Citizens* branding campaign. The results of the branding campaign more than doubled the number of contacts through *Tell Citizens* since 2020. The addition of the ability to contact the OIG through the “Contact Us” option on Citizens’ external web-site accounted for 1/3 of the correspondences in 2023. With the increased awareness and continued proactive measures taken by the OIG, correspondence numbers are expected to remain around the 2023 intake volume.



Between 2019 and 2023, the OIG received correspondences/matters by various means of contact. The chart below shows how the increased awareness and proactive involvement of the OIG increased overall correspondences/matters in the last three years.

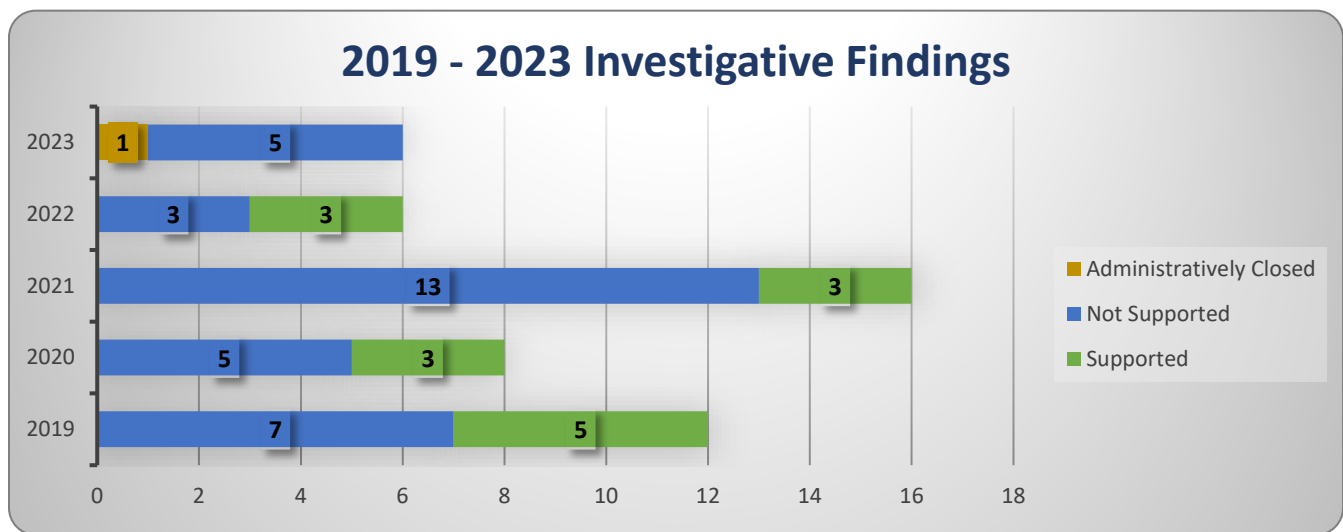
	2019	2020	2021	2022	2023
<b>Contact Us – External Site</b>	0	17	34	50	101
<b>Email</b>	19	24	37	37	35
<b>In Person</b>	7	4	1	1	1
<b>Mail</b>	3	2	2	2	5
<b>Referral</b>	1	3	1	4	12
<b>Other</b>	1	63 <sup>3</sup>	1	2	1
<b>Telephone</b>	5	9	4	7	9
<b><i>Tell Citizens</i></b>	13	23	22	111	127
<b>Total</b>	49	145	102	214	291

<sup>3</sup> The post-hire background screening project led to an increase in the number of correspondences received as Other.

Between 2019 and 2023 the OIG has received correspondences/matters categorized under the following primary issues/allegations:

	2019	2020	2021	2022	2023
Discrimination/ Harassment	4	4	3	4	5
Ethics	5	2	3	7	3
Misconduct	18	18	10	27	15
Mismanagement	11	9	4	4	9
Arrest/Disposition	0	59 <sup>4</sup>	2	1	1
Other	5	47 <sup>4</sup>	4	15	27
Records Request	Not previously tracked			4	3
Customer Inquiry/Complaints	Included in Other		76	145	224
Vendor Improprieties	6	6	0	7	4
<b>Total</b>	<b>49</b>	<b>145<sup>5</sup></b>	<b>102</b>	<b>214</b>	<b>291</b>

Over the past five years, the OIG has investigated 48 allegations (exclusive of Investigative Inquiries). Thirty-three of the allegations were **Not Supported**, fourteen allegations were **Supported**, and one was **Administratively Closed**.



<sup>4</sup> The post-hire background screening project led to an increase in the number of correspondences for the “arrest/disposition” category. These 59 correspondences represent interactions with staff and the vendor and do not represent individual arrests or convictions.

<sup>5</sup> The OIG and *Tell Citizens Awareness Campaign* led to a significant number of correspondences received by OIG which were more appropriately addressed by other Citizens’ business units, therefore they were referred to the appropriate business units for handling.

# Report on Impairments to Independence

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## OIG Budget

The Office of Inspector General is administratively housed within Citizens and its 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 company's 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>6</sup> and as instituted by best professional practices<sup>7</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.

OIG Policy 1.05 requires all OIG staff members to complete an Annual Independence and Objectivity Statement form certifying their independence from any personal, organizational, and/or external impairments. The policy also requires, upon recognition of any impairment or perceived impairment, the staff member immediately notify the Inspector General.

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.**

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

<sup>7</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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