

Addendum

Claims Committee Meeting, November 30, 2016
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SIU Cases of Interest

Water – Non Weather Related

Miami-Dade – The insured alleged that a pipe within the concrete slab burst and flooded the residence and that a pipe within the wall of the bathroom suddenly burst and flooded the bathroom and surrounding area. Both claims were submitted to Citizens by the insured's attorney through their loss consultant, who also submitted invoices for water mitigation services and a plumbing invoice as proof of repairs. The SIU investigation determined that the claims had been staged. A Division of Insurance Fraud (DIF) referral was submitted and as the result of their investigation, the insured was arrested and charged with insurance fraud and grand theft.

Lehigh Acres – Citizens insured was arrested on July 8, 2016 by the DIF with the assistance of the Lee County Sheriff's Office and charged with 2 counts of Insurance Fraud Third Degree Felony. Two claims were reported on the same day with different causes of loss; roof leak and failed plumbing line. The SIU investigation identified a witness who implicated the insured in staging the loss and fabricating damage. Both claims were denied for failure to comply with duties after loss; nonappearance to Examination under Oath (EUO).

Miami-Dade – The insured alleged that a supply line ruptured causing water damage throughout the flooring of the insured's residence, which was the basis of the \$26,000 claim submitted to Citizens. The SIU investigation, supported by an expert's examination, determined that the claim had been staged and that water stains had been fabricated. A DIF referral was made and as the result of their investigation, the insured was arrested and charged with insurance fraud.

Miami-Dade – During SIU's investigation into a pipe break claim submitted in 2014, it was discovered that the insured misrepresented the exact same kitchen damage that he previously claimed in 2009 with his prior insurance company. It was further revealed that both insured's signed an application with Citizens and denied the existence of prior claims or damage. A DIF referral was submitted and as the result of their investigation, the insureds were both arrested and charged with insurance fraud.

Miami-Dade – During the submission of a non weather water claim, the insured implicated her former public adjuster in fabricated plumbing invoices as proof of repairs and provided false loss details when reporting the claim to Citizens. As the result of the SIU investigation, a DIF referral was submitted and the public adjuster was subsequently arrested and charged with insurance fraud.

Miami-Dade – The insured alleged that a supply line in the kitchen ruptured, causing water damage throughout the kitchen. The claim was submitted within 30 days of obtaining a policy

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with Citizens. The SIU investigation found no evidence of a recent water event and determined that the insured had falsely presented the exact same damage which she previously claimed in a similar claim submitted to a prior carrier in 2013. A DIF referral was submitted and as the result of their investigation, the insured was arrested and charged with insurance fraud.

Miami-Dade – SIU's investigation into a pipe-break claim concluded there was no evidence to support that a sudden and accidental water event occurred as reported by the insured. Furthermore, it was revealed that the insured misrepresented the use of the property on his application of insurance. As the result of the SIU findings, the claim was voided and no claim payments were made. A DIF referral was submitted and as the result of their investigation, the insured was arrested in June and charged with insurance fraud.

Broward – It was alleged that the insured's house sustained a pipe break in the kitchen and a roof leak, resulting in water damage throughout the home for two separate and unrelated events, occurring 13 days apart. The two claims were submitted by the insured's public adjuster to Citizens 25 and 12 days late respectfully. The combined water mitigation services performed under an AOB for both events amounted to \$7,000. The SIU investigation, which involved expert inspection and an interview with the insured, revealed no evidence of a sudden and accidental water event and that the damage likely resulted from a long term leak. Both claims, reserved at \$25,000, were denied based on the reported loss did not contribute to the ensuing damages that resulted from repeated seepage, wear tear and lack of maintenance. A DIF referral was submitted.

Miami-Dade – The insured's public adjuster reported that a blocked drain line under the slab failed, causing damage to the kitchen and bathroom cabinets. The claim was reported to Citizens 8 days after the loss occurred. The SIU investigation, supported by engineer findings, was unable to confirm that the damages were a result of a flooding event and were likely from multiple occurrences. The claim, reserved at \$10,000, was denied based on the determination the damage was the result of long term/repeated seepage. A DIF referral was submitted.

Miami-Dade – The insured's public adjuster reported that a leak from the upstairs unit caused mold damage to the master bedroom and bath area. The claim was reported to Citizens 42 days after the loss occurred. The damages appeared to be inconsistent with a sudden and accidental loss. The SIU investigation, along with the engineering inspection, established that the damages reported were determined to be long term/lack of maintenance and the insured misrepresented the cause of loss. The claim, reserved at \$10,000, was denied due to long term exposure. A DIF referral was submitted.

Miami-Dade – The insured's public adjuster reported a water supply line ruptured resulting damage throughout the residence. The claim was reported to Citizens 9 days after the loss occurred. The SIU investigation, along with the engineering inspection, established that the insured materially misrepresented the condition of the house and submitted a false claim for the

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damage that pre-existed the date of loss. The claim, reserved at \$10,000, was denied due to long term exposure/other exposures. A DIF referral was submitted.

Miami-Dade – The insured claimed that a leaking faucet resulted in water damage. The claim was submitted to Citizens 45 days after the loss. The SIU investigation, supported by an inspection by an engineer, concluded that the insured misrepresented the claim and there was in fact no evidence of a sudden and accidental event. The damages were determined to be the result of long term leakage. The claim, reserved at \$7,500, was denied due to long term constant repeated seepage or leakage. A DIF referral was submitted.

Miami-Dade – The insured claimed that a plumbing leak in the kitchen resulted in water damage to the kitchen cabinets and surrounding area. The claim was reported by the insured's attorney 42 days after the loss occurred and after destructive water mitigation services were performed. The SIU investigation, supported by an engineer's findings, found that the insured materially misrepresented the pre-loss condition of the kitchen cabinets which contained identical damage claimed in two previous water loss claims. The insured's attorney and the insured agreed to pay the water mitigation services and voluntarily withdrew the claim, which was reserved at \$10,000. A DIF referral was submitted.

Tampa – The insured's attorney reported water losses due to two unrelated pipe breaks resulting in damage to the kitchen and bathroom. The claims were reported to Citizens respectively 35 and 28 days after the losses occurred. The SIU investigation, supported by engineer's findings, established that the insured materially misrepresented the condition of the property and provided false information concerning repairs that were alleged to have been completed from a prior claim. The insured's attorney and the insured voluntarily withdrew both claims, which were reserved at \$16,000. A DIF referral was submitted.

Miami-Dade – The insured's attorney reported a water loss due to a broken drain line that caused damage throughout the insured's house. The claim was reported to Citizens 16 days after the loss occurred. The SIU investigation, supported by engineer's findings, found that the damages were not consistent with a one-time water event attributed to long-term and preexisting damage. The claim, which was reserved at \$5,000, was subsequently denied due to the insured's failure to attend three scheduled EUOs. A DIF referral was submitted.

Dade – The insured's public adjuster reported a water loss due to a broken supply line in the insured's master bathroom. The claim was reported to Citizens 11 days after the loss occurred. The SIU investigation, supported by engineer findings, found that the reported damages were not consistent with a one-time water event attributed to long-term and lack of maintenance and that the insured misrepresented the loss. The claim, reserved at \$13,000, was subsequently denied based on misrepresentation of the facts and long term exposure. A DIF referral was submitted.

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Miami-Dade – The insured's attorney reported that a failed supply leak caused damage to the kitchen cabinets and walls. The claim was reported 6 days after the loss occurred. The SIU investigation, supported by engineer's findings and the insured's EUO, found that the insured misrepresented the loss and the loss did not occur as reported. The claim, reserved at \$7,500, was denied based on the determination that there is no evidence to suggest that failure of water supply line or a significant water event occurred. A DIF referral was submitted.

Palm Beach County – The insured reported the failure of a garbage disposal resulted in water damage to the kitchen cabinets. An expert determined there was no evidence of a water leak. The SIU investigation revealed that the insured claimed unrepaired damage that was from an unrelated loss that pre-existed the policy and was submitted in a claim by the prior owner. The claim, reserved at \$10,000, was subsequently denied for material misrepresentation. A DIF referral was submitted.

Miami-Dade – The insured's attorney's reported a blocked drain line under the slab failed causing the bathroom toilet and kitchen sink to simultaneously overflow, resulting in widespread damage to the surrounding cabinets and laminate flooring. The loss was reported by the insured's attorney after destructive and unnecessary water mitigation was performed on the property. The SIU investigation, supported by engineer findings, determined that the loss did not occur as reported by the insured and the damage resulted from long term and multiple occurrences. The claim, reserved at \$10,000, was denied. A DIF referral was submitted.

Hillsborough – The insured claimed that a water supply line in the kitchen sink suddenly failed causing damage under the kitchen sink, to the cabinetry and flooring in the kitchen. The insured's attorney reported the claim 52 days after the loss and after alleged repairs had been completed by the water mitigation company. The SIU investigation, supported by engineering expert, determined there was no evidence of a water event and that the damage resulted from long term seepage. Furthermore, facts revealed that the water mitigation service provider submitted repair invoices to Citizens for work that was actually completed by the insured. The claim, reserved at \$9,000, was denied, due to continuous and repeated seepage and failure to mitigate damage. A DIF referral was submitted.

Hillsborough – The insured claimed that a failed valve for the toilet had ruptured, resulting in water damage to the bathroom cabinetry and flooring. The claim, reported by the insured's attorney, was submitted 30 days after the loss and after \$6,000 in destructive mitigation and repairs had been completed by the water mitigation company under an AOB. The SIU investigation, supported by an engineer's findings, revealed that the water mitigation service provider misrepresented their repairs and there was no evidence of a sudden and accidental water loss to the area. The claim, reserved at \$13,000.00, was denied as there was no evidence that the loss occurred. A DIF referral was submitted.

Miami-Dade – The insured's public adjuster reported a failed supply line ruptured resulting in damage to the insured's residence. The claim was reported 13 days after the loss occurred. The

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SIU investigation proved that the insured materially misrepresented the facts of the loss. The SIU investigation, supported by engineer findings, found no evidence of a sudden and accidental event as claimed by the insured, and the damages were determined to be long term leakage. The claim, reserved at \$8,000, was subsequently denied based on long term constant repeated seepage or leakage. A DIF referral was submitted.

Miami-Dade – The insured’s public adjuster reported a water loss due to a broken supply line resulting in damage to the kitchen. The claim was reported to Citizens 40 days after the loss occurred. The SIU investigation, supported by engineer findings, found that the damages were the result of long-term moisture exposure and not related to a single event as reported by the insured and their public adjuster. The claim, reserved at \$15,000, was subsequently denied due to long term leakage and failure to comply with post loss duties. A DIF referral was submitted.

Hillsborough – The insured’s attorney, in concert with the loss consultant, reported a supply line ruptured and caused damage throughout the residence. The claim was reported to Citizens 14 days after the loss occurred. The SIU investigation, supported by engineer’s findings, found no evidence to indicate that there was a water leak from the reported event. The claim, reserved at \$5,000, was denied after the insured failed to appear at an Examination Under Oath. A DIF referral was submitted.

Hillsborough – The insured's attorney, in concert with the insured and a consultant, reported water damage resulting from failed supply lines occurring separately in the bathroom as well in the kitchen. The losses were reported to Citizens four months after the loss occurred and after an aggregate \$12,000 in water mitigation services and destructive repairs were performed. The SIU investigation, supported by engineer findings and interview of the insured, found that the damage in the bathroom was not consistent with a one-time water event and that it resulted from an unrelated water leak. It was further determined that plumbing repairs alleged to have been completed in the kitchen could not be authenticated and that the damage to the cabinetry resulted from long term water leakage. The claims, reserved at \$30,000, were subsequently denied based on long/term repeated seepage. A DIF referral was submitted.

Miami-Dade – The insured’s attorney reported a water loss resulting from a plumbing leak in the kitchen 4 days after the loss occurred. The SIU investigation, supported by the engineer’s findings, found that the damages were not consistent with a one-time water event and attributed to long term pre-existing damages. The SIU investigation found that the insured misrepresented the loss, and the loss did not occur as reported. The claim, reserved at \$23,500, was denied for long-term damage, wear, tear and lack of maintenance. A DIF referral was submitted.

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Hillsborough – The insured alleged damage to the kitchen and bathroom cabinets as a result of a ruptured supply line in the kitchen. The claim was reported by her Public Adjuster 23 days after the reported event. The SIU investigation established the damages reported by the insured were not the result of a one-time event as reported by the insured, but were long term in nature and the water line replacement predated the loss date. The claim, reserved at \$5,000, was subsequently denied based on the fact that the damages as reported were not consistent with a onetime single event. A DIF referral was submitted.

Miami-Dade – The insured alleged damage to the kitchen cabinets and tile floors as a result of a drain line leak. The claim was reported to Citizens by their attorney two days after the reported event occurred. The SIU investigation found no evidence of a sudden and accidental water event or any resulting damage from same as reported by the insured. The claim reserved at \$20,000 was denied based on information developed during investigation for constant and repeated seepage.

Hillsborough – The insured claims damage to the kitchen cabinets as a result of a supply line leak that was reported to Citizens approximately 7 months after the reported event. The SIU investigation established that a prior loss was filed for the same area of damage and different loss date by an attorney representing the insured, which was subsequently withdrawn. The SIU investigation found the damage to the insured property to be long term and consistent with the re-plumbing of the water lines at insured property which was completed years before this loss. The claim, reserved at \$10,000, was subsequently denied based on no evidence of a recent loss. A DIF referral was submitted.

Miami-Dade – The insured alleged damage to drywall, baseboards and bathroom vanity as a result of water leak from under the bathroom shower. The claim was reported to Citizens by the insured's Public Adjuster 9 days after the reported event. The SIU investigation revealed that the insured misrepresented the date of photographs in support of the loss. Based on investigative findings, a referral to DIF was submitted.

Miami-Dade – The insured claimed damage to the kitchen walls, floors and cabinets as a result of a ruptured water supply line under the sink. The claim was reported to Citizens 5 days after the reported event by the insured's Public Adjuster. The SIU investigation established that the insured made misrepresentations by reporting the loss was the result of a sudden and accidental event and that unrepaired damage resulted from a prior loss. The claim, reserved at \$15,000, was subsequently denied based on misrepresentations in the facts and circumstances surrounding the loss. A DIF referral was submitted.

Miami-Dade – In his claim submitted to Citizens, the insured advised that the utility company established service while a faucet had been left open, resulting in water damage to his rental property. The SIU investigation revealed that the insured misrepresented circumstances surrounding his visit to the property and occupancy of the tenant. The insured withdrew the claim which had been reserved at \$13,000. A DIF referral was submitted.

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Miami-Dade – The insured claimed that a plumbing pipe broke resulting in water damage to the kitchen cabinets, laminate flooring and baseboards. The claim was reported by the plumbing company 14 days after the loss and after \$15,000 in water mitigation and repairs were performed under an AOB. The SIU investigation, supported by expert findings, found no evidence to support a sudden and accidental event occurred as reported by the insured and no damage to the cabinets, laminate flooring and baseboards resulting from such an event. The claim, reserved at \$37,000, was subsequently denied. A DIF referral was submitted.

Other Property – Related Claims Investigations

Miami-Dade Fire – In his 2013 claim submitted to Citizens under his rental policy, the insured alleged that an unattended candle ignited other materials and resulted in fire damage to his residence, which occurred within 40 days of obtaining the policy and within one day of cancellation. The SIU investigation, supported by an expert inspection, determined that the fire was intentionally set and that the insured was experiencing financial stress. A DIF referral was submitted. In July 2016, the insured was arrested by the Miami-Dade Police Task Force and charged with Arson, Insurance Fraud and Grand Theft.

Miami-Dade Burglary – During SIU’s investigation into a burglary theft claim, it was learned that the insured submitted false documentation as proof of personal property claimed stolen. A DIF referral was submitted. In July, the insured was arrested by the Miami-Dade Police Task Force and charged with Insurance Fraud and Grand Theft.

Miami-Dade Burglary – The insured reported a claim as a result of a burglary resulting in damage to the residence as well as theft of personal property. The claim was reported within one month of the policy inception. The SIU investigation revealed that the photos the insured submitted during the presentation of the claim were in fact altered images from online providers. The claim, reserved at \$45,000, was voluntarily withdrawn by the insured and no payments were made. A DIF referral was submitted.

Pinellas Burglary – The insured alleged that personal property was stolen from his rental home as a result of a home burglary. The SIU investigation established that the insured misrepresented property stolen which was identically claimed stolen to another carrier in a previous reported theft loss claim. As a result of the SIU investigation, the claim reserved at \$5,000, was subsequently withdrawn by the insured. A DIF referral was submitted.

Pasco Property Liability – The claimant alleged that stabilization repairs conducted at the insured property (6 years previously), resulted in structural damage to his residence, which is the basis of the liability claim submitted against the named insured. The SIU investigation found documentary and testimonial evidence that the claim misrepresented a material fact when it was found that the claimant’s house had unrepaired structural damage from a previously sinkhole which was disclosed to him at the time of purchase. The claim reserved at \$5,000 was subsequently denied and not payments were made.

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Hillsborough Sinkhole – The insured alleged structural damage to the home resulting from recent sinkhole. The SIU investigation established that the insured had filed a prior sinkhole claim with his previous homeowner's carrier and was paid for the damage now being reported as new. The SIU investigation also established the insured failed to disclose the sinkhole loss during their application for insurance. The claim, reserved at \$113,000 was subsequently denied and a DIF referral was submitted.

St. Lucie Weather-Related Roof Leak – SIU's investigation in to a reopened roof leak claim revealed that the insured may have misrepresented storm-related damage when it was found that roof damage had been created intentionally after the initial inspection by the adjuster. The claim, reserved at \$5,000, was denied for failure to comply with the policy conditions after the insured failed to appear at an EUO. A DIF referral was submitted.

Agency & Underwriting – Related Investigations

Miami-Dade Personal Lines Account Application Misrepresentation – Through an SIU investigation of a personal lines account, it was determined that the insured misrepresented a material fact to Citizens when she failed to disclose the use of her residence as an Assisted Living Facility on her application of insurance. As the result of the material misrepresentation, the insured attempted to avoid paying additional premium owed Citizens. A DIF referral was submitted and as the result of their investigation, the insured was arrested in September and charged with insurance fraud and grand theft.

Miami-Dade Personal Lines Account Application Misrepresentation – Through an SIU investigation of a personal lines account, it was determined that the insured misrepresented a material fact to Citizens when he failed to disclose the use of his residence as an Assisted Living Facility on his application of insurance and as a result, gained additional coverage that he was not otherwise entitled. The ensuing SIU investigation determined that the insured misrepresented a material fact concerning the business use of the risk on the application of insurance. The policy was non-renewed due to the undisclosed business use of the property. A referral was submitted to DIF who consequently arrested the insured who was charged with insurance fraud and grand theft. In addition, a relative to the insured who was found to have falsely signed the agent's name on the application and was subsequently arrested and charged with crimes related to unlawful insurance acts, identity theft, and organized scheme to defraud.

Miami-Dade Personal Lines Account/Application – During SIU's investigation into a non weather water loss claim, it was discovered that the insured obtained insurance and materially misrepresented the risk as a residence when it was actually an adult home healthcare business. The insured and their attorney withdrew the appraisal demand. A DIF referral was submitted and as the result of their investigation, the insured was arrested in July and charged with insurance fraud and grand theft.

Miami-Dade Agency Compliance – An investigation that involved collaboration between SIU and Agency Compliance was recognized by CFO Atwater in his press release and picked up by

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several new sources. The Miami agent was sentenced two years prison and ordered to repay \$200,000 in restitution for his part in stealing premium and issuing fake insurance policies to unsuspecting customers.

Miami-Dade Personal Lines Account Application Misrepresentation – Through proactive query of State licensing databases, SIU identified that the insured was operating an Assisted Living Facility on a property covered by Citizens under a personal lines policy of insurance. The SIU investigation determined that the insured misrepresented a material fact on the application when he failed to disclose the business, which had been in operation for 6 years. As the result of the SIU findings, the risk exposure of \$323,320 was cancelled (within initial 90 days) by underwriting. The case was referred to DIF for application misrepresentation.

Miami-Dade Personal Lines Account Application Misrepresentation – Through proactive query of State licensing databases, SIU identified that the insured was operating an Assisted Living Facility on a property covered by Citizens under a personal lines policy of insurance. An SIU investigation further revealed the insured misrepresented a material fact concerning the business use of the risk on the application of insurance. As the result of the SIU findings, the risk exposure of \$122,280 was set to non-renewal by underwriting.

Miami-Dade Personal Lines Account Application Misrepresentation – Through proactive query of State licensing databases, SIU identified that the insured was operating an Assisted Living Facility on a property covered by Citizens under a personal lines policy of insurance. An SIU investigation further revealed the insured misrepresented a material fact concerning the business use of the risk on the application of insurance. As the result of the SIU findings, the risk exposure of \$103,665 was rescinded back to inception (within initial 90 days) by underwriting. The case was referred to DIF for application misrepresentation.

Miami-Dade Personal Lines Account Application Misrepresentation – Through proactive query of State licensing databases, SIU identified that the insured was operating an Assisted Living Facility on a property covered by Citizens under a personal lines policy of insurance. An SIU investigation further revealed the insured misrepresented a material fact concerning the business use of the risk on the application of insurance. As the result of the SIU findings, the risk exposure of \$121,600 was canceled (within initial 90 days) by underwriting. The case was referred to DIF for application misrepresentation.

Broward Personal Lines Account Application Misrepresentation – Through an internal referral from Underwriting, Citizens SIU identified that the insured had misrepresented material information on his application involving a recent water damage loss and existing roof damage. An SIU investigation further revealed the insured misrepresented a material fact concerning the business use of the risk on the application of insurance. As a result of the SIU findings, the policy which had a risk exposure of \$253,450 was cancelled by underwriting as the policy was still in the first 90 days of inception. A DIF referral was submitted.

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Palm Beach Personal Lines Account Application Misrepresentation – Through an internal referral from Underwriting, Citizens SIU identified that the insured had misrepresented material information on her application involving pre-existing water damage. The insured filed a claim for water damage the day after coverage was bound. A report from the fire department confirmed the loss occurred the day before the policy was bound. The claim was denied and the policy was voided, which removed exposure of \$96,000. The insured stated on the initial application there was no existing damage and the property was not in a state of disrepair. The insured was interviewed and admitted she was aware of the damage when the policy was bound. A DIF referral has been submitted.