

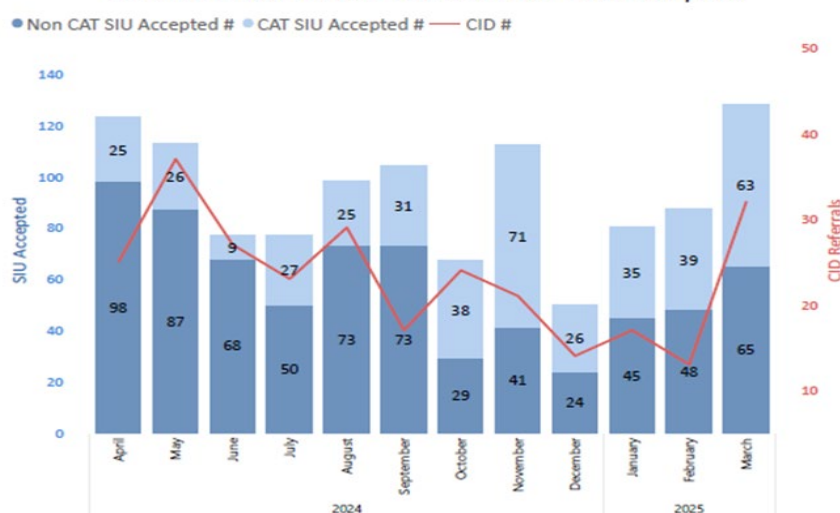
Addendum: SIU

Claims Committee Meeting, June 12, 2025

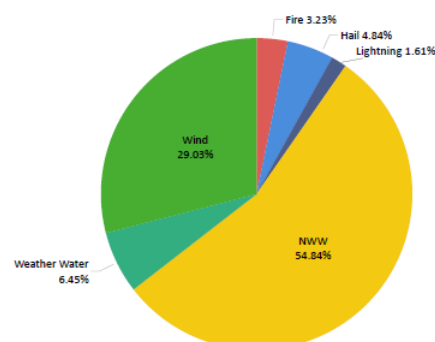
Board of Governors Meeting, June 25, 2025

Special Investigations Unit (SIU)

CID Referrals Vs. CAT and Non-CAT SIU Accepted



CID Referrals by Loss Type



FBE* (DIF/CID) Referrals vs. CAT and non-cat Claim Investigations

	Q1 2025	Investigations Accepted by SIU	Investigations Completed by SIU	SIU Investigations Resulting in FBE* Referral	FBE* Referral Rate	Q1 2025 SIU Acceptance	% Change from Previous Quarter
CAT		137	118	18	15.25%	1365	▲ 1.4%
Non-CAT		158	152	44	28.95%	196	▲ 40%
Total		295	270	62	22.96%	279	▲ 22%

*Fraud Bureau and Enforcement pertains to complaints submitted to Florida's Bureau of Fraud, Criminal Investigation Division.

Overview

During the first quarter 2025, SIU opened 295 claim investigations which calculates to a 22% increase from the previous quarter and generated 62 referrals to Florida's Bureau of Fraud, Criminal Investigation Division (CID) in accordance with statutory requirements. Suspect non-weather water claims continue to drive SIU referrals and account for 54% of the loss types investigated by SIU. Approximately 23% of claims investigated by the SIU were referred to the CID and 29% involve weather/wind claims, many that are solicited directly by third-party representatives, including public adjusting firms and contractors.

Major Case Update

Agent Fraud / Misconduct: A Sarasota insurance agent lost her appointment with Citizens following an investigation by the Special Investigations Unit (SIU), which uncovered that the Agent of Record (AOR) had participated in a coordinated scheme to issue illegitimate DP-1 (tenant occupied) policies that were ineligible for coverage and had improperly reduced premiums. This investigation was prompted by

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policyholders seeking Additional Living Expenses (ALE) at a designated outreach center in Plant City after Hurricane Milton. The SIU discovered 12 fraudulent insurance policies, including the agent's own, where Citizens had been provided with falsified documents and misrepresented information on applications, with the complicity of the policyholders. Consequently, the fraudulent scheme resulted in the issuance of personal lines DP-1 policies to policyholders who were not entitled to them, leading to a total of \$15,775 in discounted premiums owed to Citizens. Additionally, Citizens received 15 claims related to Hurricane Milton from these fraudulent policies. It is also estimated that the insurance agent received \$2,213.80 in commissions from Citizens for the improperly submitted policies.

Personal Lines Underwriting / Inspection Fraud (Update): In February 2025, Citizens was awarded and received **\$88,515** in restitution from a Florida home inspector, who had been arrested and charged with insurance fraud after an SIU investigation found he submitted stock photos in wind mitigation reports to bind coverage with Citizens. The investigation initiated by SIU, found over 200 instances where the home inspector submitted the same photos and never conducted the inspection.

Cases of Interest

Bay County – Wind: In March 2025, a Navarre Beach insured was arrested and charged with insurance fraud after she intentionally and knowingly submitted a false claim to Citizens for damage that pre-dated the policy of insurance. The SIU investigation determined that the insured had submitted a claim for identical damage to her prior carrier only 24 months prior. The claim filed with Citizens was denied.

Milton – Wind: During Q1, we were notified of the arrest of a Milton-based contractor (that occurred in December 2024) who was arrested for insurance fraud after submitting \$5,300 in bogus tree removal services for the insured's property in the aftermath of Winter Storm Finn. After an interview with DFS' CID Detectives, the contractor was charged with Insurance fraud and use of a 2-way device to facilitate a felony. The matter was referred to SIU after the insured tipped off Citizens to the exaggerated invoice.

Pasco – Wind: An SIU investigation into a wind loss presented by an insured determined that the contractor they hired charged more than \$1,295 for tarp installation and dryout monitoring that did not occur and forged the insured's signature on the service documentation. No payments were issued on the claim, and SIU referred the matter to the CID.

Broward – Wind: After the insured reported damage from a severe weather event, SIU found that the damage claimed by the insured pre-dated the issuance of the policy and was documented in the buyer's inspection report. The claim was denied for wear and tear that pre-dated the policy and the insured voluntarily withdrew their lawsuit. A CID referral was submitted as the Broward home inspector provided false information in support of a 4-Point Policy received by Citizens.

Volusia – Wind: An insured's supplemental claim for \$5,000 damage to a shed and fence was denied after an SIU investigation, which included historical aerial photos, found that the insured attempted to claim damage sustained in a previous hurricane. A CID referral was submitted

Lake – Wind: An SIU investigation into damage resulting from Hurricane Milton found that the insured submitted false documentation and bogus photos in support of the claim. The insured subsequently withdrew the claim. A CID referral was submitted.

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Broward – Non-Weather Water: An SIU investigation into two separate and unrelated water losses occurring at the insured's property determined that the losses were contrived by the public adjuster after he directed the unnecessary plumbing repairs and water mitigation services in furtherance of submitted false claims. The SIU investigation, supported by an expert's findings, determined there was no evidence to support that sudden and accidental water losses occurred. Both claims were denied for no direct loss to the property. CID referrals were submitted for both claims.

Broward – Non-Weather Water: An SIU investigation into a water damage claim established that the loss was contrived and the insureds submitted a fabricated plumbing invoice to Citizens. The claim was denied as there was no occurrence and a CID referral submitted.

Hillsborough – Wind: An SIU investigation into a claim filed for damage related to Hurricane Milton determined that 60 composite shingles had been intentionally removed after the storm passed and prior to the submission of the claim by the insured's public adjuster. The claim was denied for no covered peril and a CID referral was submitted.

Brevard – Personal Lines / Policyholder: An SIU investigation found that an insured knowingly and intentionally submitted a false application of insurance to achieve \$1,279 in lowered premium when he failed to disclose that his house operated as an Adult Family Care Home. As a result of the investigation, the policy has been cancelled, removing \$503,550 in exposure from Citizens. A CID referral was submitted.

Orange – Personal Lines / Policyholder: An SIU investigation established that a policyholder intentionally misrepresented a material fact by failing to disclose that he operated an Assisted Living Facility at the risk location on his application of insurance. As a result of the investigation, the policy has been non-renewed, removing \$744,000 in exposure from Citizens. A CID referral was submitted.

Lee County – Personal Lines / Policyholder: Citizens set a policy for non-renew after an SIU investigation found that the insured misrepresented the occupancy of the risk and failed to disclose that it was held out for short term rental. As a result of the investigation, \$353,050 will be removed. A CID referral was submitted.