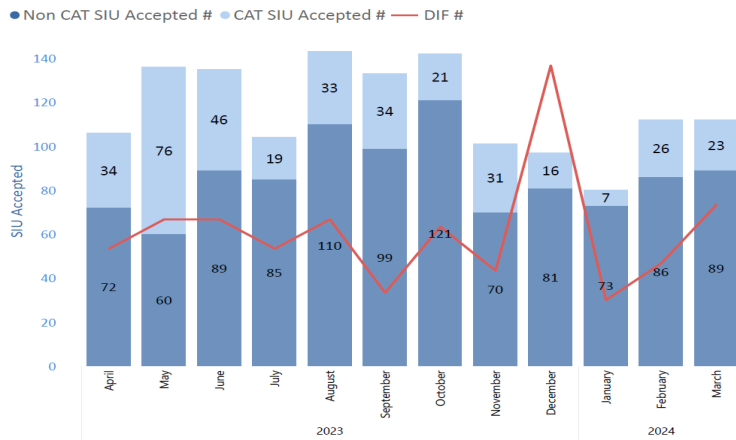


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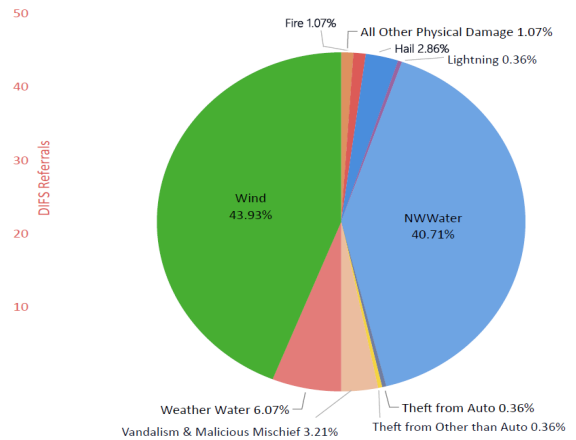
Claims Committee Meeting, June 13, 2024
Board of Governors Meeting, July 10, 2024

Special Investigations Unit (SIU)

DIFS Referrals Vs. CAT and Non-CAT SIU Accepted



DIFS Referrals by Loss Type



Q1 2024	Investigations Accepted by SIU	Investigations Completed by SIU	SIU Investigations Resulting in DIFS Referral	DIFS Referral Rate	% Change from Previous Quarter
CAT	56	81	18	22.22%	▲21%
Non-CAT	248	280	42	15.00%	▲10%
Total	304	361	60	16.62%	▲12%

Overview

During the first quarter 2024, the SIU opened 304 claim investigations which calculates to a 12% increase from the previous quarter and generated 60 referrals to the Florida Division of Investigative and Forensic Services (DIFS) in accordance with statutory requirements. Approximately 16.6% of claims investigated by the SIU were referred to the DIFS and 43% involve weather claims, most associated with Hurricane Ian which made landfall in Florida September 2022. Many wind claims are solicited directly by a third-party representative, including public adjusting firms and contractors. We continue to observe instances wherein claims are submitted without the knowledge of the policyholder and exploitation of the elderly.

Major Case Update

In February 2024 it was learned that officials with the Department of Investigative and Forensic Services (DIFS) arrested an employee of Miami law firm for his part in submitting false plumbing invoice to Citizens in support of a non-weather water claim. No payments were issued on the claim. This was the fourth individual arrested associated directly and/or indirectly with the law firm.

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Cases of Interest

Saint Lucie – Personal Lines / Application Fraud: In January 2024, the DIFS announced the arrest of a Saint Lucie man who was charged with Insurance Fraud after Citizens' SIU investigation found he lied on his application of insurance on an uninsurable risk by withholding he operated an Assisted Living Facility. As a result, the policy was canceled, removing \$530,000 in exposure from Citizens.

Palm Beach County – Personal Lines / Application Fraud: In January 2024, a Citizens' insured was arrested by DIFS and charged with insurance fraud after Citizens' SIU investigation learned that the insured submitted a false application when she misrepresented the risk which was operating as an Assisted Living Facility. Subsequently, the policy was voided, removing \$320,000 in risk exposure.

Lee – Wind: In January 2024, a Citizens insured was arrested and charged with filing a fraudulent insurance claim after an SIU investigation revealed the insured presented bogus lodging invoices to collect \$15,000 in support of the additional living expense claim. The claim was denied.

Duval – Wind: In April 2024, officials with the DIFS arrested a Jacksonville woman who was charged with insurance fraud for submitting a false windstorm claim to collect \$18,000 in insurance benefits she was not otherwise entitled. The SIU investigation found that the insured misrepresented the condition of her roof and submitted a claim for unrepaired roof damage that was submitted to a previous carrier.

Orange – Wind: In April 2024, Citizens' SIU submitted a referral to DIFS after an investigation determined an unlicensed roofing contractor endeavored to obtain \$9,500 from Citizens that neither he nor his company were entitled to receive and was attempted to affect the settlement of a claim. As a result, the individual was arrested and charged with Unlicensed Public Adjusting, False/Fraudulent Insurance Claim, Grand Theft, and Unlicensed Contracting.

Hillsborough – Non-Weather Water: In April 2024, DIFS officials announced the arrest of a Hillsborough County man who was charged with insurance fraud, exploitation of the elderly and unlicensed public adjusting after it was found that he submitted a false insurance claim on behalf of a Citizens policyholder. The arrest stemmed from an SIU investigation which found that the suspect misled a 79-year-old under the guise of a free inspection and then directed unnecessary repairs undertaken by a water mitigation company for a water loss that never occurred. No payments were issued on the claim.

Collier – Wind: The SIU investigation into a windstorm claim associated with Hurricane Ian determined that the claim was contrived, and the roof was intentionally damaged after the storm to obtain coverage for roof replacement. The claim reserved for \$7,500 was denied due to no

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wind damage and mechanical manipulation attempting to recreate wind damage. A referral was submitted to DIFS.

Osceola – Non-Weather Water: An SIU investigation into a plumbing leak determined the claim was contrived and the plumbing invoice fabricated. The loss reserved at \$10,000 was denied for inconsistencies and misrepresentation of facts surrounding the loss. A DIFS referral was submitted.

Saint Lucie – Non-Weather Water: After an insured submitted a claim for a pipe break, an SIU investigation determined that the insured misrepresented their application for insurance by failing to disclose that she operated an Assisted Living Facility at the risk location. The claim reserved for \$10,000 was withdrawn and a DIFS referral was submitted.

Saint Lucie – Wind: An SIU investigation into a wind claim revealed the insured misrepresented the insurance application by failing to disclose that the property was advertised as a short-term rental. Citizens voided the policy to inception and no payments were issued on the claim. A DIFS referral was submitted.

Hernando – Lightning: An insured's claim was denied for misrepresentation and concealment after an SIU investigation found the insured submitted a falsified \$6,000 repair invoice in support of a lightening damage claim. No payments were issued on the claim and a DIFS referral was submitted.

Broward – Non-Weather Water: After the insured's public adjuster submitted a \$45,000 estimate for damage from a water leak, an SIU investigation found that the insured materially misrepresented her insurance application by failing to accurately disclose her claims history and unrepaired damage at the property. The policy was voided to inception, and no payments were issued on the claim. A referral was submitted to DIFS.

Broward – Hurricane & Non-Weather Water: After the insured's public adjuster reported two separate claims, a water damage due to a wind event allegedly caused by Hurricane Ian and a water damage from a broken pipe, an SIU investigation found that the insured was claiming existing damage from a prior claim that was being litigated with Citizens. Following Citizens attempts to obtain an Examination Under Oath, the Hurricane claim was withdrawn, and the non-weather water claim was subsequently denied for existing damage. A DIF referral was submitted for both claims.

Miami-Dade County – Agency Matter: After a consumer attempted to file a claim on an invalid policy, an SIU investigation found that the Agent of Record provided their customer with a fake policy after receiving payment for a Citizens policy. Citizens terminated the contract with an Agent and a DIFS referral was submitted.