

# Special Investigative Unit Results

Audit Committee  
July 9, 2024

Jay Adams  
Chief Insurance Officer





- **Major Case Unit**
  - Investigates highly complex organized activity
- **Claims Fraud Team**
  - Investigates moderate to complex claims identified by claim adjusters and analytic systems
- **Claims Desk Team**
  - Investigates less complex claims at the desk while utilizing external business partners to create scalability
- **Agency & Underwriting Team**
  - Investigates fraud at the point of sale
- **Analytics & Technology Team**
  - Leverages cutting-edge analytic tools for underwriting and claims data which drives investigative actions and program decisions

- Unlicensed activity by bad actors
- Individuals and groups being involved directly or indirectly in
  - Steering the insured to use a contractor for temporary/permanent repairs to which they have a vested interest or connection
  - Controlling the legal representation of the insured
- Staged insurance claims
- Elderly exploitation

## Quick Strike Response

Field investigative team responds to hotline complaints and establishes presence at the CRC to promote consumer fraud awareness and identify unlicensed/illegal activity.

## Ring & Organized Activity

Partners with DIFS and NICB and proactively investigates suspect networks.

## Binding Violations

Monitors late submitted policies and binding violations for pre-Irma business.



## Triage & Desk Investigation

Leverages windstorm /aerial imagery and forensic weather data and investigates PA violations

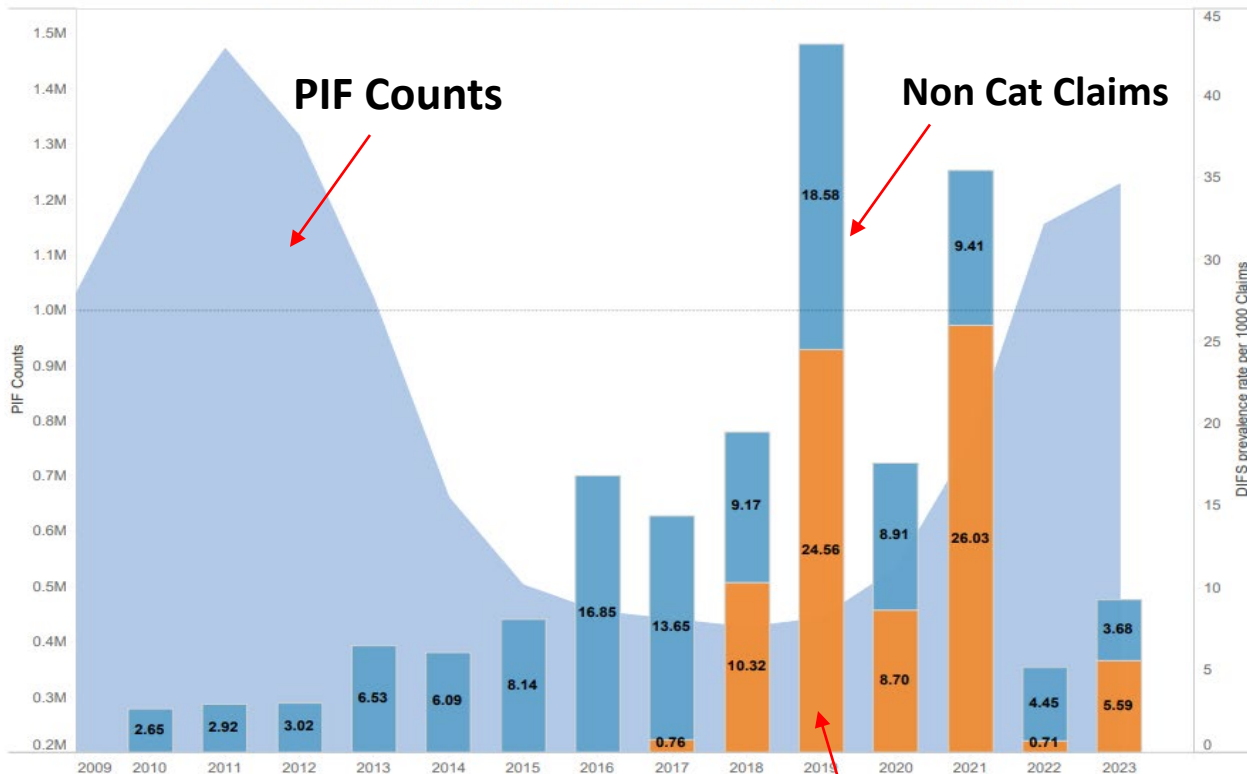
## Monitor trends

Monitors claim trends and identified potential claim and underwriting outliers.

## Coordination of Resources

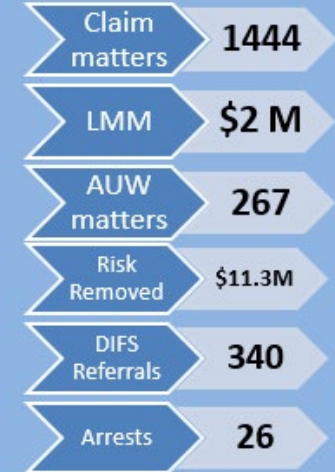
Engages our business continuity protocols and helps communicate the SIU response.

### DIFS Referral prevalence rate per 1000 Claims

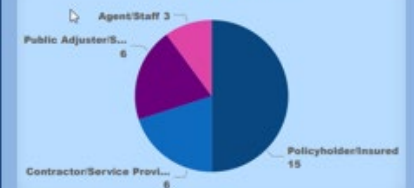


Cat Claims

### 2023 Enterprise Impact



### Relation to Matter



# Dismantling Organized Bad Actor Rings

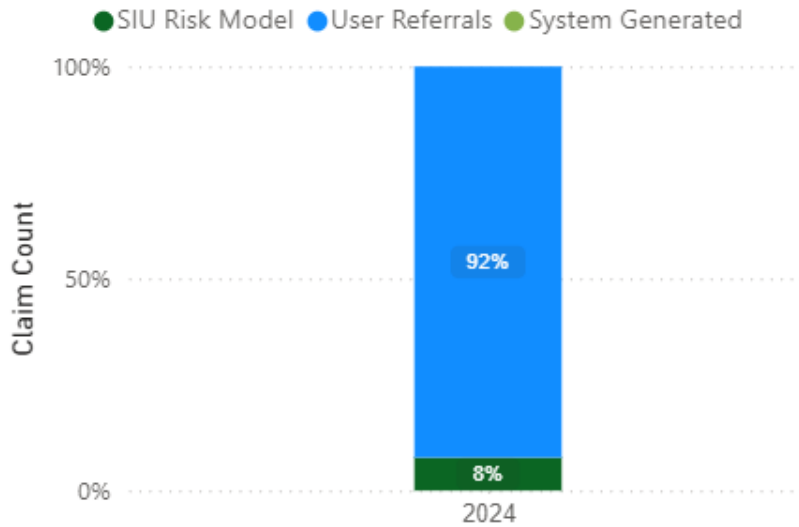
- **Operation Flames and Floods I and II (2016-2017)** - Citizens' collaboration with Miami's Economic Crimes and the DFS' State Fire Marshall's Office resulted in the arrest of over 30 individuals involved in staging fires and non-weather water claims. In 2018, ringleader (George Espinosa) was sentenced to a 20-year prison term and agreed to surrender \$1.9 million in assets in lieu of trial in State court and repay \$164,000 to Citizens.
- **Operation Crossing the Rubicon (2016-2019)** – Citizens' investigation led to the arrest of nine individuals, including ringleader Barbie Gonzalez, her staff, an insurance agent, and various service providers, along with over 48 policyholders engaged in submitted false storm and non-weather water claims to Citizens. Gonzalez 10-year sentence included 3 years prison and repayment to Citizens for over \$900,000.
- **2020 Rico Action (2020-2022)** – Citizens led the charge to dismantle a fraud ring by filing a RICO action against a law firm, water mitigation provider, and public adjusting firm working in concert and allegedly engaged in fraudulent schemes to submit bogus storm and non-weather water claims to Citizens. Citizens received \$1M settlement and the law firm's owner was subsequently suspended from practicing law.

- **Roofing Fraud Scheme– November 2023** *Florida’s CFO’s Office announced the arrest of four representatives of a Tampa-based roofing company for their role in causing damage to homeowner’s roofs to file \$106,000 in fraudulent insurance claims to Citizens.*
- **Application Fraud - January 2024** *Policyholder arrested for Insurance Fraud and Grand Theft when they submitted a false insurance application in support of the issuance of a personal lines policy by failing to report they owned and operational an ALF at the risk.*
- **Organized Scheme to Defraud (Law firm) –** *Legal Assistant arrested for Insurance Fraud after submitting a false plumbing invoice to Citizens in support of a claim.*
- **Claims fraud – February 2024 -** *Insured arrested for insurance fraud after she submitted a false claim for vandalism that occurred prior to the issuance of the policy.*
- **Unlicensed Public Adjusting and Claims Fraud (Roofer) - March 2024** *Roofing contractor was arrested for engaging in Insurance fraud and unlicensed public adjusting after he misrepresented his credentials and attempted to affect the settlement of the claim; and filing of a false insurance claim by overstating the damage cause by the storm.*

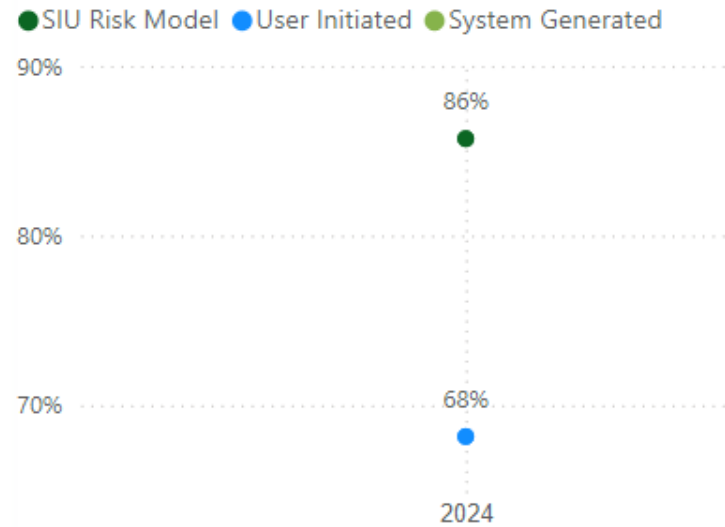


- FRISS Analytics Product Suite
  - FRISS Claims
  - FRISS Underwriting
  - FRISS Investigations
- Machine learning and rules based predictive models
  - Claims fraud involving individuals/criminal groups
  - Application fraud involving policyholders, agents, and other third parties
- Third party data subscriptions
  - Forensic Weather: Visual Crossing - **Active**
  - Public Records: Lexis Nexis – **May 2024**
  - Loss History: ISO ClaimSearch – **June 2024**
  - Aerial Imagery: GIC – **July 2024**
- Visualization Tools
  - Geographic analysis
  - Individual and business entity relationships

### Referrals Accepted by Source



### SIU Referrals Acceptance Rate



146,092

Claims Screened



8,673

Claims with SIU Risk Model Triage Activity



207

Claims with SIU Risk Model Referral

# Questions