

ANNUAL REPORT 2024

Office of
Inspector
General

Mark Kagy
Inspector General

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

MESSAGE FROM THE INSPECTOR GENERAL

On behalf of the Office of Inspector General (OIG) for Citizens Property Insurance Corporation (Citizens), I am pleased to present this annual report which summarizes the OIG's major activities and accomplishments for calendar year 2024.

The OIG's mission is to protect the integrity of Citizens and its public purpose is 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 and employees. Our proactive projects include risk-based compliance reviews which allows us to identify opportunities for improvement as soon as possible.

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*



OFFICE OF INSPECTOR GENERAL
2101 MARYLAND CIRCLE
Tallahassee, FL 32303
Ask.Inspector.General@citizensfla.com

ANNUAL REPORT 2024

Office of
Inspector
General

T A B L E O F C O N T E N T S

Executive Summary	1
Corporate Background	2
Creation of the OIG	3
Purpose and Mission	3
Organizational Chart	3
Responsibilities	4
OIG Processes	5
Professional Education and Training	6
Independent Legal Services	6
Outreach and Engagement	7
2024 Project Overview	12
Case Summaries	15
2024-2024 Trends	22
Report on Impairments	24

EXECUTIVE SUMMARY

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 2024, THE OIG:

- Received 279 Correspondences
 - This resulted in the initiation of:
 - 20 Cases (seven Investigations, six Investigative Inquiries, three Process Reviews and four compliance reviews¹)
 - 259 Administrative Projects (Consultations, Referrals, Records Requests and Administrative Closures)
- Closed 14 Cases.
(six Investigations, four Investigative Inquiries and four Compliance Reviews)
- Closed 268 Administrative Projects.
(Consultations, Referrals, Records Request 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.
- Conducted four Compliance Reviews. These proactive projects are aimed at providing an additional layer of assurance that Citizens processes and staff are meeting legal requirements associated with the various laws governing operations. These reviews are chosen using a risk-based approach and conducted in coordination with Citizens' Compliance department and Office of Internal Audit.

¹One Compliance review was initiated from a correspondence received in 2023

CORPORATE BACKGROUND²

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.

²www.citizensfla.com/who-we-are



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.

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.

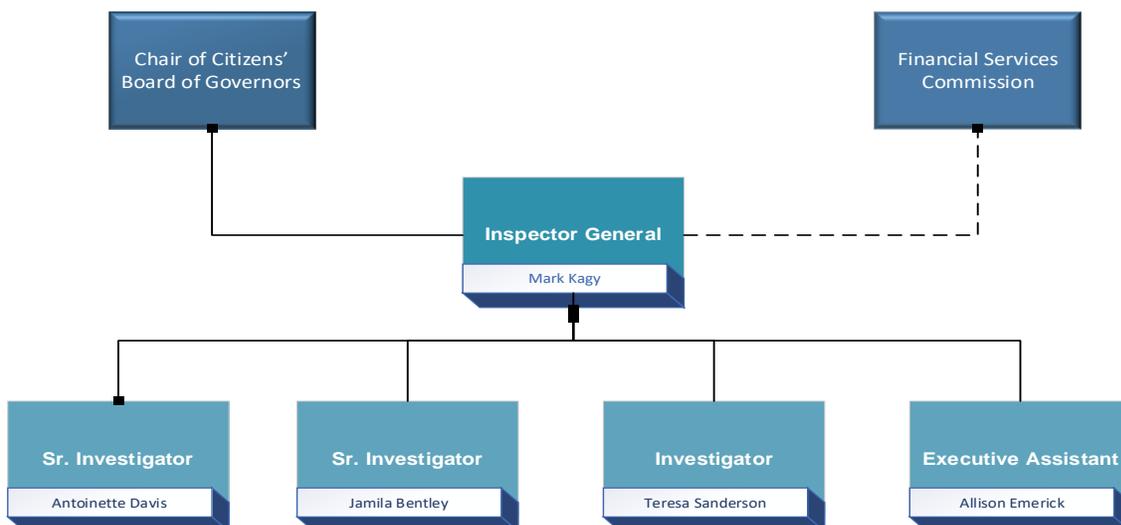
The OIG staff functions as a team with each member contributing through their unique background, professional experiences, education, knowledge, and skills. OIG staff members hold the following specialty certifications and credentials:

Mark Kagy was appointed as Citizens' Inspector General in 2021.

- Certified Inspector General (1)
- Certified Compliance and Ethics Professional (1)
- Certified Inspector General Investigators (3)
- Certified Fraud Examiners (2)
- Certified EEOC Investigators (4)
- Notaries (3)
- Graduate degree (1)
- Bachelor's degrees (4)

The OIG currently consists of five positions:

- Inspector General
- Three Investigators
- Executive Assistant



CITIZENS' OIG 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

OIG Investigations Procedure 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.

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. Significant 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 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.

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 PROCESSES

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.

Compliance Program Oversight

Citizens has established and implemented a Compliance Program Framework to ensure compliance with all applicable federal and state laws, rules, and regulations. In 2024, OIG conducted four Compliance Reviews. These proactive projects are aimed at providing an additional layer of assurance that Citizens processes and staff are meeting legal requirements associated with the various laws governing operations. These reviews are chosen using a risk-based approach and conducted in coordination with Citizens' Compliance department, and Office of Internal Audit.

Professional Education and Training

To ensure staff remain abreast of ever-changing investigative practices, 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.

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.

The inspector General and OIG Staff participate in workshops, committees and seminars throughout the organization. These events provide an opportunity for Citizens' staff and managers to meet and formally interact with the team.

The OIG works 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 websites, 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 "Governance" page so external parties can reach the OIG.

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 Mark Kagy provided leadership remarks to the graduates.



Workshop and Seminar Participation

Inspector General Mark 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.

OIG OUTREACH AND ENGAGEMENT

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 Mark 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.

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 Mark Kagy wrote a Leaders Corner article during 2024 titled "The Inspector General – Beyond Investigations." In the article, Kagy discusses the role of the OIG beyond investigations. He discusses methods where the OIG provides assistance and feedback in the form of consultations, opinions, compliance reviews, and process reviews. Kagy states "Our goal is to foster an open environment that encourages employees to contact us for help, whether for an informal discussion or an official complaint."

Leadership Summit

Inspector General Mark 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.



Fraud Awareness Week

Every year Citizens plans a Fraud Awareness Week Campaign for employees. During this week, which often coincides with International Fraud Awareness week, there are activities and articles that discuss the effects of fraud and what Citizens does to combat fraud. OIG staff participate in planning the content and activities surrounding this annual event.

OIG OUTREACH AND ENGAGEMENT

Risk Steering Committee

Citizens' Risk Steering Committee (RSC) is responsible for overseeing the risk management processes for the corporation. Inspector General Mark 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.

Citizens Organizational Change Management

Citizens Organizational Change Management (OCM) strives to foster a culture where change is readily accepted. OCM utilizes Change Ambassador's from various business units to promote and support implementation of change initiatives. A member of the OIG staff serves as a Change Ambassador for the OIG.

Safety and Security Committee

Inspector General Mark Kagy is a member of 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.



OIG OUTREACH AND ENGAGEMENT



Compliance Champion Network

The Compliance Champion Network is comprised of Compliance Champions and Ex Officio Members. The Compliance Champions serve as subject matter experts in their respective business areas as well as provide advice and support on compliance implementation. Annually, they certify compliance and provide information on the implementation activities and monitoring of the laws rules and regulations (LLRs) which impact their respective business units.

Ex Officio Members of the Compliance Champion Network represent the business units responsible for the risk and compliance functions. They do not necessarily have responsibility for certifying LRRs, but their role in Citizens supports such compliance activities as: investigation; workflow management; education; and mandatory reporting.

A member of OIG staff serves as an Ex Officio Member of the Compliance Champion Network.

Customer Experience Strategic Advisory Team

The Customer Experience (CX) Strategic Advisory Team is a cross-functional team comprised of customer experience stakeholders from across the organization, including a member of the OIG staff. The team works together to find simple, effective solutions that will improve the entire customer experience. The CX Strategic Advisory Team provides general guidance on strategy execution and establishes priorities related to customer experience.

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. The FCAIG serves approximately 600 OIG personnel and Inspector General Mark Kagy is honored to be serving his second term on the FCAIG Executive Board.

Employee Experience Champion

Employee Experience Champions assist with the planning and delivery of employee events and programs. Champions also assist in communicating well-being program details and offerings to their work groups. A member of the OIG staff serves as an Employee Experience Champion.

OIG OUTREACH AND ENGAGEMENT

Citizens' Catastrophe Response

Catastrophe Response Centers (CRCs) are mobile, stand-alone, remote offices equipped with generators and satellite communication services. CRCs are deployed within 48-72 hours to the most hard-hit areas of the state and are staffed with Citizens employees providing a full customer-facing function. Policyholders arriving at CRCs can have their policies reviewed and can begin the claims process with onsite personnel. Additional Living Expense (ALE) advanced disbursements (up to \$10,000) can be made onsite to assist in covering the policyholder's immediate expenses.

Citizens' CRCs served a total of 3,541 policyholders during their deployments and issued 1,410 ALE checks totaling \$5,030,407.

The OIG monitors Citizens' response, CRC deployment/redeployment efforts, and post-storm coordination with other governmental entities to assist in ensuring proper safety for policyholders and staff, proper customer service, efficient controls, and protection of corporate assets. OIG recommendations for improvements are made in real-time and during post response debriefings.

Pre-storm and Post-storm Communications

Citizens engages policyholders and agents through pre-storm communications through emails, social media posts, texts, and website updates. These communications include home preparation tips, information on emergency orders, and storm monitoring. Post-storm communications include locations of Catastrophe Response Centers (CRCs), 24x7 phone support for information, and details of the claims filing process. For policyholders with properties in the most heavily impacted areas, Citizens provides an outbound call campaign to policyholders in an effort to provide information and assistance as needed.

Hurricane Response

The Office of Inspector General regularly monitors Citizens' catastrophe response. Citizens has a responsibility to timely and thoroughly respond to policyholders impacted by hurricanes or other emergencies with significant impacts. In 2024, Hurricanes Debby, Helene, and Milton made Florida landfalls



DEBBY – made landfall near Steinatchee on August 5, 2024, as a Category 1 storm.



HELENE – made landfall near Perry on September 26, 2024, a Category 4 storm.



MILTON – made landfall near Siesta Key on October 9, 2024, as a Category 3 storm.

OIG PROJECTS OVERVIEW

The OIG is responsible for receiving information and acting in a manner that promotes “accountability, integrity, and efficiency.” Information is received in a multitude of ways, often in the form of a complaint.

BY THE NUMBERS



OIG PROJECT/ACTIVITY TYPES

- Cases**
 - Investigation
 - Investigative Inquiry
- Substantive Projects**
 - Process Review
 - Compliance Review
- Administrative Projects**
 - Consultation Services
 - Opinions
 - Referrals
 - Administrative Closure

CORRESPONDENCES

Most OIG activities begin as a correspondence. Correspondences are inbound communications by any individual or entity to the OIG, all correspondences are 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.

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 cases and 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.

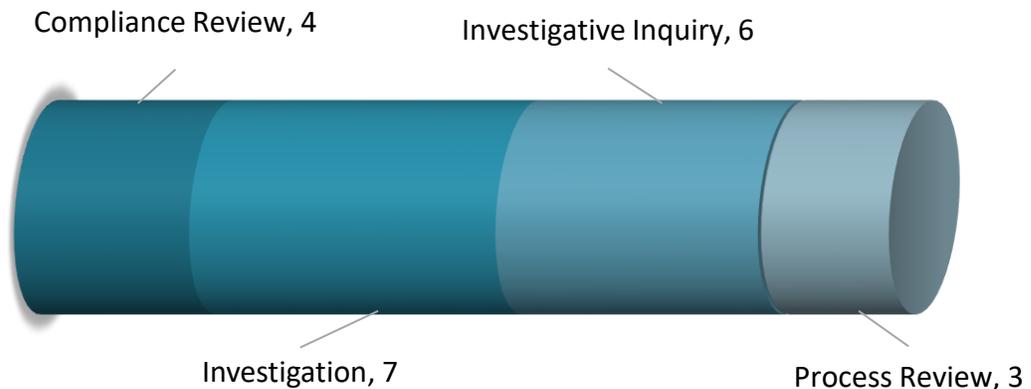
An **Investigative Inquiry** is a lower level of review conducted by the OIG. An Investigative Inquiry is conducted when circumstances dictate that an alternative to a full investigation is prudent. The purpose of an Investigative Inquiry is to provide an appropriate level of review in situations where a full, detailed analysis and conclusion, typically associated with an investigation is unwarranted or impractical.

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.

20
Cases and
Substantive Projects



ADMINISTRATIVE PROJECTS

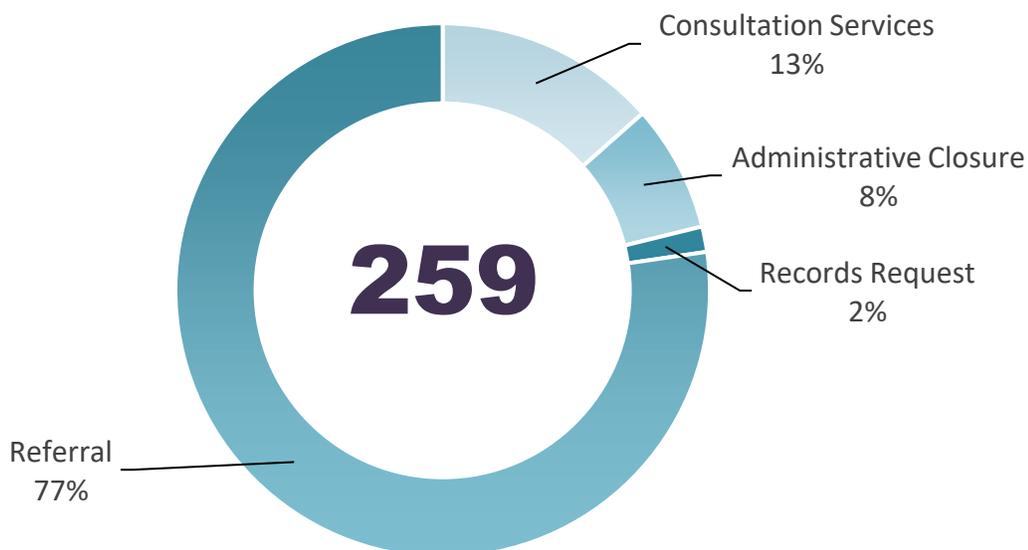
Correspondence received not resulting in a case or substantive project are tracked as administrative projects.

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.

Records Request for OIG documents are handled in accordance with Public Records Law and Citizens' Records Management and Records Request Policy.

Referrals are typically 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. Internal Citizens business units are provided 30 days to provide OIG with a documented response.

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.





2024 Closed Project Summaries

In 2024, the OIG closed six Investigations, four Investigative Inquiries, and four Compliance Reviews.

23-09 Compliance Review – Mobile Home Wind Mitigation

The OIG completed a review of Citizens’ processes for addressing credits applied to policies that have completed a mobile home hardening program. The review found Citizens is actively monitoring this program and once it is complete, will review and incorporate the applicable wind mitigation credits. Based on the information obtained, Citizens has demonstrated compliance with the related directive.

24-01 Investigative Inquiry – Security Incident

On or around January 4, 2024, Citizens was subjected to a sophisticated cybersecurity incident. An unauthorized user temporarily gained access to part of Citizens’ network storage; however, no policyholder system were accessed. Citizens’ staff immediately notified the OIG. Upon discovery, Citizens promptly secured its systems and launched an investigation with assistance of external cybersecurity professionals. Citizens timely notified each potentially impacted individual and met all statutory deadlines. Citizens provided complimentary credit monitoring, identity restoration, and similar support services. Additionally, Citizens provided recommended credit and protection actions with access to telephone support services for each potentially impacted individual.



24-02 Investigation – Discrimination

An employee alleged she was targeted and harassed by her supervisor. She reported that after her supervisor (a Black male) posted derogatory comments on his Facebook account concerning Black women, she believed he targeted her based on her race (Black). The OIG interviewed multiple witnesses including the supervisor's current and former direct reports as well as co-supervisors in the unit. Some expressed having good overall interactions with the supervisor, while others across various races reported experiencing similar behavior as the complainant. The supervisor stated he is stern but fair and treats everyone equally. He maintained the Facebook post was not his original post, and the complainant altered the post before submitting it to the OIG.

The allegation that the supervisor mistreated the complainant based on her race was **Not Supported**. The workplace behavior described by the complainant appeared to be congruent with the supervisor's overall management style. The OIG's investigation found his behavior, which could be considered unprofessional, was not limited to the complainant or a particular ethnic group. The allegation that the supervisor made derogatory comments on his social media page concerning Black women was **Supported**. A copy of the Facebook post revealed the supervisor expressed a negative view of Black women on his Facebook page. An additional concern was noted in the report due to the supervisor appearing to provide false information to HR and the OIG concerning his Facebook post.

The supervisor was terminated following the report findings.

24-03 Investigation – Sexual Harassment

An employee alleged a vendor staff member made flirty and inappropriate comments during a call which made her uncomfortable. The employee stated she never informed the vendor staff member that his comments were unwelcome, nor did she have any other evidence of his behavior. IT management confirmed that the service calls were not recorded. HR and vendor management personnel did not have record or knowledge of prior complaints against the vendor staff member for improper conduct. Standardized surveys through the MyService system rating customer satisfaction for the vendor staff member's performance did not identify any past concerning behavior. Additionally, OIG conducted independent surveys of other female staff regarding their interactions with the vendor staff member, and none reported concerning behavior.

The vendor staff member denied flirting with any employees and asserted that he is a "people person" who may make a "light joke" once he builds rapport over time, but he "keeps it professional and clean" and "the last thing I want is for someone to be offended or fearful to speak with me." Based on the information obtained, the allegation that the vendor staff member harassed or otherwise acted in an unprofessional manner towards the employee was **Not Supported**.



24-04 Compliance Review – Collection of Social Security Numbers

A review was completed on Citizens' processes for handling employee Social Security Numbers (SSN). Companies are required to provide employees with notification regarding collection and use of their SSN. This process is addressed upon employment. A copy of the disclosure was inadvertently removed from the Employee Portal during an update but has been reestablished. Based on the information obtained, Citizens has demonstrated compliance with the related directive.

24-05 Compliance Review – Cloud Services

The OIG conducted a review to determine if the cloud costs embedded in Citizens' contracts are at appropriate levels. Although most vendors consider their costs to be trade-secret, OIG gained insight into underlying cloud cost structures. As a result of this review, Citizens updated its procurement processes to collect additional details regarding vendor cloud costs and will continue to evaluate cloud costs associated with future contracts when selecting vendors.

24-06 Investigation – Misconduct

The OIG received information that a staff Claims Adjuster had previously terminated his required license appointment to Citizens without Citizens' knowledge. The Adjuster's supervisor confirmed the Adjuster worked on 20 Citizens claims since canceling his appointment. The supervisor stated the Adjuster was not approved for secondary employment. The supervisor also reported that the Adjuster had long-term performance issues which she planned to address in a corrective action plan. When interviewed by OIG, the Adjuster admitted terminating his appointment with Citizens and signing up to work as an Independent Adjuster (IA) for other firms. He stated he intended to discuss with his supervisor the possibility of working for Citizens part-time or as an IA. The allegation that the Adjuster engaged in unapproved secondary employment was **Supported**. The allegation that the Adjuster performed adjusting services on behalf of Citizens after canceling his appointment was **Supported**. The OIG provided a copy of this report to the Department of Financial Services, which maintains responsibility for adjuster licensing.

The Adjuster's employment was terminated as a result of the findings.



24-07 Investigation – Employee Misconduct

The OIG received a complaint that a Claims Manager behaved inappropriately during telephone conversations with vendor employees regarding his health insurance funds. The Claims Manager acknowledged he made inappropriate comments and “likely cursed” at vendor staff during phone calls relating to his health benefits and expressed regret and remorse for his role in the discussion but wanted to provide additional context. He stated he was dealing with an extremely stressful family emergency and did not receive timely information about where his health funds were stored and how he could access them. According to personnel records and witness statements, the Claims Manager has no documented history of misconduct; however, his manager coached him on multiple occasions involving communication concerns.

An audio recording of the Claims Manager’s second call with a vendor staff member showed that he cursed at her multiple times and referred to her using a derogatory slur. While the conversations did not take place on Citizens’ property during the Claims Manager’s work hours, his comments are outside of Citizens’ values and are in contrast with Citizens’ Standards of Conduct. Based on the information obtained, the allegation that the Claims Manager behaved inappropriately during telephone conversations regarding his health insurance funds with vendor employees is **Supported**.

The manager was terminated following the report findings.

24-09 Compliance Review – Anti-Fraud Procedures

The OIG reviewed Citizens’ Anti-Fraud procedures. Section 626.9891, Florida Statutes requires insurers to:

- Establish and maintain a designated anti-fraud unit to investigate and report possible fraudulent insurance acts by insureds or by persons making claims for services or repairs against policies held by insureds.
- Provide staff of the anti-fraud investigative unit a 1-hour course that addresses detection, referral, investigation, and reporting of possible fraudulent insurance acts.
- Submit an annual anti-fraud plan.
- Submit an annual report of fraud data for the prior calendar year by March 1.

Based on the information obtained, Citizens has demonstrated compliance with statute.



24-11 Investigation – DEA Misconduct

A Citizens manager reported concerns that an IT manager and their team were improperly removing data access from employee users causing significant disruptions in data analysis and reporting. Ten employees reported similar concerns.

The IT manager and team were also alleged to have knowingly impeded productivity of other business units reliant on their information to conduct business. Team members allegedly instituted unnecessary barriers to service delivery and caused significant delays and disruptions in the productivity of business units reliant on the team for data. Twenty-four witnesses reported concerns of impeded productivity.

The IT manager and team were also alleged to have created a hostile work environment based on gender. Sixteen witnesses, males and females, described an atmosphere where females were regularly treated with more scrutiny, less regard, and spoken to in disrespectful tones.

All three allegations, improper removal of system access, knowingly impeding work productivity of others, and creating a hostile environment were **Supported**.

The IT manager's employment was terminated due to the findings.

24-13 Investigative Inquiry – Vendor Employee Misconduct

The OIG received a complaint that a vendor employee (VE) was using marijuana and a device to keep his computer active while working remotely from home. The complainant provided copies of text messages and photos that she said she received from the VE to support her allegations. The complainant also alleged the VE was engaging in auto insurance fraud. The VE's previous and current supervisors complemented his work and stated they had not witnessed any inappropriate behavior. Quality Assurance reviews completed on the VE indicated completed work met or exceeded expectations. When questioned, the VE denied the allegations and volunteered to take a drug test; however, he declined to provide text messages between him and the complainant to refute the supporting documentation the complainant provided.

The OIG referred the allegations regarding auto insurance fraud to the Florida Department of Financial Services, which maintains responsibility for investigating alleged acts of auto insurance fraud. The vendor's contract requires VEs to demonstrate the highest level of professionalism and states the vendor should ensure that no VE use impairing drugs while performing work for Citizens. The OIG's findings were provided to Claims Vendor Management and the VE is no longer assigned to Citizens.



24-15 Investigative Inquiry – Benefits Eligibility

The OIG received information from Citizens’ Human Resources Office (HR) that while assisting an employee with processing a life insurance claim on her spouse, HR discovered the employee was no longer married. HR stated the employee had not previously notified Citizens of her change in marital status, which affects benefits eligibility. HR provided a report showing the ex-spouse also received medical benefits through the employee’s medical plan post-divorce. The employee stated she was unaware of reporting requirements or that her divorce made her ex-spouse ineligible for medical and life insurance coverage. She stated it was not her intent to mislead Citizens.

Currently, employees are only required to verify that the information they provided for health insurance coverage is accurate when they initially sign up for benefits or when a change is made. Citizens’ Total Rewards Guide informs employees that changes to benefits due to a qualifying life event, such as divorces, should be made within 30 calendar days of the qualifying event. However, it does not specify notification is required. Citizens’ internal portal states, if the change of benefits is not made within 30 days, the employee will “have to wait for open enrollment.”

The OIG recommended HR implement a verification process or a regularly conducted dependent verification audit to confirm the accuracy of employee dependent status. The OIG also recommended HR update the Total Rewards Guide to specify notification of changes that affects coverage of current dependents is required. HR should notify Citizens’ medical insurance provider concerning any benefits received post-divorce and process the employee’s life insurance claim in accordance with applicable eligibility requirements

24-16 Investigative Inquiry – Conflict of Interest

The OIG received an anonymous complaint that an employee was attempting to improperly influence contracts for personal gain and allowed a vendor to purchase the employee dinner. An additional allegation questioning the accuracy of the employee’s travel expense reports was also made. The employee denied the allegations. The OIG interviewed multiple witnesses and examined the employee’s emails and travel expense reports. None of the witnesses reported improper actions or concerning behavior by the employee and no evidence was found to support the allegations.



24-17 Investigation – Retaliation

The OIG received information from Citizens’ HR that an employee reported an underwriter made “harmful posts” about coworkers on her Facebook page. The complainant characterized the posts as “bullying,” “slander about employee behavior,” and “gives the impression that employees are under the influence of drugs and alcohol while working.” The posts also referenced coworkers being “white trash” and contained the statement “I work from home, see it, and obviously recorded,” referencing having evidence of the alleged behavior through recordings of work calls.

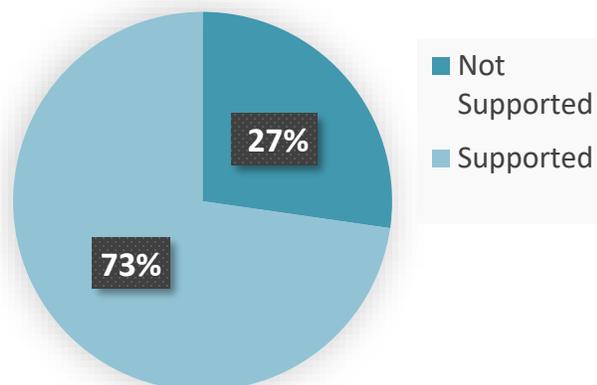
The underwriter did not list Citizens as her place of employment and the posts did not contain names. The underwriter acknowledged making the posts, but insisted she was not referring to Citizens employees. The underwriter claimed the posts referenced others she volunteered with on a non-Citizens matter. OIG interviewed eight coworkers, three of the eight had seen the posts and believed they referenced Citizens staff.

Although employees are free to utilize social media, Citizens’ policy has restrictions regarding content which could cause reputational harm to the company, coworkers, or others. The allegation that these posts violated this policy was **Supported**. None of the information obtained by OIG indicated the underwriter improperly recorded her coworkers or Citizens’ meetings. The allegation that the underwriter improperly recorded coworkers or Citizens meetings was **Not Supported**.

Shortly after her interviews with OIG, and prior to the issuance of this report, the underwriter resigned her position and her employment with Citizens was terminated.

2024 Investigative Findings Summary

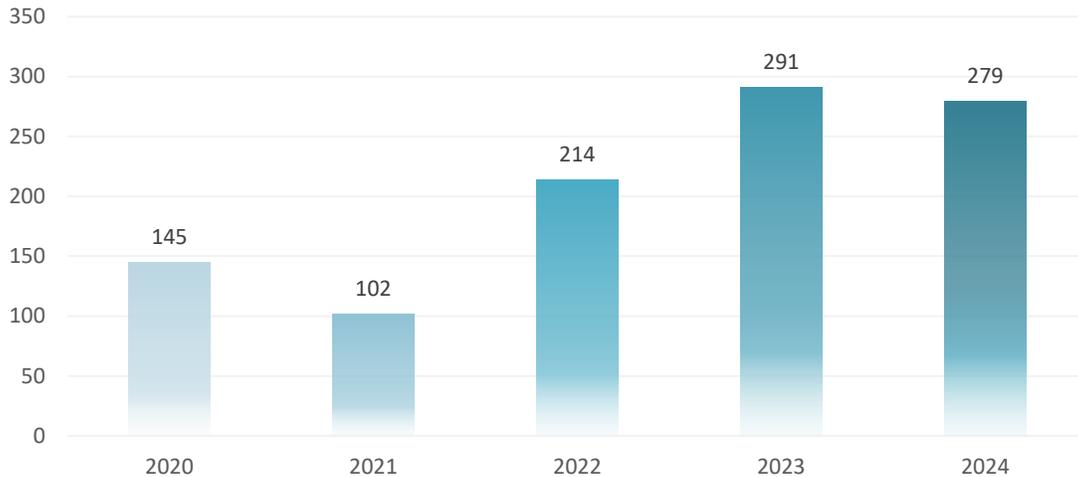
Six investigations (exclusive of Investigative Inquiries) were closed in 2024. The six investigations contained eleven allegations. Three allegations were **Not Supported** and eight allegations were **Supported**.



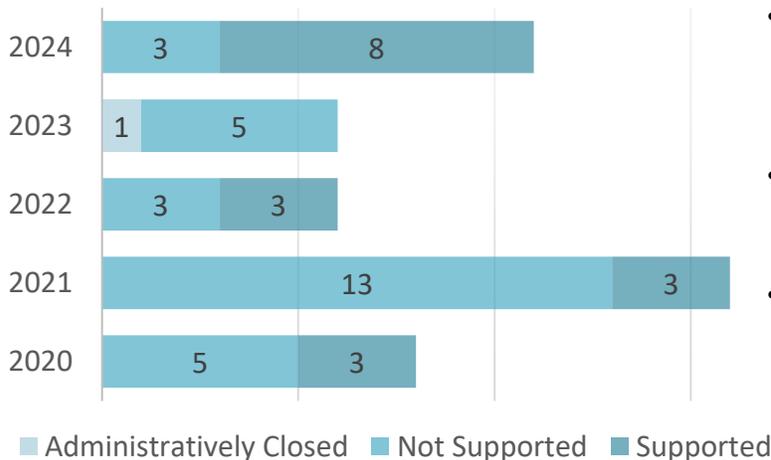
2020-2024 TRENDS

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 website accounted for 49% of the correspondences received in 2024. With the increased awareness and continued proactive measures taken by the OIG, correspondence numbers are expected to remain around the 2023/2024 intake volume.

CORRESPONDENCE RECEIVED BY YEAR



2020 – 2024 INVESTIGATIVE FINDINGS



- The OIG has investigated 47 allegations (exclusive of Investigative Inquiries).
- Twenty-nine of the allegations were **Not Supported**
- Seventeen allegations were **Supported**, and one was Administratively Closed.

2020-2024 TRENDS

Between 2020 and 2024, 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 since 2020.

	2020	2021	2022	2023	2024
Contact Us – External Site	17	34	50	101	137
Email	24	37	37	35	37
In Person	4	1	1	1	5
Mail	2	2	2	5	1
Referral	3	1	4	12	3
OIG Initiated	Not previously captured				7
Other	63	1	2	1	1
Telephone	9	4	7	9	7
Tell Citizens	23	22	111	127	81
Total	145	102	214	291	279

Between 2020 and 2024 the OIG has received correspondences/matters categorized under the following primary issues/allegations:

	2020	2021	2022	2023	2024
Discrimination/ Harassment	4	3	4	5	13
Ethics	2	3	7	3	8
Misconduct	18	10	27	15	26
Mismanagement	9	4	4	9	11
OIG Project³	-	-	-	-	8
Arrest/Disposition	59 ⁴	2	1	1	1
Other	47	4	15	27	3
Records Request⁵	-	-	4	3	4
Customer Inquiry/Complaints⁶	-	76	145	224	195
Safety and Security³	-	-	-	-	7
Vendor Improprieties	6	0	7	4	3
Total	145 ⁷	102	214	291	279

³Captured under 'Other' prior to 2024.

⁴The 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.

⁵Not tracked prior to 2022.

⁶Captured under 'Other' in 2020.

⁷The 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



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 law⁸ and as instituted by best professional practices 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 Inspector General 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.

⁸ Section 627.351(6)(gg), Florida Statutes