



Legislation Details (With Text)

File #: 2022-1324
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File created: 11/8/2022 **In control:** District Attorney
On agenda: 1/24/2023 **Final action:** 1/24/2023
Title: District Attorney 2022-23 Automobile Insurance Fraud Investigation Program
Sponsors: District Attorney
Indexes:
Attachments: 1. Summary Report, 2. Program Resolution, 3. Grant Award Agreement

Date	Ver.	Action By	Action	Result
1/24/2023	1	Board of Supervisors	Approved as recommended	Pass

To: Sonoma County Board of Supervisors
Department or Agency Name(s): District Attorney
Staff Name and Phone Number: Gina Burk 565-3893
Vote Requirement: Majority
Supervisorial District(s): Countywide

Title:
District Attorney 2022-23 Automobile Insurance Fraud Investigation Program

Recommended Action:

Adopt a resolution authorizing the District Attorney to execute a grant agreement with the California Department of Insurance to participate in the Automobile Insurance Fraud Investigation Program and accept \$163,073 in grant funding for the term July 1, 2022, through June 30, 2023, and execute any future amendments or extensions to the Grant Award Agreement including rollover funding from prior year or increased funding allocation. The objective of this grant is to protect public safety resulting from criminal enterprises staging traffic collisions and vendors providing faulty vehicle repairs and placing dangerous and unsafe vehicles back on the road.

Executive Summary:

Board approval is requested to authorize the District Attorney to sign a contract to continue participation in the Automobile Insurance Fraud Program funded by the California Department of Insurance in the amount of \$163,073 for the 2022-23 Fiscal Year and authorize the District Attorney to execute any future amendments or extensions to the Grant Award Agreement including rollover funding from prior year or increased funding allocation. The District Attorney's Office has participated in the Automobile Insurance Fraud Program in Fiscal Years 2009-10 through 2013-14 and 2018-19 through 2021-22. This work is performed by the District Attorney Environmental and Consumer Fraud Division using grant monies and does not require any General Fund support.

The staff assigned to this grant program will consist of an existing Deputy District Attorney, existing District Attorney Investigator, existing Legal Assistant, existing Department Analyst, and an existing Extra Help

Investigator. Also included is funding for a required internal audit, outreach materials, mandatory training, travel, and indirect costs. The funding should be sufficient to cover the costs involved in the District Attorney's Office's Automobile Insurance Fraud prosecution work.

Discussion:

The California Department of Insurance (CDI) is the primary law enforcement agency responsible for investigating automobile insurance fraud crimes. The District Attorney first participated in this program in Fiscal Year 2009-10. The Fraud Division coordinates enforcement operations statewide with municipal, state, and federal enforcement agencies. Completed investigations are filed with the District Attorney or the United States Attorney General's Office. The funding for this program comes from an assessment on automobile insurers of twenty-five (\$0.25) cents per vehicle for each quarter of a calendar year that it is insured, as set forth in the California Code of Regulations, Title 10, Chapter 5, Subchapter 9 - Insurance Fraud.

Board approval is requested to allow the District Attorney to sign a contract to continue participation in the Automobile Insurance Fraud Program funded by the California Department of Insurance in the amount of \$163,073 for the 2022-23 Fiscal Year and authorize the District Attorney to execute any future amendments or extensions of the Grant Award Agreement including rollover funding from prior year or increased funding allocation. The District Attorney participated in the Automobile Insurance Fraud Program in Fiscal Years 2009-10 through 2013-14. As a result of staffing limitations, the District Attorney's Office did not apply for this grant between Fiscal Years 2014-15 and 2017-18 and applied and received funding in Fiscal Years 2018-19 thorough 2021-22. In Fiscal Year 2019-20, 138 suspected fraud claims were reviewed by the District Attorney's Office. However, the number of claims reviewed in FY 2020-21 decreased to 99, and remained nearly identical in Fiscal Year 2021-22, with a total of 102 suspected fraud claims reviewed. We attribute the 2021-22 minimal uptick to COVID. With only essential workers traveling the roadways for the majority of the fiscal year, fewer opportunities existed for the most common types of automobile insurance fraud, such as applicant fraud, staged collisions, and insider fraud. As COVID restrictions have begun to ease and the community has returned to the roadways, the number of suspected fraud claims is expected to rise.

Automobile insurance fraud is both economically costly and increases risk to citizens when travelling Sonoma County roads. Grant funds afford the District Attorney's Office additional resources to focus on cases which are, by nature, more obscure and traditionally difficult to detect. Automobile insurance fraud is committed by criminal enterprises staging traffic collisions and automobile repair vendors placing unsafe vehicles back on the roads. These are serious crimes. The District Attorney's Office will focus efforts to detect and prosecute this type of fraud. These sophisticated automobile insurance fraud acts adversely impact all citizens in California through higher insurance rates. Examples of this sophisticated fraud also include medical-legal fraud committed by medical-legal providers in the personal injury system who include false information regarding unnecessary treatments or services which are rarely furnished in order to secure insurance company payments; and applicant fraud which is committed by an insured who reports that he/she was driving, when in fact another driver was behind the wheel during an accident. In addition, the District Attorney's Office intends to work with the Department of Insurance investigators to reduce the risk to public safety by investigating and prosecuting auto rings and auto body shops who provide faulty repairs. This focus will help ensure that the types of cases being prosecuted in this county are truly reflective of the nature of fraud actually experienced by the county.

The District Attorney wishes to increase the prosecution of the automobile fraud insurance crimes which requires an increase in outreach and education efforts. This effort will be a multi-year pursuit and various

strategies and plans are being developed including identifying and strengthening relationships with others, including law enforcement agencies such as the Sonoma County Auto Theft Task Force. The District Attorney's Office also knows that holding auto fraud offenders accountable helps deter other potential auto insurance fraud offenders.

The Department of Insurance has awarded the District Attorney \$163,073 for the 2022-23 fiscal year. These funds will allow the District Attorney's Office to continue the dedicated work of this program and expand outreach efforts. The staff assigned to this grant program are from the District Attorney Consumer Fraud unit and this special prosecution will be performed by an existing Deputy District Attorney IV with an estimated annual cost of \$305,069, 15% of which, or \$45,760, would be paid by these grant funds; an existing Legal Assistant with an estimated annual cost of \$128,956, of which 5% or \$6,448 would be paid with these grant funds; an existing Department Analyst with an estimated annual cost of \$158,523, of which 8% or \$12,682 would be paid with these grant funds, and an existing Extra Help District Attorney Investigator with an estimated annual cost of \$65,931, which would be 100% paid for by these grant funds. Remaining funds will be used for indirect costs, fees for a required internal fiscal audit, outreach materials, mandatory training, and travel costs.

Strategic Plan:

N/A

Prior Board Actions:

The Board has approved Resolutions authorizing the Automobile Insurance Fraud grant each year between Fiscal Years 2009-10 and 2013-14, and for Fiscal Years 2018-19 through 2020-21; and most recently in Fiscal Year 2021-22.

FISCAL SUMMARY

Expenditures	FY 22-23 Adopted	FY23-24 Projected	FY 24-25 Projected
Budgeted Expenses	\$163,073	\$179,380	\$197,318
Additional Appropriation Requested			
Total Expenditures	\$163,073	\$179,380	\$197,318
Funding Sources			
General Fund/WA GF			
State/Federal	\$163,073	\$179,380	\$197,318
Fees/Other			
Use of Fund Balance			
Contingencies			
Total Sources	\$163,073	\$179,380	\$197,318

Narrative Explanation of Fiscal Impacts:

The 2022-23 State of California Department of Insurance Automobile Insurance Fraud Investigation grant award of \$163,073 is equal to the amount of the award received in the 2021-22 Fiscal Year. The revenue and expenditure appropriations for this grant program are included in the District Attorney's FY 2022-23 Adopted Budget. The current grant will fund activities through June 30, 2023, and the staff will cost code their time

when working on Auto Insurance Fraud related task work so that their associated costs will be paid for with these grant funds. There is no impact to the Sonoma County general fund, and no local match is required. The District Attorney's Office will apply for annual grant renewals in future fiscal years.

Staffing Impacts:			
Position Title (Payroll Classification)	Monthly Salary Range (A-I Step)	Additions (Number)	Deletions (Number)

Narrative Explanation of Staffing Impacts (If Required):

There is no staffing impact.

Attachments:

Program Resolution

Grant Award Agreement

Related Items "On File" with the Clerk of the Board:

None