



Legislation Text

File #: 2021-1181, **Version:** 1

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
Supervisory District(s): Countywide

Title:

District Attorney 2021-22 Automobile Insurance Fraud Program

Recommended Action:

Adopt a resolution authorizing the District Attorney to execute the grant agreement with the California Department of Insurance to participate in the Automobile Insurance Fraud Program and accept \$163,073 in grant funding for the term July 1, 2021 through June 30, 2022, and execute any future amendments or extensions to the Grant Award Agreement. 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 2021-22 Fiscal Year, and authorize the District Attorney to execute any future amendments or extensions to the Grant Award Agreement. 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 2020-21. The staff assigned to this grant program are from the District Attorney Consumer Fraud unit and will consist of an existing Deputy District Attorney, an existing District Attorney Investigator, an existing Bilingual Legal Secretary, an existing Legal Assistant, and an existing Department Analyst. Also included is funding for the cost of a required internal audit, outreach materials, mandatory training, travel, and indirect costs. The funding will be sufficient to cover the costs involved in Sonoma's Auto 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 (\$.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 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 2021-22 Fiscal Year, and authorize the District Attorney to execute any future amendments or extensions of the Grant Award Agreement. 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 and 2020-21. In Fiscal Year 2019-20, 138 suspected fraud claims were reviewed by the District Attorney's Office. The number of claims reviewed in FY 20-21 decreased to 99. We attribute this reduction 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.

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 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 local 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 Fiscal Year 2020-21 grant award of \$161,096 was a considerable increase over the award received for the prior Fiscal Year of 2019-20. Despite a slight drop in suspected fraud claims received in 2020-21, the Department of Insurance awarded the District Attorney \$163,073 for the 2021-22 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 \$312,091, of which 15% or \$46,814 would be paid by these grant funds; existing District Attorney Investigator II with an estimated annual cost of \$257,563, of which 25% or \$64,391 would be paid with these grant funds; an existing Bilingual Legal Secretary with an estimated annual cost of \$118,936, of which 5% or \$5,947 would be paid with grant funding; an existing Legal Assistant with an estimated annual cost of \$129,342, of which 10% or \$12,934 would be paid with these grant funds; and an existing Department Analyst with an estimated annual cost of \$157,820, of which 5% or \$7,891 would be paid with these grant funds. Remaining funds will be used toward 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 Grant each year between Fiscal Years 2009-10 and 2013-14, for 2018-19, and for 2020-21.

FISCAL SUMMARY

Expenditures	FY 21-22 Adopted	FY22-23 Projected	FY 23-24 Projected
Budgeted Expenses	\$163,073	\$177,205	\$194,926
Additional Appropriation Requested			
Total Expenditures	\$163,073	\$177,205	\$194,926
Funding Sources			
General Fund/WA GF			
State/Federal	\$163,073	\$177,205	\$194,926
Fees/Other			
Use of Fund Balance			
Contingencies			
Total Sources	\$163,073	\$177,205	\$194,926

Narrative Explanation of Fiscal Impacts:

The 2021-22 State of California Department of Insurance Automobile Insurance Fraud Investigation grant award of \$163,073 is almost equal to the amount of the award received in the 2020-21 Fiscal Year. The revenue and expenditure appropriations for this grant program are included in the District Attorney's FY 2021-22 Adopted Budget. The current grant will fund activities through June 30, 2022 and the staff will cost code their time when working on Auto 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):

No staffing impacts.

Attachments:

Program Resolution

Grant Award Agreement

Related Items “On File” with the Clerk of the Board:

None