

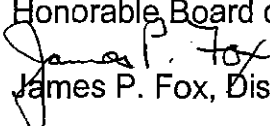


COUNTY OF SAN MATEO
Inter-Departmental Correspondence

District Attorney's Office

DATE: August 22, 2003

BOARD MEETING DATE: September 9, 2003

TO: Honorable Board of Supervisors
FROM:  James P. Fox, District Attorney
SUBJECT: Application for Renewal of the Automobile Insurance Fraud Grant

RECOMMENDATION:

Adopt a resolution authorizing submission of an application to the California Department of Insurance for grant funds in the amount of \$249,129.00 for the Automobile Insurance Fraud Program for fiscal year 2003-2004.

BACKGROUND:

Under the provisions of Sections 1872.8, California Code of Regulations Subchapter 9, Article 4, Section 2698.65, the California Insurance Commissioner is granted authority to issue funds to District Attorneys throughout the state for the purpose of investigating and prosecuting cases involving automobile insurance fraud. In July 1994, your Board adopted a resolution authorizing the submission of an application to the California Department of Insurance for the subject grant. In November 1994, you approved an Appropriation Transfer Request and an amendment to the Salary Ordinance to add staff and implement the program.

DISCUSSION:

An application is required each year to receive state funds through the California Department of Insurance. Program staff salaries, benefits and services and supplies are funded partially by the subject grant and partially by a grant addressing workers' compensation insurance fraud investigation and prosecution. A proposal for that program will be submitted to your Board for approval within the next month.

Since the Insurance Fraud Unit's inception, the unit has received 143 suspected fraudulent

auto insurance claims to investigate and prosecute; resulting in the filing of 59 cases involving 92 defendants. The Unit has worked in tandem with the Department of Insurance, various insurance companies, third party administrators, law enforcement agencies and departments and private citizens to successfully prosecute automobile insurance fraud. The purpose of this program is to investigate and prosecute individuals who violate the law. However, orders of restitution are often sought in these cases, which can become civil judgments eliminating the necessity of victims pursuing civil litigation. These orders can be recorded for future collection and usually specify multiple year pay out schedules. The following chart provides data for the past eight fiscal years regarding funding and collections.

Fiscal Year	Grant Award Amounts	# of Dfndts Ordered to Pay	# of Dfndts who Paid	Total Number of Victims	Number of Victims Paid	Total Ordered	Total Collected (current/previous FY)
1995-96	\$135,000	3	1	9	7	\$63,430	\$36,009
1996-97	\$137,081	7	2	7	2	\$153,543	\$21,074
1997-98	\$151,651	5	4	6	5	\$125,862	\$46,070
1998-99	\$179,758	13	9	19	15	\$168,635	\$104,820
1999-2000	\$199,585	6	12*	16	11	\$131,461	\$121,154
2000-01	\$200,000	4	9*	7	7*	\$78,306	\$113,965
2001-02	\$215,000	3	9*	4	9*	\$25,417	\$24,807
2002-03	\$215,000	1	6*	7	6*	\$1,400	\$19,350.20

*Number of people from prior and current years' cases in which restitution was ordered.

VISION ALIGNMENT:

The grant from the Department of Insurance keeps the commitments of; Ensure Basic Health and Safety for All and goal number 8: Help vulnerable people- the aged, disabled, mentally ill, at-risk youth and others- achieve a better quality of life; Create Opportunities for Every Household to Participate in our Prosperity; and Sow the Seeds of our Future Prosperity. This grant contributes to these commitments and goals by prosecuting those who attempt to steal from businesses through fraud in auto insurance claims and benefits the economic prosperity of our County's businesses and residents.

FISCAL IMPACT:

Each year, proposed funding levels are established by the Department of Insurance for each county and published in the State's Request for Funding documents as funds earmarked for both grant programs. For fiscal year 2002-2003, \$221,461.00 was requested from the Department of Insurance. The final State award totaled \$215,000. Due to salary savings and savings in operating expenses, it is anticipated that the District Attorney's Office will not exceed program needs and has received approval from the Department of Insurance to place any excess revenue received in a trust fund, which would be used to fund any future shortages. Once the subject grant and the above-mentioned workers' compensation insurance fraud grant are approved by the Department of Insurance for fiscal year 2003-2004, it is anticipated that a similar process will occur and the combined insurance fraud

grant programs will be fully funded by State and trust fund monies. Assuming approval will be forthcoming from the Department of Insurance for both grants, this current Board action will have no fiscal impact on net county cost.

RECOMMENDED
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J. H. ...
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COUNTY MANAGER