

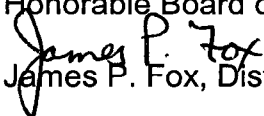


COUNTY OF SAN MATEO
Inter-Departmental Correspondence

District Attorney's Office

DATE: August 10, 2004

BOARD MEETING DATE: August 31, 2004

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 a grant application to the California Department of Insurance for grant funds in the amount of \$298,873 for the Automobile Insurance Fraud Program for fiscal year 2004-2005.

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 the Board adopted a resolution authorizing the submission of an application to the California Department of Insurance (DOI) for the subject grant. In November 1994 the Board also approved an Appropriation Transfer Request and an amendment to the Salary Ordinance to add staff and implement the program. Since 1994 the Board has renewed this application every year.

DISCUSSION:

An application is required each year to receive state funds through the DOI. Once our application is approved by the DOI, the DOI requires execution of a grant award agreement before monies are distributed. The grant award agreement provides, among other things, that any liability arising out of the performance of this grant award agreement, including civil court actions for damages, shall be the responsibility of the grant recipient and the authorizing agency. The Unit's 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 the Board for approval this month.

Over the past four fiscal years from July 1, 2000 through June 30, 2004, the unit has received 79 suspected fraudulent auto insurance claims to investigate and prosecute; resulting in the filing of 29 cases. 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 Dfnts Ordrd to Pay	# of Dfnts who Paid	Total # of Victims	# 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
1999-00	\$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
2003-04	\$200,000	9	8*	7	8*	\$103,011	\$122,217

*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.

FISCAL IMPACT:

Each year, proposed funding levels are established by the DOI for each county and published in the State's Request for Funding documents as funds earmarked for both grant programs. For fiscal year 2003-2004, \$249,129 was requested from the DOI. The final State award totaled \$200,000. This reduced amount resulted in removing one of the two Deputy District Attorneys assigned to this grant program and reassigning her in General Criminal. It is anticipated that the District Attorney's Office will not exceed the financial needs of the Unit and has received approval from the DOI 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 DOI for fiscal year 2004-2005, it is anticipated the combined insurance fraud grant programs will be fully funded by State and trust fund monies. Assuming approval will be forthcoming from the DOI for both grants, this current Board action will have no fiscal impact on the County.

RECOMMENDED

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COUNTY MANAGER