



A Tradition of Stewardship  
A Commitment to Service

Agenda Date: 6/6/2017

Agenda Placement: 6B

## NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

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**TO:** Board of Supervisors  
**FROM:** Nikki Lundeen for Allison Haley - District Attorney  
District Attorney  
**REPORT BY:** Nikki Lundeen, Staff Services Manager - 253-4215  
**SUBJECT:** Application and Acceptance of Funding for Insurance Fraud Programs

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### **RECOMMENDATION**

District Attorney requests adoption of the following resolutions:

1. A resolution authorizing the District Attorney to apply for and sign a grant agreement with the California Department of Insurance for Workers' Compensation Insurance Fraud in the amount of \$143,766 for the period July 1, 2017 through June 30, 2018 and each fiscal year thereafter up to the maximum amount available; and
2. A resolution authorizing the District Attorney to apply for and sign a grant agreement with the California Department of Insurance for Automobile Insurance Fraud in the amount of \$49,840 for the period July 1, 2017 through June 30, 2018, and each fiscal year thereafter up to the maximum amount available.

### **EXECUTIVE SUMMARY**

Approval of the recommended action will allow the District Attorney to apply for and sign grant agreement documents, including amendments and extensions thereof, for continuation of the Workers' Compensation Insurance Fraud Program and the Automobile Insurance Fraud Program. These grant award programs administered by the California Department of Insurance provide continued funding to investigate and prosecute automobile and workers' compensation insurance fraud crimes and approval of the recommended action will allow staff in the District Attorney's office to continue efforts towards the investigation, prosecution, and deterrence of insurance fraud crimes throughout the County.

### **FISCAL IMPACT**

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Is there a Fiscal Impact?	Yes
Is it currently budgeted?	Yes
Where is it budgeted?	District Attorney
Is it Mandatory or Discretionary?	Discretionary
Discretionary Justification:	This funding is discretionary in that there is not a mandate to accept this funding. However, the funding agreements will allow District Attorney's staff to continue accepting referrals for workers' compensation and automobile insurance fraud cases, and to properly fund the costs associated with the investigation and prosecution of these cases. Appropriations for the full cost of personnel and operating expenses for these programs are included in the District Attorney's requested budget for Fiscal Year 2017-2018.
Is the general fund affected?	No
Future fiscal impact:	Appropriations will continue to be budgeted accordingly in future fiscal years.
Consequences if not approved:	If this item is not approved, the District Attorney will not receive funding for the cost of investigating and prosecuting insurance fraud cases referred to the office. The District Attorney will either need to develop an alternative funding plan or not accept these cases from the California Department of Insurance.
Additional Information:	The source of funding for these grant agreements is through insurance premiums and settlements collected by insurance companies and held in trust by the California Department of Insurance. The funding is separate from the State General Fund. The funding amount is based on a formula calculation from the Department of Insurance and the amount is the baseline funding for Napa County. Actual award amounts by fiscal year depending on the baseline and the County need determined by the Insurance Commission.

## **ENVIRONMENTAL IMPACT**

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

## **BACKGROUND AND DISCUSSION**

The District Attorney's Office has been operating the Workers' Compensation Insurance Fraud Program and the Automobile Insurance Fraud Program since Fiscal Year 2010-2011, when contacted by representatives of the California Department of Insurance in regards to enhancing enforcement of these types of insurance fraud. Funding has been made available to counties for investigation and prosecution through the Department of Insurance through a competitive grant process for each of the programs. These grant programs are within the jurisdiction of the Department of Insurance and not part of the State General Fund. The grant agreements provide full funding for the necessary staff resources and operating costs of the programs each fiscal year.

The primary purpose of both the Automobile and Workers' Compensation Insurance Fraud Programs is to deter these crimes, and to investigate and prosecute cases, as appropriate. These cases are initially investigated by the Department of Insurance and then referred to the District Attorney for review and further investigation for potential criminal prosecution. It is estimated that the loss from these improper claims and under reporting can reach

millions of dollars annually. The continuation of this annual grant agreement will serve as a basis for the District Attorney's Office to work with the Department of Insurance to provide ongoing training for our investigators to develop insurance fraud cases for potential prosecution; to provide expertise for our assigned prosecutor to successfully prosecute workers' compensation insurance fraud cases; and to provide community outreach and educational presentations regarding workers' compensation laws and our enforcement in this area to employers, employees and governing agencies throughout the County.

Although your Board has previously signed Resolutions for these programs, the California Department of Insurance has new required language that must be included in the Resolution for continued operation of the Insurance Fraud Programs.

**SUPPORTING DOCUMENTS**

- A . Resolution\_Automobile Insurance Fraud
- B . Resolution\_Workers' Compensation Insurance Fraud

CEO Recommendation: Approve

Reviewed By: Ben Guerrieri