



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: District Attorney
Department No.: 021
For Agenda Of: June 4, 2024
Placement: Administrative
Estimated Time:
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Director: John T. Savrnock, District Attorney, (805) 568-2308
Contact Info: Michael Soderman, Chief Financial & Administrative Officer, (805) 568-2303
SUBJECT: California Department of Insurance Grant Program for Fiscal Year 2024-25: Automobile Insurance Fraud Program

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Other Concurrence: Risk Management

As to form: Yes

Recommended Actions:

It is recommended that the Board of Supervisors:

- a) Adopt a Resolution authorizing the District Attorney to submit an application and, if awarded, execute a Grant Award Agreement with the California Department of Insurance for the Automobile Insurance Fraud Program, for the award period of July 1, 2024 through June 30, 2025, with an anticipated award of \$143,500, up to a maximum grant award amount of \$250,000;
- b) Approve and authorize the District Attorney, or designee, to execute any future amendments to extend the term of the Grant Award Agreement through December 31, 2025, or to increase the grant award in an amount not to exceed an additional \$50,000, with the concurrence of Risk Management, County Counsel, and Auditor-Controller; and
- c) Determine that the above recommendations are not the approval of a project that is subject to environmental review under the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines Section 15378(b)(4), finding that the project is a creation of government funding mechanisms or other government fiscal activities, which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment.

Summary Text:

The California Department of Insurance (DOI) Automobile Insurance Fraud Program is designed to prosecute automobile insurance fraud cases which are investigated by various law enforcement agencies. Board approval is required to receive grant revenue and continue this program in Fiscal Year 2024-25.

Background:

The DOI Automobile Insurance Fraud Program is the primary law enforcement agency responsible for investigating automobile insurance fraud crimes and enforcing the provisions of California Penal Code Sections 548-550. Crimes include, but are not limited to, medical mills, organized crime, staged collision rings, false and fraudulent claims, and organized economic automobile theft groups. As part of this Program, the DOI provides grant funding to counties to fund investigation and prosecution of automobile insurance fraud. Financial support to counties is based on county population, the number of suspected fraudulent claims reported, and the Insurance Commissioner's evaluation of the county's historical performance and plan description. Funding for the program comes from a quarterly fee assessed to each insurer, for each vehicle insured during the quarter.

This grant will continue to provide partial funds for two existing part-time Deputy District Attorneys (DDAs) and one part-time Legal Office Professional (LOP) who will support the long-term goal of this initiative, which is to reduce automobile insurance fraud in Santa Barbara County through crime prevention and deterrence, to be accomplished by a combination of community education and criminal prosecution of fraud cases. In addition, training of local law enforcement regarding potential signs of auto insurance fraud continues to result in new cases being investigated.

At this time, the actual grant award amount is unknown as the application is not yet due and the grant funds have not yet been awarded; therefore, the District Attorney's Office is requesting Board approval to apply for the maximum grant award amount of \$250,000. Historically, the grant award amount has been less than what was requested, and based on prior awards it is estimated at \$143,500 for Fiscal Year 2024-25.

Performance Measures:

Each district attorney receiving annual funds pursuant to Section 1872.8 of the California Insurance Code must submit an annual report to the Insurance Commissioner on the local program and its accomplishments. The District Attorney's Auto Insurance Fraud Unit has been steadily securing restitution for the cases which are submitted. The Office worked closely with private industry through the National Insurance Crime Bureau (NICB) as well as with the DOI, investigating and prosecuting a consistent stream of felonies. Restitution for the insurance carriers is a primary concern, and this year the Santa Barbara County District Attorney's Automobile Insurance Fraud Program secured and collected over \$13,875 in restitution ordered. During Fiscal Year 2022-23, the Program had 15 active cases. Of these 15 cases, six were carried over from Fiscal Year 2021-22, and nine were new investigations initiated during Fiscal Year 2022-23.

Fiscal and Facilities Impacts:

Budgeted: Yes.

Fiscal Analysis:

Funding Sources	Current FY Cost:	Annualized On-going Cost:	Total One-Time Project Cost
General Fund			
State	\$ 250,000.00		
Federal			
Fees			
Other:			
Total	\$ 250,000.00	\$ -	\$ -

The maximum grant award amount of \$250,000 represents the requested amount that the District Attorney’s Office plans to apply for. It is anticipated that grant funds from the DOI Automobile Insurance Fraud Program will partially fund one existing part-time DDA SR (0.15 FTE), one existing part-time DDA III (0.25 FTE), and one existing part-time LOP SR (0.20 FTE) who will work part-time on automobile insurance fraud efforts countywide. Based on prior awards, the award for next fiscal year is estimated at \$143,500. Accordingly, revenues and expenditures of \$143,500 are included in the Fiscal Year 2024-25 Recommended budget.

Key Contract Risks:

The District Attorney has been awarded this grant annually from the California Department of Insurance for multiple years. There is minimal risk to the County.

Staffing Impacts:

None. If the anticipated award amount is received, grant funds from the DOI Automobile Insurance Fraud Program grant will continue to partially fund three existing staff.

Special Instructions:

Please return one (1) Minute Order and one (1) copy of fully executed Resolution to John DeAlba, DA Department Business Specialist.

Attachments:

Attachment A: Resolution

Authored By:

John DeAlba, Department Business Specialist, (805-568-2434)