COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER

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WENDY L. WATANABE
AUDITOR-CONTROLLER

April 5, 2013

TO: Audit Committee

FROM: Wendy L. Watanabe
Auditor-Controller

SUBJECT: **SUNSET REVIEW FOR THE LOS ANGELES COUNTY COMMISSION ON INSURANCE**

RECOMMENDATION

The Audit Committee recommend to the Board of Supervisors (Board) to extend the Los Angeles County Commission on Insurance's (Commission) sunset review date to March 31, 2017.

BACKGROUND

The Board established and has continued the Commission pursuant to Los Angeles County Code Chapter 3.35. The Board approved the most recent sunset review date extension in February 2007.

The Commission advises the Board on all consumer insurance issues. The Commission's duties include:

- Advising the Board of significant insurance developments, court cases, and pending legislation concerning consumer insurance matters, including automobile liability, homeowners', health, and earthquake insurance.
- Submitting reports to the Board on insurance matters, either by Board request or as the Commission deems appropriate.
- Making recommendations to the Board on ways to reduce insurance costs.
- Improving consumer education and broadening community awareness regarding insurance issues.

With Board approval, the Commission may conduct public hearings, call witnesses and experts, present testimony, and participate in insurance matters before Congress, the State Legislature, the State Insurance Commission, or other appropriate public bodies.

The Commission has ten members, two appointed by each Supervisor. Members are appointed based on their experience/knowledge in the consumer insurance area. The Commission is required to meet six times per year.

Commission members are not compensated for their service. The Executive Office of the Board estimates that they spend approximately $2,100 per year for Commission staff support, services, and supplies.

JUSTIFICATION

The Commission met 18 times between January 2009 and April 2012 (approximately five times per year), with an average attendance of 6.9 (69%) members.

During this review period, the Commission's accomplishments included:

- Recommending that the Board support Assembly Bill 52, which requires insurers to seek approval from regulators before raising premiums or out-of-pocket costs, and prevents insurance companies from raising rates more than once a year.

- Holding two press conferences in conjunction with Supervisor Zev Yaroslavsky in 2009, and Supervisor Michael D. Antonovich in 2010, to raise awareness of fire season, and to inform consumers about the importance of insurance coverage.

- Developing and issuing an "Insurance Tip Sheet," to educate the public on adequate insurance coverage to protect their assets.

The Commission's objectives for the next review period are to:

- Work with the Chief Executive Office - Risk Management Branch to identify workers' compensation fraud issues, and make recommendations to the Board on ways to reduce the County's insurance costs.

- Continue to advise and make recommendations to the Board on significant insurance developments, pending State/federal legislation, and court cases that impact County consumers.

- Continue to make recommendations to the Board on broadening consumer education and community awareness on ways to combat insurance fraud.

Please call me if you have any questions, or your staff may contact Robert Smythe at (213) 253-0101.

WLW:JLS:RS:TK

Attachment

c: Scott J. Svonkin, Chair, Commission on Insurance
Angie Johnson, Chief, Commission Services

COMMISSION SUNSET REVIEW
LOS ANGELES COUNTY COMMISSION ON INSURANCE
REVIEW COMMENTS

Mission. (Does the mission statement agree with the Board of Supervisors' (Board) purpose and expectations?)

The stated mission is as set forth in the ordinance establishing the Commission on Insurance (Commission). **CONCUR**.

Section 1. Relevance. (Is the mission still relevant and in agreement with the Board of Supervisors' purpose and expectations?)

The Commission advises the Board on all consumer insurance issues.

The Commission's mission appears to be **RELEVANT**.

Section 2. Meetings and Attendance. (Are required meetings held and is attendance satisfactory?)

The Commission met 18 times between January 2009 and April 2012 (approximately five times per year), with an average attendance of 6.9 (69%) members.

The Commission's meeting frequency and attendance are **SATISFACTORY.**

Sections 3 and 4. Accomplishments and Results. (Are listed accomplishments and results significant?)

During this review period, the Commission's accomplishments included:

- Recommending that the Board support Assembly Bill 52, which requires insurers to seek approval from regulators before raising premiums or out-of-pocket costs, and prevents insurance companies from raising rates more than once a year.

- Holding two press conferences in conjunction with Supervisor Zev Yaroslavsky in 2009, and Supervisor Michael D. Antonovich in 2010, to raise awareness of fire season, and inform consumers about the importance of insurance coverage.

- Developing and issuing an "Insurance Tip Sheet," to educate the public on adequate insurance coverage to protect their assets.

The Commission's accomplishments and results are **SIGNIFICANT**.

Section 5. Objectives. (Are the objectives compatible with the mission and goals and relevant within the current County environment?)

The Commission's objectives for the next review period are to:

- Work with the Chief Executive Office - Risk Management Branch to identify workers' compensation fraud issues, and make recommendations to the Board on ways to reduce the County's insurance costs.

- Continue to advise and make recommendations to the Board on significant insurance developments, pending State/federal legislation, and court cases that impact County consumers.

- Continue to make recommendations to the Board on broadening consumer education and community awareness on ways to combat insurance fraud.

The Commission's future objectives appear **RELEVANT**.

Section 6. Resources. (Are the resources utilized by the entity in support of the entity's activities warranted in terms of the accomplishments and results?)

Commission members are not compensated for their service. The Executive Office of the Board estimates that they spend approximately $2,100 per year for Commission staff support, services, and supplies.

The Commission's expenses appear to be **WARRANTED**.

Section 7. Recommendation.

EXTEND THE SUNSET REVIEW DATE FOR THE LOS ANGELES COUNTY COMMISSION ON INSURANCE TO MARCH 31, 2017.