



**STATEMENT OF PROCEEDINGS FOR THE
REGULAR MEETING OF THE
LOS ANGELES COUNTY COMMISSION ON
INSURANCE**

**500 WEST TEMPLE STREET, ROOM 374-A
LOS ANGELES, CALIFORNIA 90012**

Thursday, December 8, 2011

10:00 AM

Present: Chairman Svonkin, Commissioner Binder, Commissioner Blake,
Commissioner Brown J.D., Commissioner Lohr, Commissioner
Nash, Commissioner Torres and Commissioner Vicencia

Excused: Vice Chair Falcon and Commissioner Crooymans

AUDIO LINK FOR THE ENTIRE MEETING. (11-5498)

Attachments: [AUDIO](#)

I. ADMINISTRATIVE MATTERS

1. Call to Order. (11-5183)

The meeting was called to order by Chairman Svonkin at 10:16 a.m.

2. Pledge of Allegiance. (11-5303)

The Pledge of Allegiance was led by Chairman Svonkin.

3. Approval of the Minutes from the October 13, 2011 meeting. (11-5304)

**On motion of Commissioner Nash, seconded by Commissioner Lohr, the
Commission approved the minutes of October 13, 2011.**

Ayes: 8 - Chairman Svonkin, Commissioner Binder,
Commissioner Blake, Commissioner Brown J.D.,
Commissioner Lohr, Commissioner Nash,
Commissioner Torres and Commissioner Vicencia

Attachments: [SUPPORTING DOCUMENT](#)

4. Election of Officers. (11-5310)

Nominations for Chair were opened. Commissioner Brown nominated Chairman Scott J. Svonkin for re-election. There being no other nominations from the floor, nominations were closed.

On motion of Commissioner Brown, and by common consent with Chairman Svonkin abstaining, Chairman Svonkin was re-elected Chair of the Commission.

Nominations for Vice-Chairman were opened. Chairman Svonkin nominated Commissioner Brown for Vice-Chairman. There being no other nominations from the floor, nominations were closed.

On motion of Chairman Svonkin, seconded by Commissioner Lohr, Commissioner Brown was elected Vice-Chairman of the Commission.

II. REPORTS

5. Recommendation to receive and file Chairman's report. (11-5311)

No Chairman's report was given.

6. Update by Commissioners on the Subcommittee on Fraud. (11-5314)

Vice-Chairman Brown provided a brief summary of the Subcommittee on Fraud's (Subcommittee) report. The report included the Board of Supervisors (Board) feedback on the County's prevailing issues concerning insurance and characterized worker's compensation fraud as the fastest growing segment of insurance fraud in the nation.

Commissioner Lohr stated that the public does not fully comprehend insurance fraud and may not be aware when they are committing fraud. She expressed a need for educating the public on this topic.

Commissioner Binder agreed and added that in order to reduce fraud, auditing is necessary in determining where the fraud is taking place.

Chairman Svonkin suggested partnering with other County Departments to establish a campaign on insurance fraud with an initial focus on educating County employees on insurance fraud.

On motion of Chairman Svonkin, and by common consent, the report

was received and filed. The recommendations provided in the report will be discussed at the next meeting.

Attachments: [SUPPORTING DOCUMENT](#)

Note: Chairman Svonkin called Agenda No. 8 and 9 before Agenda No. 7.

7. Discussion on draft letter to Major Insurance Companies inquiring on the company's best practices to combat insurance fraud. (11-5315)

Chairman Svonkin requested the Subcommittee add more explanation to the draft letter prepared by staff.

On motion of Commissioner Vicencia, seconded by Commissioner Lohr, the Commission approved sending the revised letter to major insurance companies.

Ayes: 8 - Chairman Svonkin, Commissioner Binder, Commissioner Blake, Commissioner Brown J.D., Commissioner Lohr, Commissioner Nash, Commissioner Torres and Commissioner Vicencia

III. PRESENTATIONS

8. Presentation by Deputy District Attorneys, Peter Burke and Eleanor Bigolski of the Automobile Insurance Fraud Division and Lieutenant Ayon of the Automobile Insurance Fraud Task Force. (11-5305)

Peter Burke, Assistant Head Deputy of the District Attorney's (DA) Automobile Insurance Fraud Division (Division) introduced his team. He explained that there is \$32 million of annual funding from the Department of Insurance distributed to various DA associations in the areas of healthcare and auto insurance fraud. He explained that the Division receives funding from two grants and provided the Division's fiscal year end statistical data summarized in the following:

- 73 investigations involving 310 suspects
- 77 felony prosecutions pending
- 180 awaiting sentencing

Chairman Svonkin requested statistical information on annual recovery and restitution from Deputy DA Burke.

Deputy DA Burke suggested the Commission invite John Morris, DA Healthcare Fraud Division to the next meeting.

Deputy DA Eleanor Bigolski provided a PowerPoint presentation. She explained the two grants the Division receives are the Auto Insurance

Fraud Grant and the Urban Grant which targets larger organizations of fraudulent activity. She outlined the internal structure of each grant.

Deputy DA Bigolski provided an overview of the following types of auto insurance fraud and described the roles of each player within the structure of these fraudulent rings:

- Opportunistic Fraud**
- Arson for Insurance Fraud**
- Paper Accidents**
- Auto Body Fraud**
- Adjuster Fraud**
- Chiropractor/Medical Fraud**
- Staged Accidents - Targeting Innocent Drivers**
- Illegal Referrals (Capping)**
- Law Office Related Fraud**
- Organized Fraud Rings (all of the above)**

She explained the process of initiating a fraudulent investigation and offered examples of cases her office has prosecuted.

Discussion over the challenges and resources available to investigate fraudulent activity ensued.

Commissioner Binder suggested the State Board of Equalization as a resource for investigations.

Commissioner Lohr questioned the use of public media for public education.

Deputy DA Burke informed the Commission they do not have the resources available to cultivate media.

Deputy DA Bigolski added that televised press conferences are held for larger cases. Additionally, the DA teaches a class at Cleveland Chiropractic College educating students on fraud within the chiropractic industry.

Chairman Svonkin reiterated the Commission's mission on finding ways to protect consumers in the County and join resources to minimize the challenges of combating insurance fraud.

Deputy DA Bigolski added that the Public Safety Realignment Act has

brought new challenges in detouring fraudulent offenders.

Chairman Svonkin thanked the Deputy District Attorney and team for the presentation.

Attachments: [SUPPORTING DOCUMENT](#)

9. Presentation by Victoria Evers from the Chief Executive Office on County legislative policy. (11-5306)

Victoria Evers, Intergovernmental and External Affairs Branch of the Chief Executive Office (CEO) spoke on the development of the Board's legislative policy. She informed the Commission that the CEO's proposed recommendations for changes to the 2012 State legislative agenda will be heard by the Board of Supervisors next week. The proposal includes policy to support legislation to eliminate billing fraud in the workers' compensation system however there is no policy related to auto insurance fraud.

Discussion ensued over working with the CEO on 2013 timing for proposal of legislative policy that maintains the Commission's goal to support legislation that combats fraud.

Ms. Evers advised that if there is an area with no existing policy that the Commission identifies and wants to take a position, the Commission may coordinate with the CEO for the proposal to be considered by the Board outside of the regular annual policy.

Chairman Svonkin informed Ms. Evers of the Commission's intention to ask the Board to support Assembly Bill 52 and requested the CEO reevaluate the bill.

IV. MISCELLANEOUS

10. Matters not on posted agenda, to be discussed and (if requested) placed on the agenda for action at a future meeting of the Committee, or matters requiring immediate action because of an emergency situation or where the need to take action arose subsequent to the posting of the agenda. (11-5312)

There were none.

11. Opportunity for members of the public to address the Committee on items of interest that are within jurisdiction of the Committee. (11-5307)

Marsha Brown addressed the Commission and complimented everyone on a job well done. She commented on the Deputy DA's presentation

and noticed that there was no mention of fraud within the public transportation sector. She pointed out the need for a strategic plan in partnership with the DA to reduce auto fraud in the County.

- 12.** Adjournment for the Meeting of December 8, 2011. (11-5309)

The meeting was adjourned at 12:08 p.m.