INSURANCE CODE - INS

DIVISION 1. GENERAL RULES GOVERNING INSURANCE [100 - 1879.8] *(Division 1 enacted by Stats. 1935, Ch. 145.)*

PART 2. THE BUSINESS OF INSURANCE [680 - 1879.8] *(Part 2 enacted by Stats. 1935, Ch. 145.)*

CHAPTER 12. The Insurance Frauds Prevention Act [1871 - 1879.8] *(Chapter 12 added by Stats. 1989, Ch. 1119, Sec. 3.)*

ARTICLE 8. Insurance Fraud Prevention [1879 - 1879.8] *(Article 8 added by Stats. 1994, Ch. 1008, Sec. 1.)*

1879. The purpose of this article is to confront aggressively the problem of insurance fraud in this state by facilitating the detection of insurance fraud, eliminating the occurrence of fraud through the development of fraud prevention programs, requiring the restitution of fraudulently obtained insurance benefits, and reducing the amount of premium dollars used to pay fraudulent claims.

(Added by Stats. 1994, Ch. 1008, Sec. 1. Effective January 1, 1995.)

1879.1. (a) The commissioner or their designated deputy commissioner may convene meetings with representatives of insurance companies or representatives of self-insured employers to discuss specific information concerning suspected, anticipated, or completed acts of insurance fraud.

(b) A district attorney may convene meetings with representatives of insurance companies or representatives of self-insured employers to discuss specific information concerning suspected, anticipated, or completed acts of insurance fraud. The commissioner, their designated deputy commissioner, or designated employees of the department from the department’s Fraud Division or the department’s legal division shall attend such a meeting. Only one meeting per month may be convened pursuant to this subdivision. If more than one district attorney seeks to convene a meeting in a given month or a district attorney seeks to convene more than one meeting in a given month, then the commissioner shall choose which meeting the commissioner, their designated deputy commissioner, or designated employees of the department shall attend.

(c) The party that convenes a meeting pursuant to this section may invite a district attorney to participate in the meeting if the suspected, anticipated, or completed acts of insurance fraud to be discussed at the meeting previously occurred or may occur in the county that the district attorney represents.

(d) Information shared at a meeting convened pursuant to this section regarding specific suspected, anticipated, or completed acts of insurance fraud shall not make a person subject to civil liability for libel, slander, or any other relevant cause of action provided that all of the following requirements are met at the meeting:

(1) The commissioner, their designated deputy commissioner, or designated employees of the department from the department’s Fraud Division or the department’s legal division are present at the meeting or meetings.

(2) The commissioner, their designated deputy commissioner, or a designated employee of the department from the department’s Fraud Division or the department’s legal division advises meeting participants, at the beginning of any meeting convened pursuant to this section, of guidelines to ensure compliance with federal and state antitrust laws.

(3) There is no fraud or malice on the part of any of the following attending the meeting:

(A) The representatives of the insurance companies.

(B) The representatives of the self-insured employers.

(C) The commissioner, their designated deputy commissioner, or designated employees of the department.

(D) Any district attorney or their employees.

(e) A report of a fraudulent claim made by an insurance company under Section 1872.4 or made by a self-insured employer under Section 1877.3 that is based on information obtained at a meeting convened pursuant to this section shall comply with all requirements set forth in Section 1872.4 or 1877.3, as applicable, as well as Article 2 of Subchapter 9 of Chapter 5 of Title 10 of the California Code of Regulations and all other applicable regulations.

(f) If the commissioner reasonably believes or knows that a fraudulent claim is being made based on information obtained at a meeting convened pursuant to this section, the commissioner may share this information with any district attorney with whom the department has entered into a written agreement for the investigation and prosecution of insurance fraud.

(g) A district attorney may be represented at a meeting convened pursuant to this section only by employees who are licensees of the State Bar of California.

(Repealed and added by Stats. 2022, Ch. 861, Sec. 3. (AB 1681) Effective January 1, 2023.)

1879.3. The commissioner shall appoint supervisory and investigatory personnel within the bureau. In addition, the commissioner shall assign staff counsel who are employed by the department and are under the supervision of the department's general counsel to advise the department's fraud division, and to further the purposes of this article and Article 1 (commencing with Section 1871). The attorneys' duties may include representing the commissioner and the department in civil lawsuits pursuant to Article 1 (commencing with Section 1871). Those persons shall be qualified by training and experience to perform the duties of their position.

When so requested by the commissioner, the Attorney General may assign one or more deputy attorneys general to assist the commissioner in the performance of these duties.

(Amended by Stats. 2005, Ch. 380, Sec. 2. Effective January 1, 2006.)

1879.4. (a) The Chief of the Fraud Division and those investigators designated by him or her may expend funds to conduct undercover activities, employ civilian operatives, or in any other manner not prohibited by law to investigate insurance fraud or workers' compensation fraud.

(b) The money expended pursuant to subdivision (a) shall be paid out of the funds appropriated or made available by law for the support or use of the department.

(Amended by Stats. 2005, Ch. 717, Sec. 17. Effective January 1, 2006.)

1879.5. (a) Any person who believes that a violation of this article has been or is being made may notify the department immediately after discovery of the alleged violation and may send to the department, on a form and in a manner prescribed by the commissioner, the information requested and any additional information relative to the alleged violation as the department may request. The division shall review the reports and select those alleged violations as may require further investigation. It shall then cause an independent examination or evaluation of the facts surrounding the alleged violation to be made to determine the extent, if any, to which fraud, deceit, or intentional misrepresentation of any kind exists.

(b) No person shall be subject to civil liability for libel, violation of privacy, or otherwise by virtue of the filing of reports or furnishing of other information, in good faith and without malice, provided pursuant to this section or requested by the department as a result of the authority conferred upon it by law.

(c) The commissioner may, by regulation, require admitted insurers to keep any records and other information as he or she deems necessary for the effective enforcement of this article.

(Added by Stats. 1994, Ch. 1008, Sec. 1. Effective January 1, 1995.)

1879.6. The commissioner may adopt administrative regulations as he or she deems necessary for the effective implementation of this article.

(Added by Stats. 1994, Ch. 1008, Sec. 1. Effective January 1, 1995.)

1879.7. The commissioner shall report annually to the Legislature as to the activities of the department and the cost-effectiveness of the programs established pursuant to this article.

(Added by Stats. 1994, Ch. 1008, Sec. 1. Effective January 1, 1995.)

1879.8. Nothing in this article shall be construed to preclude the applicability of any other provision of civil or criminal law that applies to any act committed or alleged to have been committed by any person.

(Added by Stats. 1994, Ch. 1008, Sec. 1. Effective January 1, 1995.)