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## 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 7. Workers' Compensation Insurance Fraud Reporting [1877 - 1877.5]** ( *Article 7 added by Stats. 1991, Ch. 116, Sec. 19.* )

**1877.** This article shall be known and may be cited as the Workers' Compensation Insurance Fraud Reporting Act.

(*Added by Stats. 1991, Ch. 116, Sec. 19.*)

**1877.1.** The following definitions govern the construction of this article, unless the context requires otherwise:

- (a) "Authorized governmental agency" means the district attorney of any county, any city attorney whose duties include criminal prosecutions, any law enforcement agency investigating workers' compensation fraud, the office of the Attorney General, the Department of Insurance, the Department of Industrial Relations, the Employment Development Department, the Department of Corrections and Rehabilitation, the Public Employees' Retirement System, and any licensing agency governed by the Business and Professions Code.
- (b) "Relevant" means having a tendency to make the existence of any fact that is of consequence to the investigation or determination of an issue more probable or less probable than it would be without the information.
- (c) "Insurer" means an insurer admitted to transact workers' compensation insurance in this state, the State Compensation Insurance Fund, an employer that has secured a certificate of consent to self-insure pursuant to subdivision (b) or (c) of Section 3700 of the Labor Code, or a third-party administrator that has secured a certificate pursuant to Section 3702.1 of the Labor Code.
- (d) "Licensed rating organization" means a rating organization licensed by the Insurance Commissioner pursuant to Section 11750.1.
- (e) Information shall be deemed important if, within the sole discretion of the authorized governmental agency, that information is requested by that authorized governmental agency.

(*Amended by Stats. 2008, Ch. 369, Sec. 6. Effective January 1, 2009.*)

**1877.2.** For the purposes of this article, "authorized governmental agency" includes, in addition to the entities listed in subdivision (a) of Section 1877.1, any licensing agency governed by the Chiropractic Initiative Act.

(*Added by Stats. 2005, Ch. 415, Sec. 4. Effective January 1, 2006.*)

**1877.3.** (a) Upon written request to an insurer or a licensed rating organization by an authorized governmental agency, an insurer, an agent authorized by that insurer, or a licensed rating organization to act on behalf of the insurer, shall release to the requesting authorized governmental agency any or all relevant information deemed important to the authorized governmental agency that the insurer or licensed rating organization may possess relating to any specific workers' compensation insurance fraud investigation.

(b) (1) When an insurer or licensed rating organization knows or reasonably believes it knows the identity of a person or entity whom it has reason to believe committed a fraudulent act relating to a workers' compensation insurance claim or a workers' compensation insurance policy, including any policy application, or has knowledge of such a fraudulent act, then, for the purpose of notification and investigation, the insurer, or agent authorized by an insurer to act on its behalf, or licensed rating organization shall notify the local district attorney's office and the Fraud Division of the Department of Insurance, and may notify any other authorized governmental agency of that suspected fraud and provide any additional information in accordance with subdivision (a). The insurer or licensed rating organization shall state in its notice the basis of the suspected fraud.

(2) Insurers shall use a form prescribed by the department for the purposes of reporting suspected fraudulent workers' compensation acts pursuant to this subdivision.

(3) This section does not abrogate or impair the rights or powers created under subdivision (a).

(c) The authorized governmental agency provided with information pursuant to subdivision (a), (b), or (e) shall, upon request, unless it would violate federal law or otherwise compromise an investigation, release or provide that information in a confidential manner to any other authorized governmental agency for purposes of investigation, prosecution, or prevention of insurance fraud or workers' compensation fraud.

(d) An insurer or licensed rating organization providing information to an authorized governmental agency pursuant to this section shall provide the information within a reasonable time, but not exceeding 60 days from the day on which the duty arose.

(e) Upon written request by an authorized governmental agency, as specified in subdivision (o) of Section 1095 of the Unemployment Insurance Code, the Employment Development Department shall release to the requesting agency any or all relevant information that the Employment Development Department may possess relating to any specific workers' compensation insurance fraud investigation. If an authorized governmental agency seeks to disclose this information to any other governmental agency that is not authorized to receive that information pursuant to subdivision (o) of Section 1095 of the Unemployment Insurance Code or subdivision (c) of Section 603.9 of Title 20 of the Code of Federal Regulations, that agency shall submit a request to the Employment Development Department for approval prior to disclosure. Relevant information may include, but is not limited to, all of the following:

(1) Copies of unemployment and disability insurance application and claim forms and copies of any supporting medical records, documentation, and records pertaining thereto.

(2) Copies of returns filed by an employer pursuant to Section 1088 of the Unemployment Insurance Code and copies of supporting documentation.

(3) Copies of benefit payment checks issued to claimants.

(4) Copies of any documentation that specifically identifies the claimant by social security number, residence address, or telephone number.

*(Amended by Stats. 2023, Ch. 204, Sec. 13. (AB 1140) Effective January 1, 2024.)*

**1877.35.** (a) The Public Employees' Retirement System may request information from an insurer for any specific investigation of eligibility for, and unlawful application or receipt of, benefits provided under Part 3 (commencing with Section 20000) of Division 5 of Title 2 of the Government Code.

(b) Information received by the Public Employees' Retirement System pursuant to this article may be used for purposes of determining eligibility for, and unlawful application or receipt of, benefits provided under Part 3 (commencing with Section 20000) of Division 5 of Title 2 of the Government Code.

*(Added by Stats. 2008, Ch. 369, Sec. 7. Effective January 1, 2009.)*

**1877.4.** (a) Any information acquired pursuant to this article shall not be a part of the public record. Except as otherwise provided by law, any authorized governmental agency, an insurer, or an agent authorized to act on its behalf, which receives any information furnished pursuant to this article shall not release that information to any person not authorized to receive the information under this article. Any person who violates the prohibition of this subdivision is guilty of a misdemeanor.

(b) The evidence or information described in this section shall be privileged and shall not be subject to subpoena or subpoena duces tecum in a civil or criminal proceeding, unless, after reasonable notice to any insurer, an agent authorized by an insurer to act on its behalf, licensed rating organization, or authorized governmental agency which has an interest in the information, and a hearing, the court determines that the public interest and any ongoing investigation by the authorized governmental agency, insurer, or an agent authorized by the insurer to act on its behalf, or licensed rating organization will not be jeopardized by its disclosure, or by the issuance of and compliance with a subpoena or subpoena duces tecum.

*(Amended by Stats. 2003, Ch. 636, Sec. 3. Effective January 1, 2004.)*

**1877.5.** No insurer, agent authorized by an insurer to act on its behalf, or licensed rating organization who furnishes information, written or oral, pursuant to this article, and no authorized governmental agency or its employees who (a) furnishes or receives information, written or oral, pursuant to this article, or (b) assists in any investigation of a suspected violation of Section 1871.1, 1871.4, 11760, or 11880, or of Section 549 of the Penal Code, or of Section 3215 or 3219 of the Labor Code conducted by an authorized governmental agency, shall be subject to any civil liability in a cause or action of any kind where the insurer, authorized agent, licensed rating organization, or authorized governmental agency acts in good faith, without malice, and reasonably believes that the action taken was warranted by the then known facts, obtained by reasonable efforts. Nothing in this chapter is intended to,

nor does in any way or manner, abrogate or lessen the existing common law or statutory privileges and immunities of an insurer, agent authorized by that insurer to act on its behalf, licensed rating organization, or any authorized governmental agency or its employees.

*(Amended by Stats. 2003, Ch. 636, Sec. 4. Effective January 1, 2004.)*