

ASSEMBLY BILL

No. 736

Introduced by Assembly Member Charles Calderon

February 17, 2011

An act to amend Section 1874.90 of the Insurance Code, relating to insurance.

LEGISLATIVE COUNSEL'S DIGEST

AB 736, as introduced, Charles Calderon. Insurance: fraud prevention.

Existing law authorizes the Insurance Commissioner to declare any region of the state as an auto insurance fraud crisis area upon making a finding that auto insurance fraud is endemic to the area, as specified.

This bill would require the commissioner to provide a copy of the declaration concerning a region's designation as a fraud crisis area to the respective chairs of the Senate and Assembly standing committees with primary jurisdiction over matters of public policy involving insurance, as specified.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 1874.90 of the Insurance Code is
2 amended to read:
3 1874.90. (a) The commissioner may declare any region of the
4 state as an auto insurance fraud crisis area upon making a finding
5 that auto insurance fraud is endemic to the area. That declaration
6 of an auto insurance fraud crisis area shall be in effect for not more
7 than two years, unless extended or renewed by the commissioner.

1 Auto insurance fraud is endemic to an area if the commissioner
2 determines that organized automobile fraud activity exists in the
3 area and contributes significantly to the cost of automobile
4 insurance in that area.

5 *(b) Notwithstanding Section 10231.5 of the Government Code,*
6 *the commissioner shall, at any time he or she issues a declaration*
7 *pursuant to subdivision (a), provide a copy of the declaration*
8 *concerning a region's designation as a fraud crisis area to the*
9 *respective chairs of the Senate and Assembly standing committees*
10 *with primary jurisdiction over matters of public policy involving*
11 *insurance. The declaration shall include a summary of the key*
12 *findings that support the determination the insurance fraud is*
13 *endemic to the area.*