CALIFORNIA DEPARTMENT OF INSURANCE

2013 ANNUAL REPORT of the Commissioner

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August 1, 2014

The Honorable Edmund G. Brown, Jr.
Governor
State of California
State Capitol, Suite 1173
Sacramento, CA 95814

Dear Governor Brown:

I am pleased to provide to you the *2013 Annual Report of the Insurance Commissioner* as required by California Insurance Code ("CIC") section 12922. The Report describes in detail the work of the California Department of Insurance (CDI). The Department's core function, as the regulator of the sixth largest insurance economy in the world with more than $123 billion in annual revenue, is protecting consumers and the integrity, health and vitality of the insurance marketplace. We succeed in our efforts by enforcing insurance laws and regulations, assisting consumers in their dealings with insurers, and using innovation to improve services to insurance producers and consumers.

My administration has made considerable progress on an ambitious consumer and business protection agenda. As of publication, following are highlights of what we have accomplished since taking office on January 3, 2011:

Healthcare Reform

- Issued and enforced regulations prohibiting health insurers from denying health insurance to children with pre-existing conditions.
- Issued regulations to implement and enforce the federal Affordable Care Act, including individual and small group market reforms.
- Assisted Covered California in establishing California's health benefits exchange.
- Reviewed and submitted comments on numerous major federal Affordable Care Act regulations. The Department's comments assisted the federal government in issuing final regulations for the implementation of the Affordable Care Act reflecting California's strong consumer protection interest and experience.
- Managed $2.1 million in federal grant money to expand health insurance rate review to evaluate whether filed rates are unreasonable.
- Applied for and received $5.2 million in federal grant money to increase medical pricing transparency and continue with health insurance rate review.
- Secured federal funding to enhance consumer assistance pertaining to the ACA. The Department is using these funds, in part, to enhance our consumer call center and to develop a mobile application which will allow consumers greater ease in accessing information about the ACA.

- Saved consumers over $59 million by issuing and enforcing Medical Loss Ratio regulations that require insurers to spend more of their collected premiums on actual medical care rather than administrative expenses.
- Reviewed more than 1,978 insurance policy forms for compliance with new requirements, benefits and consumer protections under the Affordable Care Act.
- Required health insurers to provide treatment for autism, including behavioral treatment.

Premium Savings

- Reviewed 185 health insurance rate filings in the individual and small group health insurance markets and obtained reductions in proposed rates, resulting in $293 million in premium savings for individuals and small businesses. The Department, however, continues to lack the authority to reject excessive rate hikes and health insurers continue to implement excessive and unreasonable rate increases.
- Processed over 24,172 property and casualty insurance rate filings under Proposition 103 during our first 40 months. The Department reduced the overall amount of requested rate increases by $606 million and obtained over $1.066 billion in rate reductions, totaling over $1.673 billion in savings to California consumers and businesses. This total includes approximately $626 million in rate reductions for personal auto coverage and $402 million in rate reductions for personal homeowners coverage.
- Lowered medical malpractice insurance rates, saving doctors, dentists and other medical providers $55.6 million annually in premiums.
- Assisted financially distressed homeowners by requiring insurers who sell "forced placed homeowners insurance" to reduce their rates for a total of $64 million annually in premium savings.
- Approved a rate decrease of 12.5% for California Earthquake Authority (CEA) policyholders. Also approved changes to the CEA residential insurance policies to provide consumers with more coverage options.

Insurance Fraud

- The Department administered five distinct local assistance grant programs which award funds to district attorneys for the investigation and prosecution of insurance fraud and insurance related crimes. During FY 12/13, we reviewed application requests and awarded grants totaling approximately $57 million in funding to district attorneys. These programs resulted in 2,927 arrests and 6,006 convictions from FY 10/11 to June 30, 2014.
- A team of investigators was established to investigate complaints regarding Affordable Care Act implementation. From October-December 2013, the Enforcement Branch handled 41 complaints/inquiries.
- In 2013, the Enforcement Branch continued to fight the underground economy by joining forces with allied agencies such as the Contractors State Licensing Board, Employment Development Department, Department of Industrial Relations, and Franchise Tax Board. We continue to be an active participant with the Joint Enforcement Strike Force (JESF). One example of an underground economy case in which the Department of Insurance played a lead role with other agencies is the investigation, conviction and sentencing of Richard Lopez Escamilla in the Kings County Superior Court. Richard Escamilla was sentenced to serve six years in prison for underreporting payroll and unemployment insurance tax evasion. He was also ordered to pay restitution in the amount of $4.2 million dollars. Richard Escamilla was the owner of a farm labor contracting company in the central valley.
- The Department investigated and worked with District Attorneys to secure convictions for insurance fraud against seniors. For example, Michael and Melissa Woodward were

investigated by the Department of Insurance and arrested on a multimillion dollar scam bilking hundreds of seniors across 10 states and pleaded guilty to several felony counts. The court ordered over $3 million in restitution be returned to victims.

- The Department joined forces with its Joint Enforcement Strike Force (JESF) partners to conduct a statewide sweep of contractors operating in California's Underground Economy. The Department partnered with the Contractors State Licensing Board (CSLB), the Employment Development Department (EDD), and local district attorney's office in eleven counties. This sweep resulted in 104 enforcement actions including for failure to carry workers' compensation insurance and under-reporting payroll.
- In November of 2013, the Commissioner settled a major qui tam case against the Sutter Hospital and Multiplan, a preferred provider organization. The case involved allegations of false medical billing practices. Sutter and Multiplan agreed to settle the case just before trial for a record $46,950,000.
- A portion of the settlement from the Sutter case has been used to create an enhanced fraud investigation and prevention program. Over $3.5 million will be used for up to 32 four-year limited-term positions for enhanced anti-fraud efforts, including investigation of additional cases and civil litigation workload associated with California's false and fraudulent claims act. As part of this program beginning FY 14/15 $1 million annually over the next four years will be provided for local assistance to District Attorneys to investigate and prosecute Disability and Healthcare Insurance Fraud.

Legislation and Regulations

- CDI sponsored nine strong consumer protection bills that were signed into law during the 2011 legislative session. These include bills which: 1) protect seniors from fraudulent activities while purchasing annuities; 2) ensure that agents and brokers do not engage in predatory practices in the selling of reverse mortgages; and 3) require disclosure in workers' compensation policies in order to save businesses from unexpected costs.
- In 2012, CDI sponsored five bills that were signed into law. These include bills that: 1) reinstate specified conduct standards and requirements for all bail fugitive recovery persons (bounty hunters); 2) increase funding available to District Attorneys and CDI to investigate and prosecute health and disability fraud; and 3) improve the predictability of Long Term Care insurance rates.
- Four consumer protection bills sponsored by CDI were signed into law in 2013. These bills include adoption of solvency standards to help prevent insurers and insurance groups from collapsing, providing a financial boost to California's economy of more than $460 million by 2016 through increased investment and tax incentives in California's underserved communities, and the elimination of the sunset on three insurance related special assessments used to fight insurance fraud.
- In the 2014 calendar year, CDI sponsored 11 bills. At time of writing 2 have been signed into law, and the other 9 are pending in the state legislature. Of the two bills that have been signed, one allows California's small businesses to maintain their existing small group health insurance coverage for their employees for an additional year, and the other provides seniors with additional disclosure notification and protection when purchasing an immediate annuity. Among the 9 pending sponsored bills, CDI sponsored AB 1273 which would enhance and reform California's Low Cost Automobile Insurance Program to allow more low-income Californians the opportunity to purchase affordable automobile insurance, most importantly newly-licensed non-citizen individuals who will receive a driver's license pursuant to Assembly Bill 60 of 2013.

- The Department managed 36 rulemaking projects, issuing 19 regulations covering health care, life, property and casualty, and workers' compensation insurance as well as financial solvency and insurance producer (agent and broker) issues. Significant matters include:
    - Mandating that medically necessary treatment for autism is covered in health insurance policies.
    - Implementation of ACA Essential Health Benefits requirements in California.
- The Department undertook additional initiatives including:
    - Iran Divestment Initiative. Requested all insurers to divest from the military, energy and nuclear sectors of the Iranian economy due to the risk associated with investments in Iran. As a result of the Commissioner's Iran Divestment initiative, the number of insurers investing in companies doing business with Iran has fallen 98 percent, from 341 insurers to just seven.
    - Climate Change Initiative. The Department leads a multi-state collaborative effort to survey insurers with regard to climate change and their efforts towards adaptation, mitigation and resilience to the effects of climate change. Since its inception in 2009 the survey has expanded and now reaches 77% of the entire United States market. In response to this expanded effort, four websites were designed by the Department to administer the survey, including a survey search engine which is hosted on the CDI website. The interactive websites allow regulators, insurers, and members of the public to quickly analyze the results and better measure the insurance industry's ability to respond to the impacts of Climate Change.
    - Reformed the Workers Compensation "Pure Premium Benchmark" process and provided workers' compensation market stakeholders with expert actuarial reviews of workers' compensation cost structure changes.

Enforcement

- Continued leading a national investigation ("Death Master File Investigation") of life insurers' failure to pay billions of dollars in death benefits. Obtained successful enforcement settlement agreements with 13 major life insurers representing approximately 57 percent of the market since the effort commenced, requiring them to pay hundreds of millions of unpaid benefits. Insurers have paid approximately $17 million in penalties to California while agreeing to reform practices relating to use of the Social Security Administration's deceased persons database to identify deceased policyholders so that the companies would locate their beneficiaries and pay them benefits due under the policies.
- In conjunction with other states, successfully settled an enforcement action against the Life Insurance Company of North America that resulted in a $500,000 penalty to California and remediation of improperly handled long term disability claims for claimants across the nation expected to total in the tens of millions of dollars. The settlement resolved insurance code violations discovered in a market conduct examination of the company.
- In 2013 two additional actions were settled successfully. Homesite Insurance Company agreed to settle with the department for $350,000 and Safeco Group settled for $900,000 for rating and underwriting violations resulting from examinations.
- Issued a final decision in the matter of PacifiCare Life and Health Insurance Company where the insurer was found to have committed over 900,000 unfair business practices among other violations. After a review of the facts and legal arguments. PacifiCare was assessed a penalty of $173,603,750. Payment of the penalty was stayed pending the resolution of litigation brought by PacifiCare challenging the decision.

Insolvency Recovery

- Performed successful early intervention with a failing $300 million domestic property and casualty insurer, resulting in 100% protection of injured workers' claims and the transfer of policies and claims to a healthy third party insurer.
- Collected $289.6 million of reinsurance recoveries, reinsurance commutations and litigation recoveries of failed insurance companies to repay policyholders and creditors.
- Distributed $551.9 million to injured policyholders and guaranty associations from failed insurance companies.

Consumer Protections

- Recovered over $207 million for consumers as a result of investigations of consumer complaints received by the Department and through market conduct examinations by the Department.
- Handled over 170,000 consumer calls annually to our Consumer Hotline.
- Modified CDI's database system to better capture and track potential problems associated with implementation of the Health Exchange (Covered California) and other ACA matters; trained staff and developed processes and procedures to deal with issues.
- In an effort to increase consumer access to the Department, launched a project in 2013 to provide consumers the ability to upload documents when filing complaints. Project nearing its completion.
- Initiated a project to enhance CDI Call Center phone system to enable seamless health call transfers between the CDI and DMHC. Project nearing its completion.
- CDI continues to enforce regulations promulgated in 2012 that prohibit discrimination based on gender identity and expression. The regulations were the first of their kind in the nation and also produced the first actuarial and economic analysis of the cost of such services. The study is being used widely by other organizations to advocate for similar protections in other states and localities. While California is the only state to have enacted regulations seven other states including D.C. have issued guidance or director's letters that remove discriminatory exclusions in their employee healthcare plans.

Community Programs

- Conducted an investigatory hearing on insurance issues related to "Transportation Network Companies" such as Uber, Lyft and Sidecar that encourage non-professional drivers to use their personal vehicles to transport passengers for a profit. California issued a first-in-the-nation notice to TNC drivers about the insurance gaps, and the Insurance Commissioner made recommendations to the California Public Utilities Commission and the California Legislature about how to better-protect pedestrians, drivers and passengers.
- As indicated in COIN's Community Investment Survey 2014 Data Call, insurers have annually increased their amount of COIN qualifying investment holdings from $5.2 billion in 2009, to $6.3 billion in 2010, $7.5 billion in 2011, and $8.8 billion in 2012.
- COIN's CDFI Tax Credit was quintupled, increasing the amount of private capital available for community development. Assembly Bill 32 (Pérez, 2013), a bill sponsored by CDI, increased from $2 million to $10 million annually the amount of available COIN CDFI Tax Credits. The program will create an estimated 782 jobs and an economic impact of $115 million in the first year.
- Established first in the nation Insurance Diversity Initiative and completed a first-in-the-nation survey to examine insurance industry procurement from minority, women, and disabled

veteran-owned businesses and surveyed insurers to examine the diversity of company governing boards. The Insurance Diversity Task Force hosted a hearing at the State Capitol and the 2nd Annual Diversity Summit, and issued two inaugural awards to Allstate and Kaiser CEO Bernard Tyson for best practices in diversity.

- Since 2011, the Department attended 855 public outreach events throughout California to increase consumer education about insurance products, regulation and the California Low Cost Automobile insurance program.
- Strengthened and expanded California's Low Cost Automobile Insurance Program by creating a consumer-friendly website that closely links customers to insurance agents. Policy sales increased significantly in 2013 by 27.5 percent. The program provides an important option for Californians; in 2013, 80% of customers had household incomes below $20,000, and 94 percent were uninsured at the time of purchase.
- Compiled the Commissioner's Report of Underserved Communities, which details the availability of auto, home and business insurance in "underserved" communities of California. 145 ZIP codes remain underserved.

Corporate and Regulatory Affairs

- Developed emergency regulations to assist COIN (California Organized Investment Network) Program in increasing insurer investments in underserved communities in California.
- Enhanced and upgraded essential licensing checklists and forms on CDI's public website to improve processing times and to provide innovative and accessible information to insurers submitting corporate transaction applications to CDI.
- Developed Credit for Reinsurance regulations to revise existing reinsurance regulations to conform to the federal Dodd-Frank financial reform act and to detail requirements for a cedent to obtain financial statement credit for reinsurance cessions.
- Developed and implemented conforming legislation to the Holding Company Model Act (SB 1448 2012.) Key revisions included the following: reporting by the insurer on material risks within the insurance holding company system that could pose enterprise risk to the insurer and examination authority with respect to enterprise-wide risks; participation by state insurance regulators in "supervisory colleges," a forum for regulators of the various jurisdictions in which the legal entities of any insurance group operate; information about corporate governance at the individual regulated insurer and group levels; and enhanced access to information regarding any entity within the insurance holding company system.
- In response to a new class of licensing in the NAIC model acts, developed and implemented the certified reinsurer application process, which will primarily involve applications submitted by non-US reinsurers, requiring staff to review and assess the laws of foreign countries and US treaties addressing enforceability of judgments rendered in the US and in the courts of a foreign jurisdiction.

Financial Oversight

- Passed the National Association of Insurance Commissioners Accreditation Review during 2014. This outside review is conducted every 5 years of all state insurance departments to ensure that all states have enacted the appropriate laws and provide the necessary financial oversight in accordance with national financial solvency standards. California received a full 5 year accreditation.
- Sponsored and obtained enactment of the Own Risk and Solvency Assessment Legislation known as "ORSA" which in 2015:
    - Requires larger insurers to develop an assessment of their enterprise risk management processes and capital needs.

    - Requires the insurer to provide an annual ORSA report to the Department.
- Promulgated the Hazardous Financial Condition Regulation which:
    - Enables the Department to have earlier detection of financially troubled insurers and to take necessary regulatory action.
    - Enables earlier interaction with financially troubled insurers to develop remediation plans
- Provided leadership and/or participation in key National Association of Insurance Commissioners working groups and task forces.

Licensing

- Issued and renewed 584,041 insurance producer, bail agent, and insurance adjuster licenses.
- Restricted, suspended, or revoked the licenses of 2,365 insurance producers, bail agents, and insurance adjusters while denying the licenses for 754 applicants.
- Opened 19 new testing centers throughout California in 2011, 2012, and 2013 most recently in Walnut Creek, Ventura, and Visalia. With these new sites and one additional site that opened in 2014, license applicants now have 22 sites throughout California to take their examinations.

Significant Contributions to State's General Fund

- Collected $2.4 billion in premium taxes for the state's General Fund for fiscal year 2012-13.
- Through the Department's vigorous legal and enforcement activities, contributed $67.9 million in fines and penalties to the state's General Fund since taking office.

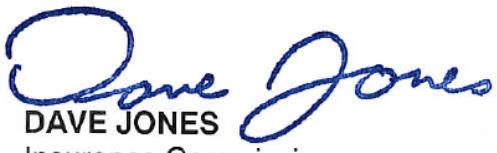
Administration

- The Department's 2011-12 financial reports submitted to the State Controller's Office (SCO) were complete, accurate, and timely, and met SCO's established criteria for Excellence in Financial Reporting in 2013.
- Received clean and clear audits in 2013 from the Department of General Services and the State Personnel Board for the Department's business management activities and human resources examinations, appointments, Equal Employment Opportunity program, and personal services contracts, respectively.

The California Department of Insurance will continue to aggressively pursue our mission *"to ensure vibrant markets where insurers keep their promises and the health and economic security of individuals, families, and businesses are protected."*

It is a privilege to serve California and Californians as Insurance Commissioner. Thank you for your continued leadership of our State and your support of the Department's mission.

Sincerely,



DAVE JONES
Insurance Commissioner

cc: William Monning, Chairperson, Insurance Committee, California State Senate
Henry Perea, Chairperson, Insurance Committee, California State Assembly
E. Dotson Wilson, Chief Clerk, California State Assembly
Diane F. Boyer-Vine, Legislative Counsel
Gregory Schmidt, Secretary of the Senate

California Department of Insurance
2014 Organizational Chart (Graphical Version)

INSURANCE COMMISSIONER

CHIEF DEPUTY

OFFICE OF STRATEGIC PLANNING

CONSERVATION & LIQUIDATION OFFICE

ORGANIZATIONAL ACCOUNTABILITY OFFICE

ADMINISTRATION & LICENSING SERVICES

Human Resources Management
Financial Management
Information Technology
Licensing Services

RATE REGULATION

Rate Filing Bureaus (5)
Rate Actuary Office
Rate Specialist

CONSUMER SERVICE & MARKET CONDUCT

Market Conduct
Consumer Services

FINANCIAL SURVEILLANCE

Field Examinations
Financial Analysis
Actuarial Office
Premium Tax Audit & Troubled Companies Bureau

ENFORCEMENT

Internal Affairs
Investigations
Fraud

OFFICE OF CIVIL RIGHTS

ORGANIZATIONAL ACCOUNTABILITY OFFICE

LEGAL/CHIEF COUNSEL

Deputy Chief Counsel
Government Law
Rate Enforcement
Policy Approval
Health Policy Approval
Enforcement/Health Enforcement Sacramento
Enforcement/Health Enforcement San Francisco
Auto Enforcement
Fraud Liaison

CORPORATE & REGULATORY AFFAIRS

Corporate Affairs I
Corporate Affairs II
Administrative Hearing Bureau

COMMUNITY & POLICY INITIATIVES

Community Programs
Low Cost Auto
Consumer Education & Outreach
Office of Ombudsman
Insurance Diversity
Special Projects
California Organized Investment Network (COIN)
Statistical Analysis

LEGISLATIVE

Legislative Office

COMMUNICATIONS & PRESS RELATIONS

Communications & Media Relations Office

HEALTH POLICY

Executive Office
Health Policy Reform
Health Actuary Office

SPECIAL COUNSEL TO THE COMMISSIONER

Regulation
NAIC

California Department of Insurance
2014 Organizational Chart (Accessible Text Version)

INSURANCE COMMISSIONER

- CHIEF DEPUTY
  - OFFICE OF CIVIL RIGHTS
  - CONSERVATION & LIQUIDATION OFFICE OF STRATEGIC PLANNING
  - ORGANIZATIONAL ACCOUNTABILITY OFFICE

ADMINISTRATION & LICENSING SERVICES

- Human Resources Management
- Financial Management
- Information Technology
- Licensing Services

RATE REGULATION

- Rate Filing Bureaus (5)
- Rate Actuary Office
- Rate Specialist

CONSUMER SERVICE & MARKET CONDUCT

- Market Conduct
- Consumer Services

FINANCIAL SURVEILLANCE

- Field Examinations
- Financial Analysis
- Actuarial Office
- Premium Tax Audit & Troubled Companies Bureau

ENFORCEMENT

- Internal Affairs
- Investigations
- Fraud

LEGAL/CHIEF COUNSEL

- Deputy Chief Counsel
- Government Law
- Rate Enforcement
- Policy Approval
- Health Policy Approval
- Enforcement/Health Enforcement Sacramento
- Enforcement/Health Enforcement San Francisco
- Auto Enforcement
- Fraud Liaison

CORPORATE & REGULATORY AFFAIRS

- Corporate Affairs I
- Corporate Affairs II
- Administrative Hearing Bureau

COMMUNITY & POLICY INITIATIVES

- Community Programs
- Low Cost Auto
- Consumer Education & Outreach
- Office of Ombudsman
- Insurance Diversity
- Special Projects
- California Organized Investment Network (COIN)
- Statistical Analysis

LEGISLATIVE

- Legislative Office

COMMUNICATIONS & PRESS RELATIONS

- Communications & Media Relations Office

HEALTH POLICY

- Executive Office
- Health Policy Reform
- Health Actuary Office

SPECIAL COUNSEL TO THE COMMISSIONER

- Regulation
- NAIC

2013 ANNUAL REPORT

Consumer Services *and* Market Conduct Branch

Consumer Services & Market Conduct Branch

The Consumer Services and Market Conduct Branch's (CSMCB) focus is consumer assistance and protection, and it accomplishes this by educating consumers, mediating consumer complaints, and enforcing insurance laws. CSMCB enforces insurance laws during the investigation of individual consumer complaints against insurers and agents/brokers and through on-site examinations of insurer claims and underwriting practices.

CSMCB consists of two divisions, six bureaus, and a unit of legal staff dedicated to consumer issues:

Consumer Services Division (CSD)

- Consumer Communications Bureau (CCB)
- Claims Services Bureau (CSB)
- Health Claims Bureau (HCB)
- Rating and Underwriting Services Bureau (RUSB)

Market Conduct Division (MCD)

- Field Claims Bureau (FCB)
- Field Rating and Underwriting Bureau (FRUB)

Consumer Law Unit (CLU)

Table A: CSMCB 2013 Calendar Year Results

Consumer Telephone Calls Received (automated call-center calls)	167,448
Complaint Cases Opened	36,559
Complaint Cases Closed	37,126
Total Amount of Consumer Dollars Recovered	$55,722,140
Number of Market Conduct Exams Adopted by the Commissioner	132
Total Amount of Claims Dollars Recovered or Premium Returned to Consumers from Market Conduct Exams	$ 8,070,571
CSMCB Grand Total Amount (Consumer Dollars Recovered, Claims Dollars Recovered or Premium Returned to Consumers.)	$ 63,792,711

CONSUMER SERVICES DIVISION

The Consumer Services Division (CSD) responds to consumer inquiries and complaints involving insurance company or agent and broker activities. The CSD maintains separate bureaus to handle telephone inquiries and provide education to the public, respond to consumer complaints on claims handling practices, and resolve consumer complaints about rating and underwriting practices. The purpose of CSD is to protect California insurance consumers by enforcing the California Insurance Code and related laws and regulations. CSD also assists consumers as they navigate the complex world of insurance.

The CSD is responsible for administrating the program described in California Insurance Code (CIC) Section 12921.1(a), for investigating complaints, responding to consumer inquiries and bringing enforcement actions against insurers and agents and brokers.

In accordance with California Insurance Code (CIC) Section 12921.1(a)(10), this report includes: 1) a description of the operation of the complaint handling process; 2) a summary of civil, criminal, and administrative actions taken pursuant to complaints received; 3) the percentage of the Department's personnel years devoted to the handling and resolution of complaints; and 4) suggestions for legislation (where applicable) to improve the complaint handling apparatus and to increase the enforcement activities undertaken by the Department pursuant to complaints when appropriate.

Complaints and inquiries are handled by four bureaus within the division: the Consumer Communication Bureau (CCB), the Claims Services Bureau (CSB), the Health Claims Bureau (HCB), and the Rating & Underwriting Services Bureau (RUSB). Consumers may file complaints via telephone, internet or in written correspondence. In 2013, 109 fulltime staff were devoted to the complaint handling operation. This represents 8 percent of the 1,316 total authorized positions at the Department.

- The CCB Hotline staff responds to general insurance inquiries and answers questions on insurance claims and underwriting practices, administers the CDI Residential, Earthquake and Automobile Mediation Programs, and handles time sensitive complaints.
- CSB is responsible for investigating, evaluating, and resolving consumer complaints involving claims issues for all lines of insurance except health insurance (which is handled by a separate bureau) and Workers' Compensation, which is regulated by the California Department of Industrial Relations.
- HCB is responsible for investigating, evaluating, and resolving consumer and healthcare provider complaints involving health claims issues. HCB also administers the Independent Medical Review Program mandated by CIC §10169.
- RUSB is responsible for investigating, evaluating, and resolving consumer complaints involving rating and underwriting issues for all lines of insurance, including Workers' Compensation.

All complaints are reviewed and investigation is initiated within three days of receipt. During this period the CDI contacts the appropriate insurers or agents and brokers. The

time required to resolve a complaint varies depending on the type of case and the complexity of the issues presented. The average time for resolution is approximately 45 days from open to close. Complex cases involve analysis of conflicting facts and applicable laws. Resolution of these cases may require more lengthy investigation. Conversely, cases involving less complex issues may be resolved within hours, days, or a few weeks. Consumers are informed about the final resolution of their complaints as quickly as possible, but no later than 30 days after final action by the Department.

Disaster Response: In addition to handling complaints the Consumer Services Division also coordinates the Department's response to natural and other disasters that impact insurance consumers and businesses in California. This response includes administration of the Emergency Damage Assessment function described in CIC Section 16000.

The Consumer Services Division monitored approximately 37 disaster events in 2013 including: 4 Earthquakes, 1 flood, and 32 wildfires. The Division deployed 6 of its officers to assist CalOES at the Local Assistance Centers in Shasta County for the Clover Fire, Monterey County for the Pfeiffer Fire, Riverside County for the Mountain and Silver Fires, and Los Angeles County for the Powerhouse Fire.

Consumer Complaint Trends: The following tables identify notable complaint trends by line of coverage:

Table B: Trends in Percentage of Complaints by Lines of Coverage

Coverage Type	2008	2009	2010	2011	2012	2013
Accident & Health	**31.76%**	**31.29%**	**37.00%**	**35.11%**	**34.18%**	**34.45%**
Automobile	**34.43%**	**33.76%**	**31.01%**	**33.08%**	**33.81%**	**35.25%**
Misc./Other	**12.90%**	**13.66%**	**12.34%**	**12.11%**	**12.39%**	**11.63%**
Homeowners	**8.80%**	**8.48%**	**8.29%**	**8.40%**	**8.06%**	**8.12%**
Life & Annuity	**7.23%**	**7.49%**	**6.52%**	**6.59%**	**6.90%**	**6.34%**
Liability	**2.43%**	**2.54%**	**2.09%**	**1.96%**	**2.23%**	**2.18%**
Fire, Allied Lines & CMP	**1.82%**	**2.05%**	**2.09%**	**2.47%**	**2.16%**	**1.90%**
Earthquake	**0.36%**	**0.43%**	**0.38%**	**0.28%**	**0.28%**	**0.14%**

Table C: Top Ten Types of Complaint Reasons (2007-2012)

#	Types of Complaint Reasons	2008	2009	2010	2011	2012	2013
1	Denial of Claim	25%	26%	26%	26%	26%	26%
2	Unsatisfactory Settlement Offer	12%	13%	13%	13%	13%	13%
3	Claim Handling Delay	13%	13%	13%	11%	11%	11%
4	Premium & Rating / Misquotes	6%	5%	8%	7%	6%	6%
5	Other - Claim Handling	6%	6%	6%	4%	4%	6%
6	Premium Refund	5%	4%	4%	4%	4%	4%
7	Premium Notice/Billing	3%	2%	3%	3%	3%	3%
8	Coverage Question	4%	3%	3%	3%	3%	3%
9	Cancellation	3%	3%	3%	3%	3%	3%
10	Agent Handling	3%	3%	3%	3%	3%	2%
	All Other Reasons	21%	22%	18%	23%	24%	22%

Consumer Communications Bureau

The Consumer Communications Bureau (CCB) Consumer Hotline serves as the Commissioner's "eyes & ears" on the issues and concerns that affect California's insurance consumers. CCB officers respond to phone calls to the Department's statewide toll-free Consumer Hotline, 800-927-HELP (4357), where they provide callers with immediate access to constantly updated information on insurance related issues. The Hotline is staffed by knowledgeable insurance professionals whose years of expertise, combined with their dedication to consumers, enables them to provide immediate assistance on time sensitive issues. CCB also responds to inquiries received through the Consumer "Contact Us" Web site; coordinates responses to inquiries addressed to the Commissioner through its Commissioner's Correspondence Unit; responds to "walk-in" inquiries at the Department's Los Angeles public counter; leads the CSD Health Triage Team; organizes the CSD Inter-Agency Health Team; analyzes and provides input on proposed legislation; manages the Division's Disaster Response Program, and leads or participates in various task forces.

Health insurance remained the most significant issue facing California consumers in 2013. During the implementation of the Affordable Care Act (ACA) and the creation of the Health Care Exchange (Covered California), the Consumer Communications Bureau's health compliance officers assisted consumers in understanding the new laws and navigating a transformed health care delivery system.

Residential Property, Earthquake, and Automobile Physical Damage Mediation Program

CCB administers the Department's Residential Property, Earthquake Claims, and Automobile Physical Damage Mediation Program. The program was established in 1995 in response to earthquake claims resulting from the Northridge Earthquake of January 17, 1994. The legislature has since expanded the program to include automobile physical damage and residential property disputes subject to specific guidelines. Since the program's inception in 1996 through December 31, 2013, the

Mediation Program has recovered $17,980,974 for consumers. Fortunately, California did not experience a significant number of disasters in 2013. As a result, there were no residential or earthquake related claims eligible for the mediation program in that year. CIC §10089.83 requires a report of the results of the program for the calendar year 2013. Please refer to table D.

Table D: 2013 Residential Property, Earthquake, and Automobile Mediation Program Results

	Residential	Earthquake	Automobile	Totals
Number of mediation cases eligible	0	0	4	4
Number settled within 28 day settlement period	0	0	2	2
Number sent to mediation	0	0	2	2
Number of cases rejected by insurer	0	0	0	0
Number accepted by insurer	0	0	2	2
Number of settlements rejected within 3 day waiting period	0	0	0	0
Amount initially claimed	0	0	$55,851	$55,851
Amount of settlements	$0	$0	$44,428	$44,428

Claims Services Bureau

The Claims Services Bureau (CSB) investigates consumer allegations of improper claims handling by insurers, including, but not limited to, wrongful denial of claims, payments for less than amounts claimed, and delays in claims handling. Where investigation indicates a violation of an insurance law or regulation, CSB pursues payment of claims that were improperly denied or delayed.

Health Claims Bureau

The Health Claims Bureau (HCB) investigates consumer and health care provider allegations of improper claims handling by health insurers. These requests for assistance include, but are not limited to, wrongful denial of claims, payments of less than amounts claimed and delays in claims handling. HCB works with the complainant to clarify issues and reach a resolution with the insurer. Where investigation shows that an insurance code or regulation has been violated or the policy contract has not been honored, HCB will enforce the code, regulation or policy contract, pursuing favorable outcomes for the consumers.

The Health Claims Bureau also administers an Independent Medical Review (IMR) program which determines when treatment is experimental, investigatory or medically necessary. This includes determining which complaints qualify for the program, guiding the consumer through the IMR process, working with the IMR organization, communicating the final decision to all parties, and developing statistics related to IMR results which are made public with appropriate privacy protections on the Department's public Web site.

Health Care Provider Bill of Rights Report

No complaints involving California Insurance Code Section 10133.65 were received for calendar year 2013.

Rating and Underwriting Services Bureau

The Rating and Underwriting Services Bureau (RUSB) investigates consumer complaints of improper or inequitable rating and underwriting transactions performed by insurance companies and agents/brokers. RUSB works with the affected parties to clarify issues and reach a resolution. When RUSB's investigation shows that an insurance violation or a policy breach has occurred, RUSB enforces the code or policy contract and requires the reinstatement of coverage and the refund of premiums and broker fees, when applicable.

In addition to assisting consumers with a variety of issues involving all lines of insurance, RUSB also participates on the Senior Issues Working Group and the Disability Advisory Committee, and assists people impacted by wildfires and other catastrophic events at local assistance centers and workshops. RUSB produces detailed trend and hot topics reports on insurance company and agent/broker violations identified from its review of consumer complaint files which CSMCB and others within the Department find valuable in identifying and monitoring non-compliant activity by licensees.

(CIC) Section 1858.35 Report

In accordance with reporting requirements of California Insurance Code (CIC) Section 1858.35, the number and type of complaints received by the Department from any person aggrieved by any rate charged, rating plan, rating system or underwriting rule, and the disposition of these complaints follows:

Table E: (CIC) Section 1858.35 Complaints by Type/Reason 2013

Rank	Complaint Type/Reason	# of Complaints
1	Premium & Rating Misquotes	764
2	Coverage Question	493
3	Unsatisfactory Refund of Premium	458
4	Cancellation	438
5	Premium Notice/Billing Problem	405
6	Surcharge	377
7	Nonrenewal	304
8	Agent Handling	269
9	Underwriting Delays	124
10	Information Requested	107
11	Other – Underwriting	61
12	Misrepresentation	47
13	Escrow Handling	47
14	Other – Policyholder Service	46
15	Policyholder Service Delays No Response	45
	All Other Reasons	252
	***Total Number of Complaint Type/Reason**	**4237**
	***Total Number of Complaints**	**3087**

*Note: Many consumer complaints involve more than one issue. This explains the difference between the total number of complaints and total number of complaint type/reasons above. The complaint type/reason column also describes the various concerns addressed.

Table F: (CIC) Section 1858.35 Complaints by Final Disposition 2013

Rank	Final Disposition	# of Complaints	Recovery Amount
1	Company Position Substantiated	1718	$ 65,549
2	Advised Complainant	673	$ 103,131
3	Recovery	523	$ 1,015,398
4	Refund	358	$ 204,790
5	Information Furnished/Expanded	261	$ 14,632
6	Company In Compliance	235	$ 17,348
7	Nonrenewal Upheld	114	$ 844
8	Premium Problem Resolved	113	$ 53,362
9	Other	107	$ 4,550
10	Question of Fact	102	$ 24,383
11	Cancellation Upheld	101	$ 1,095
12	Coverage Extended	80	$ 359,944
13	Policy Issued/Restored	75	$ 44,721
14	Delay Resolved	74	$ 12,353
15	Compromise Settlement/Resolution	72	$ 54,497
	All Other Disposition Codes	401	$ 310,421
	Total Number of Disposition	**5007**	**$ 3,401,604**
	Total Number of Complaints	**3087**	

Note: Many of the complaints we receive involve more than one issue. The final disposition column describes the various outcomes of the complaint investigation.

California Insurance Code (CIC) § 1707.7 (d) Report
To comply with the reporting requirements of Insurance Code Section § 1707.7(d), the California Department of Insurance (CDI) tracked 660 justified complaints against licensees referenced in 1707.7(b) for the year 2009, 870 justified complaints for 2010, 887 justified complaints for 2011, 994 justified complaints for 2012, and 945 for 2013. For the five year period covering 2009 through 2013, the total number of justified complaints to CDI was 5,048.

Market Conduct Division

The Market Conduct Division (MCD) examines insurance company practices for compliance with legal requirements. These examinations are generally scheduled at regular fixed intervals. Scheduled re-examinations and targeted examinations supplement the routine examinations when special circumstances or the results of market analysis of consumer complaints and other data dictate more in-depth examination. Depending upon their size, complexity, and nature, exams are either conducted in the insurers' offices located nationwide or in-house at the CDI's offices, with insurers shipping materials and files to CDI staff.

MCD maintains separate bureaus that conduct claims handling practices exams and rating and underwriting exams. This division of oversight reflects the traditional division

of operations in the industry and in the laws regulating them. The goal of the market conduct examination is to evaluate compliance with statutes and regulations relative to the business of insurance and to initiate corrective or enforcement actions when necessary. Also in MCD, the Market Analysis Unit evaluates consumer complaints, enforcement actions, exam activity, and other data on a national basis to identify issues that may be of regulatory concern in California, and to assist in the planning and scheduling of examinations.

The following is a summary of MCD's accomplishments for the year 2013. The list covers different areas of accomplishment, including exams completed, dollars returned to consumers, and legal actions taken.

Table G: Market Conduct Division Results for 2013

Examination Results Category	FCB*	FRUB**	DIV. OFFICE***	MCD Totals
Number of Exams Adopted by the Commissioner	58	74	--	132
Amount of Claims Dollars Recovered or Premium Returned to Consumers in Examinations	$3,176,645	$4,893,926	--	$8,070,571
Number of Enforcement Actions Completed on Examinations	1	2	7	10
Penalties Assessed in Enforcement Actions Completed	$500,000	$1,250,000	$7,756,754	$9,506,754

** **FCB:** Field Claims Bureau*

*** **FRUB:** Field Rating & Underwriting Bureau*

**** **Div OFFICE**: MCD Division Office staff. Figures reported in this column represent multistate exam work and enforcement activity done in cooperation with other states. This activity is completed directly by the Division Office staff and CDI Legal staff rather than being assigned to a bureau.*

Field Claims Bureau

The Field Claims Bureau (FCB) conducts market conduct examinations of the claims practices of all licensed California insurers. The focus of each exam is on compliance with the California Insurance Code and the California Fair Claims Settlement Practices regulations. FCB seeks to ensure equitable treatment of policyholders and claimants in accordance with insurance contracts and California law. The California Insurance Code sections cited in FCB examinations vary by line of insurance. However, those that are common to both life & disability and property & casualty insurance involve delay, documentation, and improper handling, which may include improper settlement, failure to pursue investigation, and improper denial. FCB obtains thousands of remedial claim actions from insurers each year as a result of the examinations it conducts. Many of the issues which lead to these actions are displayed in its reports which are published on the Department's website. During calendar year 2013, Field Claims Bureau staff examined 12,677 claim files and cited 2,372 violations of law in the reports it filed.

Field Rating and Underwriting Bureau

The Field Rating and Underwriting Bureau (FRUB) conducts market conduct examinations of the rating and underwriting practices of all licensed insurers. FRUB reviews the advertising, marketing, risk selection and declination, underwriting, pricing, and policy termination practices of life, health, property, and casualty insurers. FRUB examinations focus on compliance with rate filing requirements, consistency within the insurer's adopted rating processes, and overall conformity of rating and underwriting with the California law. Each year, as a result of the examinations it conducts, FRUB obtains remedial actions from insurers in the form of revisions to incorrect and illegal practices and premium refunds to consumers when errors and violations resulting in premium overcharges are discovered. During calendar year 2013, Field Rating and Underwriting Bureau staff examined 3,912 policy files resulting in the identification of 219 illegal practices for correction in the reports it filed.

California Insurance Code (CIC) § 12921.4(b)

In accordance with California Insurance Code (CIC) § 12921.4(b), the Market Analysis Unit reviewed the complaint data of each insurance carrier that was authorized to transact business in California during 2013. The analysis of complaint data focused on the following areas: insurer, insurance line of business, and type of violation.

Complaint totals are among the primary criteria driving the Market Conduct Division's examination schedule. The ten insurers with the largest number of closed complaints in 2013 (ranging from 637 for the tenth ranked company to 2,776 for the company ranked first) have all been examined within the last 3 years or are scheduled to be examined in the next 2 years (5 are in progress; 5 are on the schedule). Additionally, 6 of the insurers identified with high complaint totals have been examined more than once during the past 5 years. Three of the ten companies with the most closed complaints have been the subject of enforcement actions within the last 3 years.

Complaints by line of business continue to be an important criterion for focusing Market Conduct Division examination resources. The five lines of business generating the highest number of complaints were: private passenger auto (15,846), group accident and health (5,136), individual accident and health (4,029), homeowners (2,184), and individual life (1,421). These lines were among the most frequently examined by both the Field Claims Bureau and the Field Rating and Underwriting Bureau during 2013. Within each line of business, the Market Conduct Division also prioritizes those insurers with the most complaints. All insurers in the top 10 of complaints in each line have been examined in the last 3 years or are scheduled to be examined in the next two years. Thus, the lines of business most impacted by complaints, and the insurers that generated the most complaints within those lines of business, are prioritized for examination by the Market Conduct Division.

An analysis of complaints sorted by the type of violation is completed for each examination initiated for the Market Conduct Division. The results of this analysis allow the examiners in charge to identify areas that should be scrutinized more closely. Whenever a trend or pattern in violation data is observed, the information is shared with those Department employees that have a use or need for the data.

A geographic analysis, established by zip code, of consumer complaints was conducted for the year 2013. Complaints within those geographic regions identified as having high concentrations of complaints relative to the population of the region will be the subject of further analysis during 2014.

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HEALTH POLICY *and* REFORM BRANCH

Health Policy and Reform Branch

Background

The Health Policy and Reform Branch reviews, analyzes, and develops policy positions on health insurance issues within the Department. The Branch focuses on the Patient Protection and Affordable Care Act, the recent federal health care reform known as the ACA, which was passed by Congress and signed into law by President Obama on March 23, 2010. As the regulator of the health insurance industry, CDI plays a significant role in implementing the ACA in California. The Health Policy and Reform Branch closely collaborates with other branches at CDI as well as with state and federal agencies and other stakeholders.

Consumer protection is a top priority of CDI. The ACA presents the opportunity to bring health insurance coverage to millions of uninsured Californians and to strengthen protections for those who already have health insurance. Starting in 2011, the Commissioner tasked the Department with working towards fully implementing the ACA in California.

Since then, many provisions of this federal law have been implemented successfully. The Branch continues to work to ensure that the ACA is properly implemented and consumers are able to access health insurance as envisioned by the state and federal reforms in the law.

Implementing the Affordable Care Act

The ACA created a multitude of changes, both to the health insurance marketplace in California as well as direct regulatory requirements on CDI. Beginning in 2011 and continuing to the present, CDI has adapted its regulation of the California health insurance industry to accommodate these marketplace changes. Many of the federal ACA changes were incorporated into state legislation passed during the 2011-2012 California Legislative Session and more were passed in the current legislative session. A number of laws passed which mirror and even exceed the requirements of the federal law, making California a national leader in ensuring more accessible and affordable health care coverage for all.

With the passage of the ACA, there are many reforms that the Department continues to implement and enforce. The significant and structural changes that have taken effect over the past three years have required a more robust framework of legal and policy support within the CDI. This extra support has helped the department effectively work towards implementation of the federal reform requirements, integrate federal and state changes to the marketplace, increase coordination across state agencies, and actively represent California insurance consumers with the federal government and the National Association of Insurance Commissioners (NAIC), which has been delegated the responsibility by the federal government to assist states with ACA implementation and guidance.

Accomplishments:

Federal and State Regulations

The Health Policy and Reform Branch has promulgated, monitored and enforced regulations relating to the ACA. These include regulations on Essential Health Benefits, Gender Nondiscrimination, Mental Health Parity, and the Medical Loss Ratio. The regulations provide clarity and direction for implementing the health reform law and are an important part of providing protection to consumers.

Further, because of the scope of changes, and the prolific amount of federal regulations, the Health Policy and Reform Branch monitors and analyzes literally dozens of federal regulations as they are released. Many regulations are very lengthy and require significant analysis and staff time to determine how they impact California's insurance market. The Branch then makes recommendations about whether the Department has an interest in providing the federal government feedback by way of formal written comments.

Promulgated Emergency Essential Health Benefits Regulations

The Health Policy and Reform Branch promulgated an emergency regulation implementing the essential health benefits statute, section 10112.27 of the Insurance Code. Consistent with the ACA, the statute mandates that all non-grandfathered individual and small group health insurance policies cover a comprehensive package of benefits known as Essential Health Benefits. Under the emergency regulation, insurers issuing health new insurance coverage in 2014 must provide the entire Essential Health Benefits package required by the ACA, including the Essential Health Benefits coverage requirement, levels of coverage for Essential Health Benefits, and annual limitations on cost sharing and small group deductibles. The emergency regulation also specified filing requirements for insurer verification of actuarial value and demonstration of compliance with prescription drug law. The initial adoption of the emergency regulation was approved by the Office of Administrative Law effective June 13, 2013, and the readoption was approved effective December 9, 2013.

Monitored Implementation of Gender Nondiscrimination Regulations

CDI promulgated regulations to clarify the protections provided by law to transgender policyholders in September 2012. The regulations were the first of their kind in the nation and also produced the first actuarial and economic analysis of the cost of such services. The study is being used widely by other organizations to advocate for similar protections in other states and localities.

Throughout 2013, the Health Policy and Reform Branch worked closely with the Consumer Services Branch to monitor coverage denial complaints related to discrimination on the basis of gender, gender identity, and gender expression. This resulted in several reversals of denials and clarification of the coverage parameters of the regulations for issuers.

Promulgated Emergency Mental Health Parity Regulations

In response to systemic denials of care for behavioral health treatment of children with Autism, the Department researched, developed, and issued

emergency regulations that clarified the responsibility of issuers to cover treatment for conditions related to Autism Spectrum Disorder. The regulations prohibit limitations on coverage in the form of annual visit and dollar amount limitations when the same term or limit is not equally applicable to all benefits under the policy. The regulations also prohibit insurers from denying or delaying coverage for behavioral health treatment.

Developed Prescription Drug Forms and Regulations

SB 866 required the Department of Insurance and the Department of Managed Health Care (DMHC) to develop a prior authorization form for use by every health insurer and health service plan that provides prescription drug benefits. In 2013, the Department worked with DMHC and industry stakeholders to develop the standard prescription drug prior authorization request form and its implementing regulations. The Department conducted public hearings and written comment periods, and also met with various industry stakeholders to discuss relevant issues related to implementation and enforcement.

Enforced the Medical Loss Ratio

The Department has enforced the emergency regulation issued by Commissioner Jones, ensuring that a larger share of the premiums collected by health insurers pay for actual medical care, instead of administrative costs and profit. As a result, California consumers saved $65,513,584 in 2012. (Figures for 2013 will be available in August 2014.) These savings applied to 1,440,544 Californians in the combined individual and group markets.

Improving Network Adequacy

The Department initiated a public participation process, beginning with a public hearing chaired by Commissioner Jones in the State Capitol, to obtain input from a wide range of industry, provider, and consumer stakeholders regarding improving the Department's existing network adequacy regulation to assure access to appropriate care for consumers in a health insurance marketplace that has been transformed by the Affordable Care Act. The Department anticipates promulgating a revised regulation in 2014.

Analyzed and Approved Health Insurance Policies

2013 was an extremely busy year for the Health Policy Approval Bureau (HPAB), as all insurers desiring to participate in the individual and small group health insurance markets in 2014 were required to submit new policy forms and medical provider networks. HPAB reviewed 625 individual and small group health insurance policies for compliance with a plethora of new laws, including Essential Health Benefits coverage, levels of coverage for Essential Health Benefits, and annual limitations on cost sharing. HPAB also enforced the new requirement for individual and small group health insurers to offer standard plans designated by the California's Health Benefit Exchange in all four levels of coverage.

Provide Extensive Technical Assistance to Governmental Agencies and Insurers with Complex Health Insurance Issues

As experts on the Affordable Care Act, the California Insurance Code, and the large body of new legal requirements, the Department provided extensive technical assistance to Covered California, legislative staff, and insurers. Further,

the Branch provided technical support to consumers with complex health insurance issues. The Department also provided extensive technical assistance to insurers and Covered California on the topic of pediatric dental coverage.

Delayed Policy Holder Cancellations

In 2013, two health insurance carriers failed to notify policyholders in the timely manner prescribed by law regarding insurance policy cancellations. Commissioner Jones required Anthem Blue Cross to give 104,000 policy holders the option of keeping their current policies through the end of February 2014, instead of permitting Anthem Blue Cross to cancel them in December 2013. This action gave policy holders a chance to keep their current doctors and hospitals at current rates longer, for a maximum savings of $23 million, while they shopped for different health coverage. Likewise, when Blue Shield failed to provide adequate notification to 115,000 policyholders, Commissioner Jones obtained an agreement from the company to send a new notice to consumers. This notice allowed customers to remain in their individual market policy, if they so chose, and to provide existing coverage through March 31, 2014 instead of December 2013. If all policyholders elected to stay until March 31, their total premium savings could be as high as $28.6 million.

Enhanced Health Insurance Rate Review Functions

CDI previously received $2.1 million in federal grant money to implement parts of the Affordable Care Act related to health insurance rate review. Per federal requirements, CDI provided $225,000 in the form of grants to consumer organizations for the purpose of increasing public participation in the rate review process. CDI award two grants to CalPIRG and Consumer Watchdog. In 2013, these consumer groups reviewed a total of seven major rate filings and made their analyses public by posting them on the CDI rate review website.

Saved Consumers Money through Rate Review

In 2013, the Health Actuarial Office reviewed all major medical rate increases filed with the Department. California law does give the Insurance Commissioner the authority to reject excessive health insurance and HMO rate increases. This legal gap continues to cost California's consumers and businesses hundreds of millions of dollars in excess premiums. However, the process of reviewing rates and discussing concerns with insurance carriers who voluntarily agree to reduce rates has resulted in an estimated combined total savings of $75.9 million for California consumers in 2013.

Secured Federal Funding to Improve Consumer Assistance

CDI successfully applied for and was awarded two rounds of funding from the federal government, in conjunction with DMHC, to increase our capacity to provide consumer assistance around the Affordable Care Act. Funds were awarded, in turn, to five community organizations to provide locally-based consumer assistance and advocacy. In addition, CDI is using some of the funds to help consumers by improving our call center function to make warm transfers to other agencies when the consumer is calling about a product not regulated by the Department of Insurance. Additionally, the Department is developing a mobile app that will give consumers new ways of accessing the services of our Consumer Services Branch with health insurance issues.

Secured Federal Funding for Healthcare Price Transparency Project

CDI was awarded a $5.2 million federal grant to enhance transparency in health care pricing as part of an initiative under the Affordable Care Act. The federal grant funds will be used over a two-year period to establish a "data center" which will collect, analyze, and disseminate data to the public regarding health care costs and quality in order to increase transparency of medical pricing in California. A portion of the grant funds will also be used in the second year of the grant cycle to continue implementing the provision of the Affordable Care Act that requires health insurance rate review.

Approved Licenses for Covered California

The Department approved Covered California's license to become an insurance business entity, thus opening the door for licensed insurance agents to participate in California's insurance exchange. The Department also fast-tracked Covered California's license to become an education training provider, ensuring that insurance agents who complete Covered California's training receive continuing education credit. The Health Policy and Reform Branch also monitored and reviewed the training and training curriculum to ensure quality and accuracy.

Protected Consumers from Misinformation

The Department of Insurance worked proactively to identify potentially inappropriate websites that could mislead or misinform consumers. CDI succeeded in getting some websites taken down and others to change their misleading content. Additionally, the department denied more than 150 license applications for business names designed to market health coverage services because the proposed names had the potential to confuse or mislead the public into believing they were actually California's health benefit exchange – Covered California.

Conducted ACA Trainings for CDI staff

The Health Policy and Reform Branch provided trainings to CDI staff (policy reviewers, consumer hotline, market conduct, and field examiners) regarding both federal and state healthcare reform efforts. Given the ongoing and technical nature of health care reform, the branch's ACA team will continue to conduct more trainings through 2014.

Represented CDI and the Commissioner to the NAIC

The ACA team actively participated in weekly NAIC meetings and conference calls, providing feedback from California's perspective and reviewing information essential to the implementation of the ACA in California. CDI staff also chaired the Healthcare Reform Actuarial Working Group.

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RATE REGULATION BRANCH

Rate Regulation Branch

The Rate Regulation Branch (RRB) determines whether rates charged to consumers in California are fair (not excessive, inadequate or unfairly discriminatory).

Under the provisions of Proposition 103 (enacted by the voters in 1988) the Department of Insurance is required to review rates for most property and casualty lines of business before they can be used.

RRB analyzes filings submitted by property and casualty insurers and other insurance organizations under California's prior approval statutes for most property and casualty lines of business. In addition, the RRB analyzes filings submitted by property and casualty insurers and other insurance organizations under California's file and use statutes for a limited number of property and casualty lines of business.

CDI processed 7,094 property-casualty rates, rule and form filings during 2013 and reduced requested rate increases by $326 million. In addition CDI approved reductions of existing rates totaling more than $430 million. For personal auto insurance coverage, the totals include $276 million in reductions to requested increases and over $71 million in approved rate decreases.

Commissioner Jones directed Rate Regulation to focus attention on the rates charged for force-placed property coverage in 2013. This focus resulted in Commissioner orders requiring four of the largest lender placed coverage insurance companies in California to substantially lower their homeowners insurance rates, resulting in an annual savings to homeowners of nearly $64.4 million.

RATE FILING BUREAUS

The Rate Regulation Branch consists of five (5) filing bureaus (two in San Francisco and three in Los Angeles). These bureaus receive and review filings from over seven hundred fifty (750) property and casualty companies licensed in California. The Intake Unit in the San Francisco office is responsible for processing all filing applications, except for Workers' Compensation and Title companies, and providing copies of all filings to the Public Viewing Rooms maintained in San Francisco and Los Angeles.

RRB is assisted by an Actuarial unit and a Rate Specialist Bureau (RSB), which provide technical advice and support with regard to underwriting, rating, data collection, statistical analysis, profitability, and rate-of-return issues for all lines of insurance.

In conjunction with the National Association of Insurance Commissioners (NAIC), Rate Regulation is actively promoting its participation in the System for Electronic Rate and Form Filings (SERFF) project. This system is designed to enable companies to send and states to receive, comment on, approve or reject insurance industry rate and form filings. The project will help increase efficiency and facilitate communication between the Rate Filing Bureaus and insurers. The percentage of filings received via SERFF continues to increase each year. During 2013 the percentage of total filings received through SERFF was approximately ninety-six percent (96%).

In addition to prior approval filing applications, the Rate Filing Bureau reviews:

Private Passenger Auto Class Plans – California Department of Insurance regulations require all insurance companies writing private passenger automobile insurance to submit a Classification Plan (Class Plans) to CDI for review. Class Plans provide the Department with the rating methodology each company intends to use to comply with the mandates of Proposition 103 relating to the development of rates.

Advisory Organizations – Advisory organizations compile data and develop rating elements that can be used by member insurance companies to assist in their own rate-making related activities. California Insurance Code Section 1855.5 requires that all policy or bond forms, and manuals, intended for use by members of an advisory organization must first be filed with the Commissioner for review and approval prior to being used by member insurance companies.

Workers' Compensation – Under California's competitive rating law, (California Insurance Code Section 11735), insurers are free to develop their own rates based on advisory pure premiums (loss costs) and company-developed loss cost multipliers. All company rates, rating plans, and rating rules must be filed with CDI prior to use. In 2013, four hundred and sixty-six (466) workers' compensation rate filings were reviewed.

Title Insurance – California Insurance Code Section 12401.1 requires title insurers and underwritten title companies to file their title and escrow rates with the Department prior to their use. In 2013, ninety (90) title insurance rate filings were reviewed.

Types of Filings Received During 2012 and 2013	2012	2013
Private Passenger Automobile	434	462
Homeowners	247	191
Other Personal Lines Products	321	314
Title	104	90
Workers' Compensation	578	466
Medical Malpractice	81	63
Other Commercial Lines Products	5,761	5,508
Total	7,526	7,094

RATE SPECIALIST BUREAU (RSB)

The Rate Specialist Bureau (RSB) provides advice and support to the Insurance Commissioner, executive staff, RRB, other CDI Branch Managers, and the industry and consumers with regard to underwriting, rating, data collection, statistical analysis, profitability, and rate-of-return issues. RSB's duties and responsibilities continue to include all lines of insurance. During 2013 RSB:

1. Assisted the Prior Approval Working Group with regard to the preparation of key rate components for the prior-approval regulations. In support of the regulation,

RSB promulgated supporting data and reports that were used by the CDI and the rate analysts in the review of rate filings for Proposition 103 lines of insurance. Report topics included: Efficiency Standards; Leverage Factors by line; Reserve Ratios; Industry Rate-of-Returns; Projected Yields; Investment Income; CPI Index for expense trend factors; the Federal Income Tax rate on investment income; California and Countrywide Profitability; and Risk Based Capital.

2. Collected Bond Yields information on a daily basis and compiled information from various sources for the calculation of risk free rates, investment yield rates, and projected yield. This information is published monthly the CDI Web site for use by the companies in their rate filings.

3. Conducted the Survey of Marketing System Information to collect data in order to update the calculation of efficiency standards.

4. Compiled California Market Share Reports for Property & Casualty insurance, for Life & Annuity insurance, for Title and for Home Warranty. The reports are posted in CDI's Web site at: *http://www.insurance.ca.gov/0400-news/0200-studies-reports/0100-market-share/*

5. Compiled the Excessive Rate Report using data obtained from the NAIC, for use by the Rate Filing Bureaus.

6. Compiled the Rate Classification Comparison for the Top 50 Workers' Compensation Insurers in California for CDI's Web site. See: *http://www.insurance.ca.gov/0100-consumers/0010-buying-insurance/0080-compare-premiums/0010-workers-comp-rate-comp/index.cfm*

7. Completed various projects in relation to workers' compensation insurance such as preparing market share reports and historical premium, loss & dividend comparisons.

8. Promulgated the Proposition 103 Administration Fees for property & casualty companies, and the workers' compensation filing fee charges for the Accounting Division.

9. Collected, compiled, and analyzed data as required by various sections of the California Insurance Code. RSB also continued to collect Calendar Year loss and experience data of credit property and credit unemployment insurance pursuant to (CIC §779.36).

10. Collected and compiled earthquake probable maximum loss (PML) data via the annual data calls RSB collected and compiled the annual Earthquake Premium & Policy Count data call. The Summary Report is posted in CDI's Web site at: *http://www.insurance.ca.gov/0400-news/0200-studies-reports/0300-earthquake-study/index.cfm*

11. Reviewed the Fast Track Data and promulgated private passenger automobile and homeowners' insurance trend factors.

12. Acted as liaison to the California FAIR Plan Association. RSB's staff participated in the California FAIR Plan's rating and underwriting appeals proceedings and the Bureau Chief attended its Governing Committee meetings.

RSB is also responsible for reporting data under the following California Insurance Code (CIC) Sections:

§ 674.5 & § 674.6:
COMPANIES CEASING TO OFFER A PARTICULAR LINE OF COVERAGE

Under CIC § 674.5, an insurer ceasing to offer any particular class of commercial liability insurance must provide prior notification of its intent to the commissioner. Likewise, under CIC § 674.6, an insurer offering policies of commercial liability and most types of property/casualty insurance, must provide prior notification to the commissioner of its intent to withdraw wholly or substantially from the specified line of insurance. The list of notifications that the Department received is shown in following table.

COMPANIES FILING WITHDRAWALS, CEASE WRITINGS, ETC. ~ 2013

NAIC #	Company Name	Group Name	Request Date	Effective Date	Proposed Action by Company
21113	United States Fire Ins Co	Fairfax Financial	4/9/2013		Cease writing Medical Malpractice Insurance.
37060	Old United Casulaty Co	Van Ent Group	4/22/2013		Cease writing Inland Marine and Ocean Marine Insurance.
24015	Northland Ins Co	Travelers Group	6/25/2013		Discontinue writing Commercial Rental Vehicle Ins Program.
39217	QBE Ins Corp	QBE Ins Group	7/31/2013		Intends to transfer certain commercial property & casualty business to commonly controlled affiliates General Casualty Company of Wisconsin or Regent Ins Co.
25798	Unigard Indemnity Co	QBE Ins Group	7/31/2013		Intends to transfer certain commercial property & casualty business to commonly controlled affiliates General Casualty Company of Wisconsin or Regent Ins Co.
25747	Unigard Ins Co	QBE Ins Group	7/31/2013		Intends to transfer certain commercial property & casualty business to commonly controlled affiliates General Casualty Company of Wisconsin or Regent Ins Co.
10784	Maxum Casualty Ins Co	Maxum Specialty Ins Group	10/15/2013		Cease writing Commercial Trucking Ins Program.
21326	Empire Fire and Marine Ins Co	Zurich Ins Group	10/24/2013		Termination of program administrator, QBE First Ins Agency and Nonrenewal of Personal Lines Homeowners and/or Dwelling Insurance. QBEF plans to offer replacement coverage to eligible affected policyholders.
21334	Empire Indemnity Ins Co	Zurich Ins Group	10/24/2013		Termination of program administrator, QBE First Ins Agency and Nonrenewal of Personal Lines Homeowners and/or Dwelling Insurance. QBEF plans to offer replacement coverage to eligible affected policyholders.
39306	Fidelity and Deposit Co of Maryland	Zurich Ins Group	10/24/2013		Termination of program administrator, QBE First Ins Agency and Nonrenewal of Personal Lines Homeowners and/or Dwelling Insurance. QBEF plans to offer replacement coverage to eligible affected policyholders.
33898	AEGIS Security Ins Co	AEGIS Group	11/15/2013		Termination of a general agency agreement between Aegis Security Ins Co and Cabrillo Pacific Ins Services. This is not a withdrawal from the HO market.
37850	Pacific Specialty Ins Co	Western Service Contract Group	12/16/2013	3/1/2014	Withdrawal from Business Owners Ins Program.
23469	American Modern Home Ins Co	Munich Group	12/17/2013		Withdrawal from the HO-8 Ins program.

2013 ANNUAL REPORT

ENFORCEMENT BRANCH

ENFORCEMENT BRANCH

Pursuant to Sections 1872.9, 1872.96 and 1874.8 of the California Insurance Code and consistent with reporting protocols of the California Department of Insurance, the Enforcement Branch provides information relating to: a) the specific duties of each of its divisions; b) program oversight and expenditures; and c) specific activities for Fiscal Year 2012-13.

Section One: Enforcement Branch Overview

Section Two: Investigation Division

Section Three: Fraud Division

Section Four: Workers' Compensation Insurance Fraud Program

Section Five: Appendices

SECTION ONE: BRANCH OVERVIEW

The mission of California Department of Insurance Enforcement Branch is:

> *"To protect the public from economic loss and distress by actively investigating, arresting, and referring, for prosecution or other adjudication, those who commit insurance fraud and other violations of law; to reduce the overall incidence of insurance fraud and consumer abuse through anti-fraud outreach and training to the public, private, and governmental sectors."*

To accomplish its mission the Enforcement Branch investigates criminal and regulatory violations relating to insurance transactions from point-of-sale through the claims process.

In addition to investigating criminal and regulatory violations, the Enforcement Branch administers five grant programs that provide funding to county district attorney offices to assist with their efforts to investigate and prosecute insurance fraud. The Fraud Division administers four of the five grant programs: Automobile Insurance Fraud, Urban Automobile Fraud Activity Interdiction; Disability and Healthcare Fraud, and Worker's Compensation Insurance Fraud. The Investigation Division administers the Life and Annuity Consumer Protection Program.

The Branch also pursues outreach and is a liaison to public agencies involved in combating fraud.

The Enforcement Branch is composed of two divisions: Fraud and Investigation.

BRANCH ORGANIZATION

Branch Management Team – The Enforcement Branch Management team consists of the Deputy Commissioner, two Division Chiefs, (Investigation and Fraud Divisions), two Bureau Chiefs (Fraud Division), a Professional Standards Unit Captain, (Supervising Fraud Investigator II), one Headquarters Chief, (Staff Services Manager III), and an Executive Assistant.

Branch Headquarters – The Headquarters Chief is responsible for the management of the Branch Headquarters Office that supports the Enforcement Branch Deputy Commissioner and the Fraud and Investigation Divisions' regional offices. This position works closely with other units within the Department, most notably Human Resources Management Division, Budget and Revenue Management Bureau, Accounting Services Bureau, Information Technology Division, and Business Management Bureau. The Headquarters Chief reports to the Deputy Commissioner.

Six units within Enforcement Branch Headquarters perform the following activities in support of the Regional Offices:

- Human Resources and Training
- Local Assistance
- Management Reporting and Intake
- Fraud Grant Audit Program
- Special Investigative Unit (SIU) Compliance Review Program
- Budgets, Property Control and Special Projects

The Professional Standards Unit Captain oversees the following units:

Professional Standards Unit/Backgrounds – A Detective Sergeant (Supervising Fraud Investigator I) coordinates all investigations and supervises a team of retired annuitants who perform all pre-employment background investigations for the Branch. This position conducts internal affairs investigations when needed as well as special projects. The Detective Sergeant reports to the Professional Standards Unit Captain.

Professional Standards Unit/Computer Forensic Team (CFT) – A Detective Sergeant (Supervising Fraud Investigator I) coordinates the tasks of the Computer Forensic Team that supports statewide investigative efforts through technical expert forensic examinations of computer data seized during investigations. The CFT Detective Sergeant reports to the Professional Standards Unit Captain.

Professional Standards Unit/Enforcement Tactics Training Unit (ETTU) – A Detective Sergeant (Supervising Fraud Investigator I) coordinates training and equipment management in the areas of Arrest and Control, Firearms, Building Entry, and First Aid/CPR for all investigative staff of the Branch. The ETTU Detective Sergeant reports to the Professional Standards Unit Captain.

Professional Standards Unit/Internal Affairs (IA) – A Detective Sergeant (Supervising Fraud Investigator I) is responsible for overseeing and/or conducting complex and sensitive investigations and research related to internal affairs investigations and citizen's complaints for the Enforcement Branch in accordance with departmental policies, procedures, and applicable laws, rules and regulations. The Internal Affairs Detective Sergeant reports to the Professional Standards Unit Captain.

ANTI-FRAUD OUTREACH

One component of the Enforcement Branch's mission statement is to provide anti-fraud outreach and training to the public, private and governmental sectors. The Branch provides a wide array of public awareness through liaison and educational materials. The Department's overall goal is to advance communications that will help consumers understand insurance fraud and create stronger deterrence through public awareness.

The following are examples of outreach activities:

Internet

The CDI Internet public Web site addresses several topics including: "What is Insurance Fraud?" and "Where to Report Insurance Fraud"; the Web site provides Insurance Fraud Reporting Forms, identifies Fraud Division Regional Offices and reports Workers' Compensation Insurance Fraud Convictions. Relevant press releases are posted as arrests and convictions occur.

For Workers' Compensation Fraud, consistent with the requirements of California Insurance Code Section 1871.9, the Department posts fraud convictions on its Web site for five years from the date of conviction or until it is notified in writing that the conviction has been reversed or expunged.

Community Forums
The Enforcement Branch participates in community-sponsored events, such as town hall meetings, public hearings, and underground economy seminars. These forums give the Branch opportunities to hear directly from consumers regarding their insurance concerns, and also to provide information communities may find useful to protect themselves from insurance fraud.

Media/Public Service Announcements
The Enforcement Branch participates with local, state, and national broadcasting outlets to educate the public about insurance fraud in California. The Branch's accomplishments are highlighted so the public is aware of workers' compensation arrests, prosecutions, and convictions throughout the State. Significant cases are taken to the media, in partnership with other law enforcement agencies, to educate the public about the Branch's activities with an eye toward further deterrence.

Industry Liaison
The Enforcement Branch maintains ongoing liaison with the insurance industry by interacting with a variety of organizations including: The International Association of Special Investigation Units, Workers' Compensation Advisory Committee, Insurance Fraud Advisory Board, National Insurance Crime Bureau Regional Advisory Committee, Health Fraud Task Force, Underground Economy Task Forces, California Coalition on Workers' Compensation, California Workers' Compensation Institute, Northern California Fraud Investigators Association, and the Southern California Fraud Investigators Association.

Governmental Liaison
The Enforcement Branch maintains routine liaison with the following State agencies or entities on matters of overlapping jurisdiction or mutual concern: California Peace Officers' Association, California Peace Officers Standards and Training, Instructor Standards Counsel, California Highway Patrol, Employment Development Department, Department of Industrial Relations–Division of Workers' Compensation and Division of Labor Standards Enforcement, Department of Consumer Affairs, Bureau of Automotive Repair, California Contractors State License Board, and the Cemetery and Funeral Bureau, Department of Justice, Department of Corporations, Franchise Tax Board, California Board of Chiropractic Examiners, California District Attorneys Association, National Association of Insurance Commissioners, Statewide Vehicle Task Force, Department of Corrections and Rehabilitation, Department of Alcoholic Beverage Control, and Regional Auto Theft Task Forces.

Grant Workshops for County District Attorney's Offices
Statewide Workshops for district attorney personnel who participate in the Insurance Fraud Grant Programs are provided jointly by the Local Assistance Unit, Fraud Grant Audit Program, and Fraud Division regional offices. The workshops, designed for staff responsible for complying with the program data collection and reporting requirements, cover the administration, and audit of grant programs, and the components of a successful joint plan. Procedures to deal with fraud complaints and referrals received by both the Fraud Division and the district attorney are explored.

SECTION TWO: INVESTIGATION DIVISION

The mission of the Investigation Division is:

> "To protect California consumers by investigating suspected violations of laws and regulations pertaining to the business of insurance and seeking appropriate enforcement actions against violators."

Effective enforcement of the insurance laws helps to safeguard consumers and insurers from economic loss and eliminate unethical conduct and criminal abuse in the insurance industry.

The Investigation Division is charged with enforcing applicable provisions of the California Insurance Code under authority granted by Section 12921 and to refer crimes to appropriate prosecuting authorities pursuant to Insurance Code Sections 12928 and 12930. The Division pursues prosecution of offenders through both regulatory and criminal justice systems.

The Insurance Commissioner's priorities emphasize investigation and prosecution in the following areas:

- premium theft
- senior citizen abuses
- health insurance violations
- unauthorized insurers and insurance transactions
- deceptive sales and marketing practices
- title insurance rebates
- public adjuster violations
- abusive acts committed by auto insurance agents and companies and
- illegal bail practices

BUDGET AND STAFFING

During the Fiscal Year 2012-13, the Investigation Division's expenditures totaled $9,472,726.69 in support of 99 authorized positions.

INVESTIGATION DIVISION (ADMINISTRATION AND OPERATIONS)

Division Chief – Under the general direction of the Deputy Commissioner of the Enforcement Branch, the Investigations Division Chief oversees a statewide consumer protection and law enforcement unit consisting of seven regional offices.

Branch Headquarters – The Enforcement Branch Headquarters administers the Life and Annuity Consumer Protection Program and provides administrative services to the Investigation Division regional investigators and their staff.

Management Reporting and Intake Unit – As part of the Branch Headquarters, this unit receives and reviews information from the public, governmental agencies, the insurance industry, law enforcement, and other units within the Department. All reports of suspected violations are entered into the Investigation Division database for tracking and intelligence purposes. Reports of suspected violations are assigned to regional

offices to investigate. The unit processes all Division inquiries and requests from consumers, other CDI branches and from other governmental agencies.

Investigation Division Regional Offices – Seven regional offices located throughout California are each managed by a Chief Investigator assisted by first-line supervisors, investigators, and support staff. Each regional office is responsible for investigating reports of suspected violations within their jurisdiction.

The Criminal Operations Point of Sale Unit (COPS) – A team of sworn peace officers within the Investigations Division, assists investigators with criminal investigations, effects arrests, executes search warrants, serves as liaison with allied law enforcement and advances the Department's continuing goal of protecting consumers by using the full array of peace officers' powers authorized by Penal Code §830.3.

Additionally, the Division's Special Investigators are empowered by Penal Code § 830.11 to arrest suspects and to serve warrants.

Violations

The Investigation Division pursues the following violations:

1. Premium Theft - The theft of insurance premiums is the most prevalent type of misconduct in the agent/broker arena. Illegal conduct ranging from single thefts to multi-million dollar scams victimizes the insurance industry and competitive businesses.

2. Senior Citizen Abuse - Certain segments of the insurance industry target their marketing efforts toward senior citizens. Unscrupulous agents abuse elderly customers by unnecessarily replacing existing policies to earn greater commissions. Initial sales or replacement policies may be wholly unsuitable products further victimizing seniors. The misconduct may involve criminal activities including theft, falsifying documents, Ponzi schemes and confidence games.

3. Health Insurance Violations - This type of fraud encompasses the deceptive sale of long term care products; Medicare supplements, Medicare Advantage Plans – Part C, Medicare Prescription Drug Plans – Part D; medical discount card scams and "mini-med" plans; as well as other health insurance schemes and violations of the Affordable Care Act/Covered California program perpetrated by licensees.

4. Deceptive Sales and Marketing Practices - The failure of some insurers to properly monitor and control their sales force can lead to unethical and misleading marketing practices such as bait and switch schemes, misrepresentation and the use of misleading titles and designations.

5. Unauthorized Insurance Companies - This type of fraud includes everything from phony insurance cards sold in DMV parking lots to fully-operational offshore insurance companies issuing policies they have no intention of honoring.

6. Public Adjuster Misconduct - Public adjusters represent insurance claimants in the settlement of claims with their insurance companies. Misconduct in this area includes high-pressure sales, overcharging, conflicts of interest with vendors, and failure to account for claims proceeds.

7. Title Company Rebates and Kick-Backs - Kick-backs and commercial bribery are among the anti-competitive practices used to gain business from realtors.

8. Bail Agent Activity - A bail agent is a person permitted to solicit, negotiate, and transact undertakings of bail on behalf of a surety insurer. Some unscrupulous bail agents fail to return collateral, aid and abet unlicensed bail agents or apprehend arrestees with the intent to extort premium payments.

In addition to these violations, the Division investigates other complaints and alleged violations of laws relating to the transaction of insurance prohibited by the California Insurance Code, California Business and Professions Code, California Code of Regulations, California Penal Code, and Title 18 of the United States Code.

DIVISION WIDE INVESTIGATIONS

Fiscal Year 2012-13

Complaints and General Correspondence Received	1,488
Opened	877
Additional Complaints - Consolidated with Existing Cases	347
Completed	859
In Progress as of June 30, 2013:	
Criminal Cases	532
Regulatory/Administrative Cases	422
Total	954
Reports of Suspected Violation[1] as of June 30, 2013:	
Criminal Cases	64
Regulatory/Administrative Cases	212
Total	276
Chargeable Fraud	$3,404,737
Ordered Restitution	$8,748,326
Investigative Cost Recoveries	$136,697
Fines and Penalties	$1,533,387

[1] *Any initial allegation that is found sufficient to warrant an investigation,but which has not yet been assigned to an investigator. It is intended to represent matters that are potential future investigations.*

CRIMINAL PROSECUTION CASES:
Fiscal Year 2012-13

Referral to Prosecutors	58
Case Filed by Prosecutors	27
Search Warrants Obtained	53
Arrest Warrants Obtained	23
Arrested	57
Convictions	49

REGULATORY PROSECUTION CASES: Fiscal Year 2012-13

Cases referred for regulatory prosecution	133

INVESTIGATION DIVISION FUNDING

Most investigations conducted by the Division are supported by revenues generated from fees and licenses charged to the insurance industry. Investigations related to automobile insurance and investigations related to Life and Annuity Consumer Protection Programs are partially funded by special assessments.

INVESTIGATIONS RELATED TO AUTOMOBILE INSURANCE

Insurance Code Section 1872.81 requires each insurer doing business in California to pay to the Insurance Commissioner an annual fee of 30 cents for each insured vehicle it covers in the State. The purpose of the fee is to maintain and improve consumer service functions related to automobile insurance.

AUTO INSURANCE INVESTIGATIONS[2]
Fiscal Year 2012-13

Opened	103
Completed	141
In progress as of June 30, 2013	220
Reports of Suspected Violation as of June 30, 2013	29

INVESTIGATIONS RELATED TO LIFE INSURANCE AND ANNUITY PRODUCTS

The Life and Annuity Consumer Protection Fund (CIC § 10127.17) provides funds to protect consumers of life insurance and annuity products. Revenue generated pursuant to this program is divided between the Department of Insurance and Local Assistance Grants to various county district attorney offices.

[2] This data is included in the overall Division case information shown on the previous sections of this report.

In this seventh year of grant funding, the Life and Annuity Consumer Protection Program provided $1,224,795 in grant funds to 18 counties. As a result of this collaborative effort, numerous licensed agents were prosecuted and convicted for theft, financial elder abuse, forgery, and identity theft in the transaction of life insurance and annuities with California consumers.

LIFE INSURANCE AND ANNUITY PRODUCTS INVESTIGATIONS[3]
Fiscal Year 2012-13

Opened	212
Completed	201
In progress as of June 30, 2013	231
Reports of Suspected Violation as of June 30, 2013	72

LIFE INSURANCE AND ANNUITY CONSUMER PROTECTION PRODUCTS DATA

Calendar Year 2013

Opened Consumer Complaints	2,005
Opened Investigations	182
Investigations referred to/reported by prosecuting agencies	47
Administrative or regulatory cases referred to the Department's Legal Division	36
Administrative or regulatory enforcement actions taken	6

To further address abuse of Senior citizens in the marketing and sale of life and annuity products, the Division participated in 64 senior events in 2013, educating seniors about how to protect themselves from scams relating to the marketing and sale of annuities.

Ongoing relationships with Department of Aging, Department of Consumer Affairs, Contractors State License Board – Senior Scam Stoppers, Senior Citizen Centers, and various senior health fairs enhance the division's ability to get the message out.

The following educational materials were distributed during 2013:

- *Annuities – What Seniors Need to Know* – 3,304 copies
- *Senior Insurance Bill of Rights* – 725 copies
- *Annuities – It's Your Choice* DVD – 1,200 copies

The Investigations Division developed and conducted an advertising campaign to inform consumers about the resources of the Department to handle complaints relating to life and annuity issues. Print publications and digital media used during 2013 included: Bay Area News Group, Life After 50, MidValley Publishing, Orange County Register,

[3] This data is included in the overall Division case information shown on the previous sections of this report.

Senior Spectrum, and Today's Senior Magazine, AARP.com, Display retargeting, Mobile Search and Search Engines (English/Spanish).

INITIATIVES TO REDUCE PRODUCER FRAUD

The following additional strategies were implemented to reduce agent and broker fraud:

1. Established quality control measures at the regional level to ensure compliance with Division policies designed to improve efficiency and increase productivity.
2. Established the Investigation Division Disaster Assistance Response Team (DART) to work in conjunction with other CDI divisions and allied agencies to proactively respond to disasters or other emergencies statewide affecting enforcement operations.
3. In conjunction with CDI's Legal Enforcement Bureau, developed the Visiting Attorney Program (VAP) to assist in the review of on-going casework, as well as reports of suspected violations, to ensure that the Division is achieving an efficient use of its resources.
4. Enhanced Investigation Division Database to better identify suspects of investigations, economic impact information and patterns of non-compliance by individuals and entities involved in the transaction of insurance.
5. Provided Life and Annuity Consumer Protection Program (LACPP) training to county prosecutors, local law enforcement agencies and consumer groups.
6. Ongoing development of legislative proposals to strengthen laws governing the transaction of insurance and the enforcement of those laws.
7. Ongoing outreach to industry associations, consumer groups and allied law enforcement agencies.

Investigation Division Regional Offices

Office	Counties Served
Benicia 1100 Rose Drive, Suite 100 Benicia, CA 94510 Phone: (707) 751-2000	Alameda, Contra Costa, Del Norte, Humboldt, Lake, Marin, Mendocino, Monterey, Napa, San Benito, San Francisco, San Mateo, Santa Clara, Santa Cruz, Sonoma, and Solano
Inland Empire 9674 Archibald Avenue, Suite 100 Rancho Cucamonga, CA 91730 Phone: (909) 919-2200	Inyo, Riverside, and San Bernardino
Orange 333 South Anita Drive, Suite 450 Orange, CA 92868 Phone: (714) 712-7600	Orange
Sacramento 9342 Tech Center Drive, Suite 500 Sacramento, CA 95826 Phone: (916) 854-5700	Alpine, Amador, Butte, Calaveras, Colusa, El Dorado, Glenn, Lassen, Modoc, Mono, Nevada, Placer, Plumas, Sacramento, San Joaquin, Shasta, Sierra, Siskiyou, Stanislaus, Sutter, Tehama, Trinity, Tuolumne, Yolo, and Yuba
San Diego 10021 Willow Creek Rd., Suite 100 San Diego, CA 92131 Phone: (858) 693-7100	Imperial and San Diego
Southern Los Angeles County 5999 East Slauson Avenue City of Commerce, CA 90040 Phone: (323) 278-5100	Central and Southern Los Angeles County
Valencia 27200 Tourney Road, Suite 375 Valencia, CA 91355 Phone: (661) 253-7500	Fresno, Kern, Kings, Madera, Mariposa, Merced, Northern Los Angeles, San Luis Obispo, Santa Barbara, Tulare, and Ventura
Criminal Operations Point of Sale Unit (C.O.P.S.) 9674 Archibald Avenue, Suite 100 Rancho Cucamonga, CA 91730 Phone: (909) 919-2200	Statewide

SECTION THREE: FRAUD DIVISION

The mission of the Fraud Division is: "To protect the public and prevent economic loss through the detection, investigation, and arrest of insurance fraud offenders."

The CDI Fraud Division's role and responsibilities are outlined in Division 1, Part 2 Chapter 12 of the California Insurance Code, "The Insurance Frauds Prevention Act." The Division also ensures that Penal Code Section 550 is enforced throughout the State of California.

The Fraud Division oversees the following five fraud programs: (1) Automobile Insurance Fraud Program, (2) Organized Automobile Fraud Activity Interdiction Program, (3) Disability and Healthcare Fraud Program, (4) Workers' Compensation Insurance Fraud Program, and (5) Property, Life and Casualty Fraud Program. These programs are funded through a combination of annual insurer general assessments and insurance policy assessments. With the exception of the Property, Life and Casualty Fraud Program, the County District Attorneys share the funding with the Fraud Division.

FRAUD DIVISION (ADMINISTRATION AND OPERATIONS)

The Fraud Division's nine regional offices service all 58 counties in California. The Enforcement Branch Headquarters office administratively supports all Fraud Division regional office operations, including those activities related to the management of the statewide grant programs. Headquarters provides centralized support for investigations in the Automobile, Organized Automobile Fraud Interdiction Program, Workers' Compensation, Disability and Healthcare, and Property and Casualty Fraud Programs.

Division Chief – Under the general direction of the Enforcement Branch Deputy Commissioner, and working closely with the southern and northern Fraud Division Bureau Chiefs, the Division Chief plans, organizes, and evaluates operations of the Fraud Division, including the investigations of illegal activities, and coordinates activities with various federal and state government entities in the prosecution of violators.

The Division Chief evaluates district attorneys' offices receiving program grants, reviews Request for Applications (RFA) made by district attorneys,and makes recommendations to the Insurance Commissioner and Deputy Commissioner regarding RFAs, Fraud Division policy, procedures, issues, and regulations. The Division Chief provides advice to the CDI management regarding proposed anti-fraud legislation and regulations.

Bureau Chiefs - Under the general direction of the Fraud Division Chief, Bureau Chiefs plan, organize, and coordinate, the work of multiple offices engaged in the investigation of violations of insurance and related penal statutes.

The Bureau Chief responsible for the northern region is responsible for the operation of the Sacramento, Benicia, Silicon Valley, and Fresno regional offices and has program oversight responsibility for the Workers' Compensation and Disability and Healthcare Fraud Programs.

The Southern Region Bureau Chief is responsible for the operation of the Inland Empire, Orange, Valencia, Southern Los Angeles County and San Diego regional offices. The position also oversees the Fraud Division's two Automobile Fraud Programs – (Regular) Automobile Insurance Fraud and Organized Automobile Fraud Activity Interdiction – and the Property and Casualty Fraud Program.

Fraud Grant Audit Program – The Fraud Grant Audit Program (FGAP), conducts fiscal audits of all programs awarding grant funding to District Attorneys. These include grants for the prosecution of Workers' Compensation, Automobile, Disability and Healthcare, and Life and Annuity insurance fraud. The audits determine whether funds have been used for enhanced investigation and prosecution in accordance with applicable statutes and regulations. If a district attorney's office participates in more than one insurance fraud grant program, the programs are audited concurrently to maximize efficiency. The findings from these audits may impact future grant funding.

California Insurance Code Sections 1872.8(b)(1)(D) and 1874.8(d) require the California Department of Insurance (CDI) to conduct fiscal audits of the Automobile and Organized Automobile Insurance Programs at least once every three years. California Code of Regulations Sections 2698.67(h), 2698.77(e)(1) and 2698.98.1(g) and (h) require CDI to conduct fiscal audits of the Automobile, Organized Automobile Fraud Activity Interdiction, and Disability and Healthcare Fraud Grant Programs once every three years. California Code of Regulations Section 2698.59(f) and California Insurance Code Section 10127.17 authorize the CDI to conduct fiscal audits of the Workers' Compensation Insurance Fraud Grant Program and the Life and Annuity Consumer Protection Grant Program.

In Fiscal Year 2012-13, the FGAP completed fiscal audits of 121 grants received by 17 district attorney's offices. The breakdown of the audits by program is:

Workers' Compensation 43
Automobile..... 40
Organized Automobile 16
Disability and Healthcare..... 9
Life and Annuity..... 13

The most common findings included:

- Expenditure Report not submitted within the required timeframe.
- Independent Auditor's Report not submitted within the required timeframe.

After the FGAP completes its analysis, a preliminary report may be issued to the district attorney's office, allowing for responses and additional information within 30 calendar days. A final report is issued to the district attorney, CDI Enforcement Branch Deputy Commissioner, Division Chief, Bureau Chief, Regional Office Captain, Enforcement Branch Headquarters Chief, Program Manager, and the Legal Division, as appropriate.

In Fiscal Year 2012-13, the FGAP implemented outreach training workshops for newly participating district attorney's offices. The outreach provided details on the audit process, and compliance with insurance fraud grant program requirements.

AUTOMOBILE INSURANCE FRAUD PROGRAM

The Fraud Division is the primary law enforcement agency responsible for investigating automobile insurance fraud crimes, and it coordinates enforcement operations with municipal, state and federal enforcement agencies throughout California. Completed investigations are filed with the local district attorney or the United States Attorney General's Office.

Fraud Division detectives enforce the provisions of California Penal Code Sections 548 – 550. Detectives focus on five major categories: medical mills, organized crime, staged collision rings, false and fraudulent claims, and organized economic automobile theft groups. Organized criminal elements continue to use these types of schemes.

During Fiscal Year 2012-13, the Fraud Division received 17,981 suspected fraudulent claims (SFCs), assigned 721 new cases, made 401 arrests, and referred 304 submissions to prosecuting authorities. The potential loss amounted to $120,079,146.

District Attorneys' Automobile Insurance Fraud Program

During Fiscal Year 2012-13, 34 counties received funding totaling $15,259,000 through the Department's Auto Insurance Grant Program. The financial support provided to each county is based on county population, the number of Suspected Fraudulent Claims (SFCs) reported, and the Insurance Commissioner's evaluation of the county's historical performance and plan description.

For Fiscal Year 2012-13, California district attorneys initiated 2,651 investigations and made 1,343 arrests, culminating in 1,127 convictions. This number includes the Fraud Division's enforcement actions, and local law enforcement investigations.

Chargeable fraud amounted to $16,191,501, with $5,031,603 in restitution ordered by the courts.

ORGANIZED AUTOMOBILE FRAUD ACTIVITY INTERDICTION

The California State Legislature has determined that organized automobile fraud activity operating in major urban centers of the State represents a significant portion of all individual fraud-related automobile insurance cases. This fraudulent activity drives higher insurance premiums in certain urban and low-income areas of the state. The problem demands coordinated effort by all appropriate agencies and organizations. California Insurance Code Section 1874.8 requires the Insurance Commissioner to award three to ten grants for a coordinated program targeted at the successful prosecution and elimination of organized automobile fraud activity. The primary focus of the program is organized criminal activity that occurs in urban areas and which often involves the staging of collisions and filing accident or damage claims.

Typically, legal and medical professionals or their associates mastermind these cases. In recent years, highly sophisticated groups have captured the attention of the Fraud Division, prosecutors and allied law enforcement.

During Fiscal Year 2012-13, the Fraud Division assigned 231 new cases and made 222 arrests and 172 referrals to prosecuting authorities. Potential loss amounted to $5,149,466.

District Attorneys' Organized Automobile Fraud Activity Interdiction Program
During Fiscal Year 2012-13, ten counties were awarded grant funding totaling $6,692,000. The grant awarded to district attorneys reported 232 arrests, which included many Fraud Division arrests. District attorneys prosecuted 204 cases involving 448 defendants with chargeable fraud totaling $8,264,578. District attorney prosecution resulted in 180 convictions.

DISABILITY AND HEALTHCARE FRAUD PROGRAM

Health insurance fraud is a significant problem for health insurance policyholders because it drains resources out of the system causing unnecessary premium increases. California Insurance Code Section 1872.85(a) provides funding for the Disability and Healthcare Fraud Program through annual special purpose assessment of twenty cents ($0.20) for each insured person in California who is covered by an individual or group insurance policy it issues. This funding supports criminal investigations statewide by the Fraud Division and prosecution by district attorneys of suspected fraud involving disability and healthcare.

This program area includes Suspected Fraudulent Claims involving: claimant disability other than workers' compensation, dental claims, billing fraud schemes, immunization fraud, unlawful solicitation, durable medical equipment, and posing as another to obtain benefits.

During Fiscal Year 2012-13, the Fraud Division identified and reported 649 SFCs, assigned 103 new cases, and made 33 arrests and 25 referrals to prosecuting authorities. Potential loss amounted to $129,348,607.

District Attorneys' Disability and Healthcare Program
In Fiscal Year 2012-13, six counties received funding totaling $1,712,000 through the Department's Disability and Healthcare Insurance Fraud Grant Program. The district attorneys reported 149 investigations, 52 arrests, and 52 convictions, which also included a majority of Fraud Division arrests. Chargeable fraud amounted to $233,760,576 with $6,293,060 restitution ordered by the courts.

In 2012 the legislature, increased the assessment from ten cents ($.10) to 20 cents ($.20). The sharing formula between CDI and the district attorneys was also modified, so that instead of a 50/50 split district attorneys now receive 70% of the fund proceeds. Regulations implementing these provisions became effective on July 1, 2013.

WORKERS' COMPENSATION INSURANCE FRAUD PROGRAM

In California, workers' compensation insurance is a no-fault system. Injured employees need not prove an injury was someone else's fault in order to receive workers' compensation benefits for an on-the-job injury. In addition to medical expenses being covered for injured employees, some injured workers are entitled to recover a portion of lost wages resulting from injury. Fraudulent workers' compensation claims can be an enticing target for criminals.

Workers' compensation insurance fraud occurs in simple and complex schemes that often require difficult and lengthy investigations. Employees may exaggerate or even fabricate injuries. At the other end of the spectrum, white-collar criminals, including doctors and lawyers, entice, pay, and conspire with others to defraud the system by creating false or exaggerated claims, over treating, and over prescribing harmful and addictive drugs. Insurance companies "pick up the tab," passing the cost onto policyholders, taxpayers and the general public.

The Workers' Compensation Fraud Program was established in 1991. The legislature made workers' compensation fraud a felony, required insurers to report suspected fraud, and established a mechanism for funding enforcement and prosecution activities. The legislation established the Fraud Assessment Commission to determine the level of assessments to fund investigation and prosecution of workers' compensation insurance fraud.

Funding for the program comes from California employers who are legally required to be insured or self-insured. The total aggregate assessment for Fiscal Year 2012-13 was $53,445,000

During Fiscal Year 2012-13, the Fraud Division identified and reported 5,151 suspected fraud cases; (SFCs) assigned 847 new cases, made 268 arrests and referred 309 cases to prosecuting authorities. Potential loss amounted to $212,710,721.

District Attorneys' Workers' Compensation Program

In Fiscal Year 2012-13, the district attorneys reported a total of 815 arrests, which also included the majority of Fraud Division arrests. During the same timeframe, district attorneys prosecuted 1,329 cases with 1,545 suspects, resulting in 721 convictions. Restitution of $24,862,189 was ordered in connection with these convictions and $4,890,396 was collected during Fiscal Year 2012-13. The total chargeable fraud was $247,922,658, representing only a small portion of actual fraud since so many fraudulent activities remain to be identified or investigated.

PROPERTY, LIFE AND CASUALTY FRAUD PROGRAM

The Property, Life and Casualty Fraud Program accounts for approximately five percent of the Fraud Division's allocated budgetary resources. The funding stream for this program is generated by a $2,100 assessment for each certificate of authority in California. These funds are non-restrictive and can be used to support all other Fraud Division program areas if needed. There is no local assistance component to this program.

This General program handles criminal investigations involving staged commercial/residential burglaries, life insurance fraud (which includes murder for profit cases), fraudulent natural disaster claims (wildfire, flood, earthquake, wind), slip and fall claims, internal embezzlement cases, false food contamination claims, and false marine claims. Criminal investigations in this program area can involve millions of dollars in loss (especially in life insurance fraud cases), and multiple claims for the same loss perpetrated by multiple suspects. Many of these cases have been jointly investigated in cooperation with local and federal law enforcement agencies and have been prosecuted at the local, state or federal level.

During Fiscal Year 2012-13, the Fraud Division identified and reported 6,421 SFCs, assigned 100 new cases, made 48 arrests and referred 40 submissions to prosecuting authorities. Potential loss amounted to $450,902,981.

BUDGET AND STAFFING

Fiscal Year 2012-13 Fraud Division Budgeted/Revenue/Expenditures by Program and Fiscal Year Staffing level:

Fraud Auto Revenues[4] $45,551,340

Fraud Budgeted Levels $99,709,000
Fraud Actual Expenditures $99,354,000

Insurance Fraud Assessment, Auto
District Attorneys' Auto Distribution:..... $21,951,000
State Operations Auto Expenditures:..... $19,183,000

Insurance Fraud Assessment, Workers' Compensation
District Attorneys' Workers' Compensation Distribution:..... $31,870,000
State Operations Workers' Compensation Expenditures:.... $20,318,000

Insurance Fraud Assessment, Disability and Healthcare
District Attorneys' Disability and Healthcare Distribution:..... $1.712.000
State Operations Disability and Healthcare Expenditures:..... $1,997,000

Insurance Fraud Assessment, General
State Operations General Assessment Expenditures:..... $2,323,000

Fiscal Year 2012-13 Fraud Division Positions[5] 275

SPECIAL INVESTIGATIVE UNIT (SIU) COMPLIANCE REVIEW PROGRAM

Special Investigative Units are divisions internal to insurance companies or retained by contract that identify and investigate suspected fraud involving their policyholders or claimants. The SIU Compliance Review Program within the Department of Insurance is responsible for ensuring that approximately 600 primary and 600 subsidiary companies licensed to do business in California comply with SIU statutes and regulations. This task is accomplished through a combination of field audits, desk reviews, and analysis of the SIU Annual Report that Insurers file with CDI as required by regulations (now in an electronic format referred to as the *eSIUAR*).

Field Audits & Desk Reviews

SIU Field Audits Completed in FY 2012-13	24

[4] Auto revenues exclude the $0.30 assessment per SB 940 which is not used for Fraud Division programs.
[5] Includes all authorized program 20 positions.

Field audits consist of:

- Notifying the Insurer at least 60 days in advance of the on-site visit
- Audit planning prior to the on-site visit
- On-site field work
- Reporting the results of the audit

Once the SIU Compliance Review Program completes its on-site field work, a Preliminary Report is issued to the Insurer. This report presents findings and recommendations related to the Insurer. The Insurer is provided 30 days to prepare a Corrective Action and Compliance Plan (CACP). The CACP must either: (1) demonstrate how the Insurer will correct the findings and achieve compliance, or (2) include any written material that the Insurer may have to rebut the finding identified in the Preliminary Report. After the CACP is reviewed by the SIU Compliance Review Office, a Final Report is prepared by Department staff determining whether the CACP has been accepted in full or part by CDI. If CACP is not fully accepted by CDI penalties in the form of fines may result.

Common audit findings of Insurers include:

- Insurer did not report all incidents of suspected fraud to CDI within 60 days of reasonable belief being established.
- Insurer's SIU did not identify and investigate all incidents of possible suspected WC premium fraud.
- Insurer did not provide all verification and/or source documents (e.g., premium audit information) to allow an adequate review of WC policy files.
- Insurer's suspected fraud referral forms (FD-1s or eFD-1s) to CDI had errors and/or omissions.
- Insurer did not submit all requested documents and/or information requested by the auditor, which affected the auditor's ability to conduct a complete review of WC closed claims and/or SIU investigation files.
- Insurer's integral anti-fraud personnel did not refer all incidents of suspected insurance fraud to the SIU for investigation.
- Insurer's written anti-fraud procedures or SIU investigation procedures did not include all required topics/information.
- Insurer's training materials for new hires, integral anti-fraud personnel or SIU staff did not include all required topics/information.
- Insurer's continuing anti-fraud training was not provided to all SIU staff members.
- Insurer's anti-fraud orientation for new hires was not provided to all new employees within 90 days of commencement of duties.
- Insurer's annual anti-fraud training was not provided to all integral anti-fraud personnel.
- Insurer's SIU Annual Report was inaccurate, incomplete or late.

Desk Reviews

In fiscal year 2012-13, approximately 160 limited scope desk reviews were conducted regarding contractual obligations for Insurers who contract with an external SIU. Additional desk reviews in the compliance areas of SIU adequacy, required training and written procedures are planned for the 2013-14 fiscal year.

SIU Annual Report

For the convenience of the Insurance industry and with input from the SIU community, the SIU Compliance Review Program developed an online registration, completion, and submission processes for the SIU Annual Report (*eSIUAR*). Safeguards are provided so that the report remains confidential, privileged and proprietary. Insurers may update their contact information online throughout the year as needed. CDI will be able to reach the SIU community via email notifications and updates to this site. The *eSIUAR* requires Insurers to upload specified documents such as training materials and procedures, which will permit the SIU Compliance Review Program to conduct more extensive and broad-based reviews of Insurers' compliance with California SIU statutes and regulations. These procedures help to ensure that suspected fraud is identified, investigated, and referred to the CDI Fraud Division (and District Attorney for WC) accurately and on time.

Field Audit Details

Count	Audit	Final Report Date	WC Yes/No
1	State National	6/29/13	**Yes**
2	Celtic	6/20/13	No
3	Alaska	6/18/13	**Yes**
4	Hudson	6/13/13	**Yes**
5	AXA	6/7/13	No
6	CIGNA	6/4/13	No
7	Farmers New World Life	5/21/13	No
8	MEGA	5/21/13	No
9	Markel	5/10/13	No
10	AFLAC	5/7/13	No
11	Contractors Bonding	5/7/13	No
12	ULLICO	5/1/13	**Yes**
13	California Capital	4/30/13	**Yes**
14	Progressive Choice	4/25/13	No
15	Mendota	3/11/13	No
16	Liberty Life	2/26/13	No
17	Jefferson National	2/21/13	No
18	Standard	2/5/13	No
19	SCIF	11/21/12	**Yes**
20	American Bankers	11/19/12	No
21	Fireman's Fund	11/15/12	**Yes**
22	First Health Life	11/6/12	No
23	Veterinary Pet	8/27/12	No
24	Great Divide	7/20/12	**Yes**

SUSPECTED FRAUDULENT CLAIMS REPORTING

The primary source of leads for investigations initiated by the Fraud Division is the Suspected Fraudulent Claim (SFC). A suspected fraud referral can be as simple as a telephone call from a citizen or as complex as a "documented referral" with supporting evidence submitted by an insurance carrier. SFCs are received by CDI from various sources, including insurance carriers, informants, witnesses, law enforcement agencies, fraud investigators, and the public.

The vast majority of SFCs are generated by the insurance industry. The standards for referring an SFC are required by the Insurance Code when the carrier "believes" or has "reason to believe" to "has reason to suspect" that insurance fraud has occurred. Because of the different standards for reporting, not all SFCs result in criminal conviction.

All referrals submitted to the Fraud Division, regardless of the reporting party and supporting evidentiary information, are assigned a case tracking number, and placed in the Fraud Integrated Data Base (FIDB). The referrals are then forwarded to supervisors in the regional office with jurisdiction over the allegations. The supervisors use standard criteria when determining case assignments in the various fraud programs, including:

- Public safety
- Consideration of the Insurance Commissioner's strategic initiatives
- The quality of the evidence presented
- The priority level of the suspected fraud referral
- The availability of investigative resources
- The jurisdiction for prosecution, especially if the district attorney is receiving grant funds
- If the arrest and conviction of suspects would make an impact on the problem within the county and/or State
- Case assignments may not be made if allegations are abuse rather than fraud, the statute of limitations has expired, or a discussion with a district attorney regarding facts of the SFC result in rejection of the referral or if the case was referred to another agency.

According to Fraud Division data, the quality of SFCs continues to improve each fiscal year. Several reasons for this trend include:

- The extensive efforts to provide training to insurance claim examiners and SIU personnel by the Fraud Division;
- The ability of the electronic form;
- Current SIU regulations that help insurance carriers step up their anti-fraud efforts and become more effective in identifying, investigating, and reporting workers' compensation fraud;
- The Fraud Division and district attorneys' aggressive outreach programs.

During Fiscal Year 2012-13, the Fraud Division received the following of Suspected Fraudulent Claims (SFCs):

Auto and Urban Auto 17,981
Property Casualty[6]..... 6,421
Workers' Compensation 5,151
Health 649
Total 30,202

THE NUMBER OF CASES REJECTED BY THE FRAUD DIVISION DUE TO INSUFFICIENT EVIDENCE OR OTHER REASONS

SFCs unassigned due to insufficient evidence: 16,991
SFCs unassigned due to other reasons: 10,230

THE NUMBER AND TYPES OF CASES PROSECUTED AS A RESULT OF FUNDING RECEIVED UNDER INSURANCE CODE § 1872.86

Insurance Code Section 1872.86 assesses funding for use in property/casualty fraud, which can include false and bogus death claims in order to receive life insurance policy payouts, murder for profit in order to obtain life insurance benefits, arson, inflated/faked homeowner claims, false boat claims, arson for profit, and so forth.

Caseload (open and newly assigned) 100
Arrests 48
Suspect submissions to district attorneys 40

An estimate of the economic value of insurance fraud by type of insurance fraud

The following chart monetizes fraud reported to the Fraud Division and extracted from the Fraud Integrated Data Base (FIDB) System.

Type of Insurance Fraud	Amount Paid[1]	Suspected Fraudulent Loss[2]	Potential Loss[3]
Automobile	$16,807,798	$25,285,264	$120,079,146
Organized Automobile Fraud Activity Interdiction	$752,918	$959,523	$5,149,466
Health	$50,019,338	$43,184,498	$129,348,607
Property Casualty	$28,150,967	$158,421,594	$450,902,981
Workers' Compensation	$129,484,012	$238,541,047	$212,710,721
TOTALS	**$**225,215,033	**$**466,391,926	**$**918,190,921

1. Amount paid on claim to date.
2. Amount paid that is suspected as being fraudulently claimed.
3. Amount of loss/exposure if fraud had gone undiscovered.

RECOMMENDATIONS ON WAYS INSURANCE FRAUD MAY BE REDUCED

The goal of the Fraud Division is to produce quality, cost-effective investigations which result in successful enforcement actions. The Fraud Division, in partnership with local

[6] *Includes Health and Disability referrals not submitted under the Health program.*

district attorneys, selects those cases which will have the most significant impact on the insurance fraud problem in their area of expertise. All open case assignments are coordinated in a joint effort between the Fraud Division and local district attorneys, particularly those receiving grant funding.

Four critical elements have been identified to achieve successful outcomes: an aggressive outreach program, partnership with key stakeholders, effective trend analysis, and a balanced caseload. To that end, the Fraud Division continues to implement performance measures to gauge productivity and efficiency. This is done to measure the overall return on investment and to maximize the impact on insurance fraud. Successful outcomes that can have a positive impact on insurance fraud have been measured by the following criteria:

- **Criminal** - A completed investigation and aggressive prosecution resulting in convictions, restitution, jail/prison, penalties and fines. This type of enforcement produces the best results, including deterrence of further criminal activity.

- **Civil** - The successful disruption and termination of a criminal enterprise or activity, whether it is a single suspect or an organized ring, have been accomplished by civil actions. Actions involving single victims, a collective group of individuals or an insurance carrier can be followed up with civil actions resulting in termination of a criminal enterprise, civil fines and restitution. Additionally, the Fraud Division has worked closely with district attorneys involving unfair business practices and related actions.

- **Investigative Inquiry –** Potential fraud activity or abuse can be stopped and deterred by initial contact from the Fraud Division or district attorney's office. The preliminary investigative steps taken in these cases often halt or deter activity that does not rise to the level of a full criminal investigation.

BASIC CLAIMS INFORMATION INCLUDING TRENDS OF PAYMENTS BY TYPE OF CLAIM AND OTHER CLAIM INFORMATION THAT IS GENERALLY PROVIDED IN A CLOSED CLAIM STUDY

Although basic claims information and closed claims studies are not available to CDI, the Fraud Division collaborates with the National Insurance Crime Bureau (NICB) on emerging issues and trends in the investigation of insurance fraud crimes. A critical component of this partnership is the Fraud Division's access to the NICB database as well as the Insurance Service Organization database. Both of these databases are for trend analysis. The Fraud Division continues to explore other sources of information that will enhance its ability to identify emerging trends in all programs.

A SUMMARY OF THE TOTAL AMOUNT OF COURT-ORDERED RESTITUTION AND THE AMOUNT OF RESTITUTION COLLECTED PURSUANT TO INSURANCE CODE § 1872.86(b)(7)

Fraud Area	Restitution Ordered	Restitution Collected
Automobile	$5,031,603	$840,549
Organized Automobile Fraud Activity Interdiction	$1,626,649	$336,991
Health	$6,293,060	$1,000,135
Workers' Compensation	$24,862,189	$4,890,396

California Department of Insurance
Enforcement Branch Headquarters
9342 Tech Center Drive, Suite 100
Sacramento, CA 95826
Phone: (916) 854-5760

Fraud Division Regional Offices

Office	Counties Served
Benicia 1100 Rose Drive, Suite 100 Benicia, CA 94510 (707) 751-2000	Alameda, Contra Costa, Del Norte, Humboldt, Lake, Marin, Mendocino, Napa, San Francisco, Solano, and Sonoma
Fresno 1780 East Bullard, Suite 101 Fresno, CA 93710 (559) 440-5900	Fresno, Inyo, Kern, Kings, Madera, Mariposa, Merced, San Luis Obispo, and Tulare
Inland Empire 9674 Archibald Ave., Suite 100 Rancho Cucamonga, CA 91730 Phone: (909) 919-2200	Riverside and San Bernardino
Orange 333 South Anita Drive, Suite 450 Orange, CA 92868 Phone: (714) 712-7600	Orange
Sacramento 9342 Tech Center Drive, Suite 500 Sacramento, CA 95826 Phone: (916) 854-5700	Alpine, Amador, Butte, Calaveras, Colusa, El Dorado, Glenn, Lassen, Modoc, Mono, Nevada, Placer, Plumas, Sacramento, San Joaquin, Shasta, Sierra, Siskiyou, Stanislaus, Sutter, Tehama, Trinity, Tuolumne, Yolo, and Yuba
San Diego 10021 Willow Creek Rd., Suite 100 San Diego, CA 92131 Phone: (858) 693-7100	Imperial and San Diego
Silicon Valley 18425 Technology Drive Morgan Hill, CA 95037 Phone: (408) 201-8800	Monterey, San Benito, San Mateo, Santa Clara, and Santa Cruz
Southern Los Angeles County 5999 E. Slauson Avenue City of Commerce, CA 90040 Phone: (323) 278-5000	Southern Los Angeles County
Valencia 27200 Tourney Road, Suite 375 Valencia, CA 91355 Phone: (661) 253-7400	Northern Los Angeles County, Santa Barbara, and Ventura

SECTION FOUR: WORKERS' COMPENSATION INSURANCE FRAUD PROGRAM

The Workers' Compensation Fraud Program is the largest of five statewide anti-fraud programs under the administration and the investigative arm of the Fraud Division.

Distribution of Workers' Compensation Program Hours

For Fiscal Year 2012-13, investigative staff spent 83.2 percent of program hours on case and direct program support; the remaining 1.8 percent was indirect time and 15 percent was time off.

The Division spent 48 percent of its time directly on the Workers' Compensation Program, while the remaining 52 percent was distributed throughout the other insurance fraud programs. In addition to investigative activities, the Fraud Division is responsible for the administration and oversight of the program, which includes:

- Local Assistance grant management
- SIU compliance
- District attorney grant audits
- Legislative statistical and analytical reporting
- Research
- Legal services (public request acts, opinions, qui tams, rulemaking, etc.)
- Legislation support and analysis
- Budget monitoring and proposals
- Property/Evidence control
- Fraud Assessment Commission support

Maintaining a Balanced Caseload

Each Fraud Division Regional Office's caseload is representative of the demographics within its area of responsibility and jurisdiction. Working in conjunction with the district attorneys, each regional office selects cases that will have the most significant impact on the insurance fraud problem in its area of responsibility. These cases include medical/legal provider, premium fraud, employer-defrauding employee, insider fraud, claimant fraud, underreported wages, uninsured employer, and X-Mod evasion. Enforcement efforts continue to focus on high impact fraud cases such as medical/legal provider, premium fraud, and the willfully uninsured.

Workers' Compensation Caseload - Fiscal Year 2012-13	
FRAUD ACTIVITY TYPE	***TOTAL CASELOAD***
CLAIMANT FRAUD	**797**
INSIDER FRAUD	**6**
EMPLOYER DEFRAUDING EMPLOYEE	**43**
LEGAL PROVIDER	**4**
MEDICAL PROVIDER	**94**
MISCLASSIFICATION	**40**
OTHER WORKERS' COMP	**96**
PHARMACY	**6**
UNDERREPORTED WAGES	**270**
UNINSURED EMPLOYER	**140**
X-MOD EVASION	**23**
GRAND TOTAL	**1,519**

Underground Economy

The Underground economy is made up of individuals and businesses that deal with cash and/or use other schemes to conceal their activities and their true tax liability from government licensing, regulatory, and taxing agencies. Underground economy activity is also sometimes referred to as tax evasion, tax fraud, cash pay, tax gap, payments under-the-table, and off the books.

A March 2011 report, *Addressing California's Tax Gap*, prepared by the Franchise Tax Board, estimates California's tax gap to be $6.5 billion annually. Reports on the underground economy indicate that it imposes significant burdens on: (1) the State of California, (2) businesses that comply with the law and (3) workers who lose benefits

and other protections provided by state law when the businesses they work for operate "underground".

Businesses operating underground illegally reduce their obligations for insurance, payroll taxes, licenses, employee benefits, safety equipment, and safety conditions. These types of employers gain an unfair competitive advantage over businesses that operate legally forcing them to pay higher taxes and other operating expenses.

Working conditions in the underground economy exploit employees, depriving them of benefits and fair pay and often putting them in danger. Consumers may also suffer economic or physical harm when contracting with unlicensed businesses, who may lack requisite skills and knowledge.

Joint Enforcement Strike Force

Joint Enforcement Strike Force on the Underground Economy (JESF) was created by Governor's Executive order that later became law. The JESF is responsible for enhancing the development and sharing of information necessary to combat the underground economy, to improve the coordination of enforcement activities, and to develop methods to pool, focus, and target enforcement resources. The JESF is empowered and authorized to form joint enforcement teams when appropriate in order to utilize the collective investigative and enforcement capabilities of its members.

In addition to the Employment Development Department, the other Strike Force members include Department of Consumer Affairs, Department of Industrial Relations, Department of Insurance, Franchise Tax Board, Board of Equalization, and Department of Justice.

The JESF obtains information about illegal business operations from various sources, including hot line referrals, complaints from legitimate businesses, and information sharing through collaborating agencies' databases. The JESF conducts joint on-site business investigations to identify employers operating in the underground economy. The goal is to identify and bring into compliance those individual and businesses participating in the underground economy that are in violation of payroll tax, labor, licensing laws and workers' compensation insurance premium.

Labor Enforcement Task Force

The California Department of Insurance (CDI) joined forces with the Labor Enforcement Task Force (LETF) in the Los Angeles area in 2012. This is a pilot project to assist the various agencies in LETF to combat the underground economy in Los Angeles. CDI (Southern Los Angeles Regional Office) works with CDI's Valencia Regional Office, Employment Development Department (EDD), Franchise Tax Board (FTB), Department of Labor Standards (DLSE), Department of Industrial Relations (DIR) and Contractors State License Board (CSLB). The CDI Fraud Division also works with the Los Angeles

Police Department (LAPD) established filing arrangements with both Los Angeles City Attorney and Los Angeles County District Attorney's Offices.

The LETF was formed to eliminate the Underground Economy. More immediate term goals of LETF are to ensure workers receive proper wages, and a safe work environment. LETF also works to ensure that the State receives employment taxes, fees, and penalties due from employers, and to eliminate unfair business competition. The group strives to leverage state and federal resources to achieve its mission. Within the past few months the LETF Task Force and CDI Detectives have worked on numerous operations consisting of investigating target industry locations such as Auto Body Shops, the garment industry, produce industry, marijuana dispensaries, construction industry, and local bars/restaurants. The target locations are generally chosen by a member of the task force and/or by a local police department that is experiencing problems within their city with a particular type of business. After a list of approximately 6-10 target locations are chosen it is cross referenced with CDI's Fraud Integrated Data Base (FIDB) and the Workers Compensation Insurance Rating Bureau (WCIRB). CDI Detectives and the other members of LETF work as a team in the field to detect violations. CDI concentrates on and takes the lead in enforcing violations of Labor Code 3700.5 (failure to secure workers' compensation insurance), while other agencies enforce similar codes under their jurisdiction. During a joint task force operation with the Los Angeles Police Department (LAPD), violations of the Business and Professions Code, Los Angeles Municipal Code, and California Penal Code were discovered.

Operation Underground

In a proactive approach to impact the underground economy, the Fraud Division joined forces with the Contractors State Licensing Board (CSLB), the Employment Development Department (EDD), and various district attorney offices to conduct targeted inspections at construction sites to enforce workers' compensation insurance, CSLB violations, and tax withholding requirements. The targets for this operation were identified using a system of data sharing between partners, internet searches, and surveillance. Information obtained by CSLB was crossed referenced with payroll information obtained from EDD as well as premium information from State Fund. The focus was to detect any discrepancies in the data to identify roofing contractors who were potentially committing premium fraud, EDD tax, and/or EDD violations. Once contractors were identified, it became necessary for personnel to conduct surveillance to verify that the operations were, in fact, in business and, more importantly, that contractors were working on active job sites. This initiative allowed enforcement teams to personally contact and interview contractors and employees on job sites.

During the two-day enforcement operation, more than 100 personnel participated in simultaneous targeted sweeps in 11 counties, investigated nearly 133 contractors and followed up on 104 enforcement actions. The focus was on construction employers who were misclassifying employees, under-reporting payroll, and ducking requirements

to maintain Workers Compensation Insurance. Based upon the work in Operation Underground, the Fraud Division generated approximately 11 premium fraud investigations and 12 uninsured employer cases.

The Public Works Project

The Public Works Project, which began in May 2013, is a joint investigative effort between the Fraud Division, CSLB, and EDD. Intended to identify potential premium fraud and EDD tax evasion leads, CSLB has sent the Fraud Division certified payroll reports for public works projects from 20 construction companies statewide. The Fraud Division is comparing EDD payroll reports with workers' compensation carrier payroll reports to identify discrepancies with reported wages to the certified payroll reports. Thus far, six of the 20 analyses have been completed, resulting in the identification of two companies that are likely under-reporting wages to both their workers' compensation carrier and to EDD. These two companies are currently under investigation. Analysis of the remaining 14 companies' payrolls is continuing.

Uninsured Employers Compliance Sweeps

CDI continues to be proactive in seeking out potential premium fraud investigations while participating in enforcement sweeps of Labor Code 3700.5 cases with the CSLB, the Division of Labor Standards Enforcement (DLSE) and local district attorneys statewide. These sweeps include the investigation of uninsured contractors who obtain permits with various county and city building permit departments. The undercover operations involve law enforcement officers posing as a homeowner and accepting bids from unlicensed contractors. Unlicensed contractors skirt state laws and regulations by hiring individuals without proper certifications, not training their employees, under reporting payroll and not obtaining adequate workers' compensation insurance.

State Operations – Budget

Workers' Compensation Fraud Program Budget Fiscal Year 2012-13 120 Personnel Years (PY)	
Personal Services	$12,740,000
Operating Expenses & Equipment (OE&E)	$4,048,000
CDI Administrative Support	$3,530,000
Total	$20,318,000

Unfunded Contributions

The Department continually provides funding for the workers' compensation anti-fraud efforts in areas that are not funded by the workers' compensation fraud grant. The Department funds investigations by the Enforcement Branch's Investigation Division into allegations of misdeeds by brokers and agents. These investigations look at brokers and agents who have violated their fiduciary responsibility by stealing or misappropriating premiums received from employers for the purchase of workers' compensation coverage. The costs for the investigation of these cases is derived from fees and licensing funds within the Department.

The computer forensics team (CFT) members routinely assist the Enforcement Branch during search warrants. They are often called upon to assist with the acquisition of computer related evidence. These CFT members later assist in extracting information from the acquired evidence. The cost of funding these positions is also derived from fees and licensing.

Program Support

- Insurance Commissioner's Office
- Statewide Pro Rata (e.g., Governor's Office, Legislature, etc.)
- Legal Branch
- Budget and Revenue Management Bureau (BRMB)
- Human Resources Management Division (HRMD)
- Accounting Services Bureau (ASB)
- Media Relations
- Information Technology Division

Staffing

- In Fiscal year 2013-2013 the Fraud Division allocated 120 positions to the Workers' Compensation Fraud Program.

SECTION FIVE: WORKERS' COMPENSATION INSURANCE FRAUD PROGRAM APPENDICES

1. Workers' Compensation Insurance Fraud Program - Insurance Commissioner's Funding Recommendation - Fiscal Year 2012-13

2. Workers' Compensation Insurance Fraud - Reported Suspected Fraudulent Claims for Calendar Years 2011, 2012 and 2013

3. Workers Compensation Insurance Fraud Program - District Attorney Convictions – Fiscal Year 2012-13

Appendix 1
Workers' Compensation Insurance Fraud Program
Insurance Commissioner's Funding Recommendation - Fiscal Year 2012-13

County	2011-12 Funding for Counties	Funding Requested	Funding
Alameda	$1,400,000	$1,600,000	**$1,425,916**
Amador	$431,569	$501,947	**$413,186**
Butte	$200,000	$179,000	**$108,600**
Contra Costa	$575,000	$781,895	**$603,400**
El Dorado	$330,000	$263,309	**$257,247**
Fresno	$1,240,529	$1,441,702	**$1,122,000**
Humboldt	$175,000	$219,507	**$178,400**
Imperial	$51,200	$238,000	**$143,087**
Kern	$760,000	$1,161,727	**$715,000**
Kings	$275,297	$275,297	**$269,791**
Lake	(See Note)	$51,142	**$44,698**
Los Angeles	$5,700,000	$7,147,890	**$5,937,916**
Marin	$238,000	$264,033	**$233,731**
Merced	$140,000	$149,588	**$94,012**
Monterey	$520,000	$784,636	**$600,000**
Napa	$119,000	$150,073	**$130,153**
Orange	$3,500,000	$3,801,054	**$3,588,116**
Plumas	$6,000	$9,518	**$0**
Riverside	$1,463,732	$1,673,231	**$1,488,786**

Note: For Fiscal Year 2011-12, Lake County did not apply for grant funding.

Appendix 1 (Continued)
Workers' Compensation Insurance Fraud Program
Insurance Commissioner's Funding Recommendation - Fiscal Year 2012-13

County	2011-12 Funding for Counties	Funding Requested	Insurance Commissioner's Funding Recommendation
Sacramento	$900,000	$1,098,401	**$884,657**
San Bernardino	$2,173,413	$2,261,871	**$2,206,339**
San Diego	$4,861,584	$4,561,584	**$4,527,303**
San Francisco	$739,200	$808,999	**$702,366**
San Joaquin	$608,808	$608,808	**$478,031**
San Luis Obispo	$65,000	$211,729	**$62,254**
San Mateo	$650,000	$949,465	**$660,318**
Santa Barbara	$290,000	$313,318	**$286,000**
Santa Clara	$2,321,853	$2,994,650	**$2,452,358**
Santa Cruz	$120,000	$248,665	**$149,332**
Shasta	$175,000	$175,000	**$166,000**
Siskiyou	$37,428	$48,351	**$33,007**
Solano	$175,000	$247,284	**$173,388**
Sonoma	$98,735	$109,624	**$74,419**
Tehama	$88,950	$125,258	**$83,528**
Tulare	$362,221	$732,188	**$504,393**
Ventura	$735,913	$772,903	**$729,984**
Yolo	$245,960	$387,554	**$246,676**
TOTAL	**$31,774,392**	**$37,349,201**	**$31,774,392**

Appendix 2

Workers' Compensation Insurance Fraud - Reported Suspected Fraudulent Claims for 2011, 2012 and 2013

County	2011 SFC's	2012 SFC's	2013 SFC's
Alameda	191	215	172
Alpine	1	0	0
Amador	1	1	2
Butte	25	10	19
Calaveras	4	3	2
Colusa	2	2	2
Contra Costa	109	68	117
Del Norte	4	6	0
El Dorado	19	12	14
Fresno	158	130	93
Glenn	3	3	3
Humboldt	10	7	9
Imperial	27	16	14
Inyo	2	1	4
Kern	123	111	121
Kings	23	17	9
Lake	6	5	4
Lassen	8	10	3
Los Angeles	1,987	1,948	2,326
Madera	23	11	18
Marin	32	33	30
Mariposa		1	2
Mendocino	13	10	5
Merced	29	8	42
Modoc	1	0	0
Mono	0	0	1
Monterey	64	69	58
Napa	18	13	16
Nevada	13	5	11
Orange	480	527	599

Appendix 2 (continued)

Workers' Compensation Insurance Fraud - Reported Suspected Fraudulent Claims for 2011, 2012 and 2013

County	2011 SFC's	2012 SFC's	2013 SFC's
Placer	37	24	24
Plumas	3	1	2
Riverside	311	298	312
Sacramento	166	127	103
San Benito	1	8	5
San Bernardino	352	313	346
San Diego	333	334	337
San Francisco	102	87	92
San Joaquin	63	72	55
San Luis Obispo	29	21	33
San Mateo	76	64	93
Santa Barbara	60	41	34
Santa Clara	163	166	167
Santa Cruz	27	18	27
Shasta	38	17	20
Sierra	0	0	0
Siskiyou	3	2	3
Solano	33	28	31
Sonoma	53	20	42
Stanislaus	50	26	32
Sutter	7	3	5
Tehama	8	7	7
Trinity	1	0	1
Tulare	43	48	39
Tuolumne	3	4	4
Ventura	118	74	111
Yolo	27	23	18
Yuba	4	8	2
Grand Total	**5,487**	**5,076**	**5,641**

Alameda County

CASE NUMBER	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
441543	Arzabal, Juan	Uninsured Employer	1 day(s) jail 36 month(s) probation	$0	$0	$0
235068	Benedicto, Nicolas	Uninsured Employer	1 day(s) jail 36 month(s) probation	$0	$30,000	$0
445976	Casteel, Russell	Uninsured Employer	1 day(s) jail 36 month(s) probation	$0	$0	$750
441952	De La Paz-Garrido, Esvin	Uninsured Employer	1 day(s) jail 36 month(s) probation	$0	$0	$1,000
443865	Diaz, Jesus	Uninsured Employer	1 day(s) jail 36 month(s) probation	$0	$0	$0
446409	Duran, Jose	Uninsured Employer	1 day(s) jail 36 month(s) probation	$0	$0	$0
H47895	Erb, Pam	Premium Fraud	1 day(s) jail 60 month(s) probation	$0	$0	$0
441953	Garcia-Vidriesca, Juan	Uninsured Employer	1 day(s) jail 36 month(s) probation	$0	$0	$10,000
441540	Hals, Dennis	Uninsured Employer	1 day(s) jail	$0	$0	$1,000
441703	Ho, Hai Van	Uninsured Employer	1 day(s) jail 24 month(s) probation	$0	$0	$500
441875	Javidi, Masoud	Uninsured Employer	1 day(s) jail 36 month(s) probation	$0	$0	$1,000
442410	Lira, Yolanda	Claimant Fraud	1 day(s) jail 60 month(s) probation	$0	$8,161	$0
443864	Medina-Merino, Ignacio	Uninsured Employer	1 day(s) jail 36 month(s) probation	$0	$0	$0

Alameda County (continued)

CASE NUMBER	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
443919	Milichichi, Paul	Other	1 day(s) jail 36 month(s) probation	$0	$0	$500
H52736	Nguyen, Michael	Uninsured Employer	365 day(s) jail 60 month(s) probation	$0	$1,900	$0
418951	Norwood, William	Other	1 day(s) jail 36 month(s) probation	$0	$0	$500
245496	Noske, Paul	Uninsured Employer	30 day(s) jail 36 month(s) probation	$0	$0	$0
437737	Ofahengaue, Mateaki	Uninsured Employer	60 day(s) jail 36 month(s) probation	$0	$26,500	$1,000
439164	Ojeda, Ruben	Uninsured Employer	1 day(s) jail 36 month(s) probation 40 hour(s) community service	$0	$0	$500
170394	Parks, Sandra	Claimant Fraud	30 day(s) jail 60 month(s) probation	$0	$38,831	$0
446063	Rivera Martinez, Florencio	Uninsured Employer	364 day(s) jail 60 month(s) probation	$0	$63,750	$1,000
431960	Rivera, Tomas	Uninsured Employer	1 day(s) jail 36 month(s) probation	$0	$0	$1,000
443918	Romero, Roberto	Uninsured Employer	49 day(s) jail 36 month(s) probation	$0	$0	$1,000
443514	Rotherham, Todd	Claimant Fraud	1 day(s) jail 36 month(s) probation	$0	$0	$10,000
424163	Salt, Vincent	Uninsured Employer	30 day(s) jail 36 month(s) probation	$0	$2,800	$1,500

Alameda County (continued)

CASE NUMBER	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
H52419B	Shanks, Eric	Uninsured Employer	1 day(s) jail 36 month(s) probation	$0	$112,588	$0
431959	Smith, Joseph	Uninsured Employer	1 day(s) jail 60 month(s) probation	$0	$2,202	$0
439161	Smith, Scott	Uninsured Employer	1 day(s) jail 36 month(s) probation	$0	$0	$1,000
428370	Sumisaki, Christina	Claimant Fraud	1 day(s) jail 36 month(s) probation	$0	$57,454	$0
436915	Tauatania, Siosaia	Uninsured Employer	45 day(s) jail 36 month(s) probation	$0	$5,100	$1,000
439162	To, Lee Nhon	Uninsured Employer	1 day(s) jail 36 month(s) probation	$0	$0	$1,000
438882	Tran, Thuy	Uninsured Employer	1 day(s) jail 36 month(s) probation	$0	$0	$500
557128	Villalva, Ezequiel	Claimant Fraud	6 day(s) jail 36 month(s) probation 80 hour(s) community service	$0	$10,363	$0
438800	York, Dennis	Uninsured Employer	1 day(s) jail 36 month(s) probation	$0	$0	$10,000

Amador County

CASE NUMBER	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
62-115978	Cruz, Ruben	Uninsured Employer	12 month(s) probation	$0	$0	$1,000
12CR19618	Driscoll, David	Uninsured Employer	12 month(s) probation	$0	$0	$2,690
12C15413	Jarman, Jason	Uninsured Employer	12 month(s) probation	$0	$0	$1,100

Amador County (continued)

CASE NUMBER	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
62-115021	Rozvodovskyy, Mykha	Uninsured Employer	12 month(s) probation	$0	$0	$1,000
62-112789	Slivyak, Daniel James	Claimant Fraud	12 month(s) probation	$0	$0	$2,500
62-113162	Villalpandosolorio, Usvaldo	Uninsured Employer	6 month(s) probation	$0	$0	$1,200
12C15591	Willey, David	Uninsured Employer	12 month(s) probation	$0	$0	$1,020
62-108396	Wright, Wilford Aaron	Uninsured Employer	12 month(s) probation	$0	$0	$1,000

Butte County

CASE NUMBER	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
DA1200419	Hook, Rick Clyde	Uninsured Employer	12 month(s) probation	$0	$0	$0
DA120472	Vue, Ger	Uninsured Employer	12 month(s) probation	$0	$0	$0

Contra Costa County

CASE NUMBER	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
1-158910-0	Burr, Lisa A	Claimant Fraud	36 month(s) probation 40 hour(s) community service	$0	$10,675	$335
2-312519-2	Garrod, Mary	Claimant Fraud	180 day(s) jail 36 month(s) probation	$0	$29,459	$0
1-160314-4	Li, Lisa Ye / Ni Ni Ichi Corp	Premium Fraud	120 day(s) jail 36 month(s) probation	$0	$717,698	$380

Contra Costa County (continued)

CASE NUMBER	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
1-160055-0	Nijem, Sam	Claimant Fraud	120 day(s) jail 36 month(s) probation	$0	$120,000	$240
1-143370-5	Segovia, Anthony David	Other	270 day(s) jail 60 month(s) probation	$0	$20,861	$240
1-158917-5	Segovia, Anthony David	Other	270 day(s) jail 60 month(s) probation	$0	$118,236	$240
1-160162-4	Smith, Timothy	Insider Fraud	60 day(s) jail 24 month(s) probation	$0	$12,721	$120
1-161200-1	Torres, Christina Maria	Claimant Fraud	12 month(s) probation 20 hour(s) community service	$0	$20,000	$200
1-155880-8	Wesley, Jerica	Claimant Fraud	1 day(s) jail 36 month(s) probation 200 hour(s) community service	$0	$210	$0

El Dorado County

CASE NUMBER	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
S12CRM0463	Abbey, Michael D.	Uninsured Employer	36 month(s) probation	$0	$0	$120
P12CRM1453	Barroso, Alejandro	Uninsured Employer	24 month(s) probation	$0	$0	$410
P13CRM0150	Blanco, Giovanny / Handyman, Remodeling & Repair	Uninsured Employer	24 month(s) probation	$0	$0	$827

El Dorado County (continued)

CASE NUMBER	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
P12CRM0652	Bowen, Andrew James	Uninsured Employer	12 month(s) probation	$0	$0	$967
P13CRM0147	Bowling, Robert Thomas / Bob's Handyman Service	Uninsured Employer	24 month(s) probation	$0	$0	$967
P12CRM0653	Brown, Daniel	Uninsured Employer	24 month(s) probation	$0	$0	$956
P11CRM0239	Cal, Vincent	Uninsured Employer		$0	$0	$413
P12CRM0538	Cisneros, Simon Olvera	Uninsured Employer	24 month(s) probation	$0	$0	$450
P11CRM1379	Cross, Dennis Allen / Bo's Tree Service	Other	24 month(s) probation	$0	$0	$300
P13CRM0148	Etchison, Charles	Uninsured Employer	24 month(s) probation	$0	$0	$827
P12CRM0730	Gomez, Juan Manual Lopez	Uninsured Employer	24 month(s) probation	$0	$0	$967
P12CRM1076	Gonzalez, Antonio	Uninsured Employer	2 day(s) jail 12 month(s) probation	$0	$0	$460

El Dorado County (continued)

CASE NUMBER	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
P12CRM0991	Hennick, Larry	Uninsured Employer		$0	$0	$0
P11CRM1420	Lara, Joseph Billy / Joe's Handyman Service	Other	6 month(s) probation	$0	$0	$180
P12CRM0480	Longacre, Philip Patrick	Uninsured Employer	6 month(s) probation	$0	$0	$0
P13CRM0129	Martinez, Julian Robert / Perfect Concrete Work	Uninsured Employer	24 month(s) probation	$0	$0	$827
S12CRM0545	Martinez-Munoz, Juan Carlos	Uninsured Employer	24 month(s) probation	$0	$0	$719
P12CRM0780	Mckeen, Michael Steven	Uninsured Employer	36 month(s) probation	$0	$0	$976
P11CRM0561	Nelson, Donald / Don's Handi-Work	Uninsured Employer		$0	$0	$0
P12CRM1111	Niermeyer, Matthew	Uninsured Employer		$0	$0	$847
P13CRM0212	Ortega, Justin / Ace Handyman	Uninsured Employer	24 month(s) probation	$0	$0	$827
P12CRF0017	Quick, Douglas Wayne	Uninsured Employer	60 day(s) jail 36 month(s) probation	$0	$0	$120
P12M0645-1	Raleigh, Robert	Uninsured Employer	36 month(s) probation	$0	$0	$780
P13CRM0154	Robles-Quezada, Julio Cesar / Robles Handyman	Uninsured Employer	24 month(s) probation	$0	$0	$827

El Dorado County (continued)

CASE NUMBER	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
P12M0645-2	Rockman, Jacqueline	Uninsured Employer	24 month(s) probation	$0	$0	$780
12-05-2872	Saites, John Thomas	Uninsured Employer	36 month(s) probation	$0	$0	$120
S12CRM0548	Sanchez-Ruelas, Alonzo	Uninsured Employer		$0	$0	$500
P13CRM0153	Schoepflin, Phillip Joseph / Big Phil's Handyman	Uninsured Employer	24 month(s) probation	$0	$0	$827
P12CRM0644	Segura, Oscar Rojas	Uninsured Employer	36 month(s) probation	$0	$0	$310
S12CRM0546	Trocoli, John Mike	Uninsured Employer	36 month(s) probation	$0	$0	$1,900
P13CRM0155	Young, Louis Charles / Louis Young Handyman Service	Uninsured Employer	36 month(s) probation	$0	$0	$827

Fresno County

CASE NUMBER	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
13-5806	Acajabon, Jorge Mario	Other	12 month(s) probation	$0	$500	$0
13-11526	Almanza, Luis Sandoval	Uninsured Employer	12 month(s) probation	$0	$1,500	$0
13-11504	Anderson, Dennis Lee	Other	12 month(s) probation	$0	$500	$0

Fresno County (continued)

CASE NUMBER	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
13-11514	Arreola, Esgar Yeraldo	Other	12 month(s) probation	$0	$500	$0
12-31730	Barbarian, Yeprem	Uninsured Employer	6 month(s) probation	$0	$1,000	$0
13-06098	Barsness, Hans Vincent	Uninsured Employer	6 month(s) probation	$0	$250	$0
09-42508	Campbell, James Lawrence	Uninsured Employer	24 month(s) probation	$0	$500	$0
12-03168	Campbell, James Lawrence	Uninsured Employer	12 month(s) probation	$0	$1,000	$0
11-06311	Carbajal, Jason	Other	12 month(s) probation	$0	$250	$0
11-31961	Castaneda, Rogelio	Claimant Fraud	1 day(s) jail 48 month(s) probation	$0	$3,000	$0
12-24440	Chavez, Damian Tomas	Uninsured Employer	12 month(s) probation	$0	$1,500	$0
07-7926	Chevoya, Mary	Premium Fraud		$0	$0	$0
13-11549	Comegys, Matthew James	Uninsured Employer	12 month(s) probation	$0	$1,500	$0
12-25574	Corona, Augustina	Other	12 month(s) probation	$0	$1,000	$150
12-02367	Dodd Sr., Billy Gene	Uninsured Employer		$0	$10,000	$0
13-11461	Dueck, Michael Brian	Uninsured Employer	12 month(s) probation	$0	$1,000	$0
13-259	Enriquez, Martin	Other	12 month(s) probation	$0	$2,000	$0
12-38205	Figueroa, Osiel Alvarez	Uninsured Employer	12 month(s) probation	$0	$1,500	$0
11-19205	Francisco, DeLaTorre	Other	24 month(s) probation	$0	$5,000	$0
13-6085	Friend, James Louis	Uninsured Employer	12 month(s) probation	$0	$1,500	$0

Fresno County (continued)

CASE NUMBER	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
11-29527	Garcia, Adan	Insider Fraud	90 day(s) jail 60 month(s) probation	$0	$57,500	$630
12-23361	Garcia, Jose Olivo Ortiz	Other	1 day(s) jail 12 month(s) probation 40 hour(s) community service	$0	$1,000	$0
13-11491	Garcia, Mario	Uninsured Employer	12 month(s) probation	$0	$1,500	$0
12-23371	Garcia, Robert Jason	Other	12 month(s) probation	$0	$1,500	$0
12-27179	Gomez, David	Uninsured Employer	12 month(s) probation	$0	$2,500	$0
13-11517	Gonzales, Russell	Other	12 month(s) probation	$0	$500	$0
12-19936	Gonzalez, Clemente	Other	12 month(s) probation	$0	$250	$0
13-6926	Hernandez, Gerardo	Uninsured Employer	12 month(s) probation	$0	$500	$0
12-10203	Hernandez, Ted Balderrama	Other	12 month(s) probation	$0	$500	$75
07-07926	Ipsen, Barbara	Premium Fraud	24 month(s) probation	$0	$0	$110
12-10203	Johnston, Andrew James	Other	12 month(s) probation	$0	$500	$75
12-19944	Klatt, Michael M.	Other	12 month(s) probation	$0	$500	$0
13-06098	Lasher, Douglas Alan	Uninsured Employer	6 month(s) probation	$0	$250	$0
11-32123	Leon, Heather	Uninsured Employer	180 day(s) jail 48 month(s) probation	$0	$4,000	$0
07-07926	Maggini, Melvin	Premium Fraud		$0	$244,513	$0
13-11546	Martinez, Roberto	Uninsured Employer	12 month(s) probation	$0	$1,500	$0
12-19452	Mendoza, Danny David	Uninsured Employer	12 month(s) probation	$0	$1,500	$75
13-11552	Moser, Terry	Other	12 month(s) probation	$0	$500	$0

Fresno County (continued)

CASE NUMBER	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
10-42925	Mott, Jeffrey	Premium Fraud	24 month(s) probation 80 hour(s) community service	$0	$40,680	$0
11-28010	Nathan, Schaldach	Claimant Fraud	24 month(s) probation 100 hour(s) community service	$0	$16,820	$75
07-07926	Newsome, Annette	Premium Fraud	24 month(s) probation	$0	$0	$110
12-23632	Ochoa, Pedro	Uninsured Employer	12 month(s) probation	$0	$500	$0
13-5806	Ordonez, Julio Francisco	Other	12 month(s) probation	$0	$500	$0
13-11468	Pacas, Jose Amilcar Rivas	Uninsured Employer	12 month(s) probation	$0	$1,000	$0
12-10483	Perez, Roberto Antonio	Other	12 month(s) probation	$0	$500	$0
12-03142	Porras, Armando Fernando	Uninsured Employer	12 month(s) probation	$0	$1,500	$0
13-16623	Ramos, Francisco	Uninsured Employer	12 month(s) probation	$0	$1,500	$0
13-11564	Riojas, Robert	Other	12 month(s) probation	$0	$500	$0
12-19936	Roman, Ramon	Other	12 month(s) probation	$0	$250	$0
12-10477	Sanchez, Cesar Perea	Uninsured Employer	12 month(s) probation	$0	$500	$0
12-13751	Sanchez, Sergio Robledo	Claimant Fraud	30 day(s) jail 24 month(s) probation	$0	$2,598	$240
12-17997	Santos, Leon Joseph	Uninsured Employer	5 day(s) jail 24 month(s) probation	$0	$1,346	$0
10-16090	Schmitz, Kenneth Boyd	Other	6 month(s) probation	$0	$250	$0
11-28891	Silva, Jose Juan	Other	12 month(s) probation	$0	$500	$0
13-11558	Smith, Gregory Leonard	Other	12 month(s) probation	$0	$500	$0
12-17508	Soto, Rafael	Uninsured Employer	12 month(s) probation	$0	$1,500	$0
13-11552	Stancato, Larry Joseph	Other	12 month(s) probation	$0	$500	$0

Fresno County (continued)

CASE NUMBER	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
12-15901	Vasquez, Rogelio M.	Claimant Fraud	1 day(s) jail 60 month(s) probation	$0	$0	$600
13-11555	Velazquez, Carlos	Uninsured Employer	12 month(s) probation	$0	$1,000	$0
12-23384	Williams, Arval DeWayne	Other	12 month(s) probation	$0	$500	$0
12-23501	Wilson, Charles Brent	Uninsured Employer	12 month(s) probation	$0	$2,000	$0
13-06097	Ybarra, Phillip Frank	Uninsured Employer	6 month(s) probation	$0	$250	$0
12-18163	Zambrano, Martin Tovar	Claimant Fraud	1 day(s) jail 24 month(s) probation	$0	$2,240	$100
12-17495	Zuniga-Loza, Jesus Alejandro	Uninsured Employer	12 month(s) probation	$0	$1,500	$0

Humboldt County

CASE NUMBER	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
CR1204700	Howard, John / Lawn Service	Uninsured Employer		$0	$0	$0
DA12-0235	Weltsch, Jonathan	Uninsured Employer		$0	$0	$0

Imperial County

CASE NUMBER	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
ECM37078	Bergh, Dennis	Uninsured Employer	12 month(s) probation	$0	$0	$190
JCF30096	Horton, Claudia	Insider Fraud		$0	$0	$0

Imperial County (continued)

CASE NUMBER	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
JCF26439	Lewis, David	Claimant Fraud	15 day(s) jail 30 month(s) probation 150 hour(s) community service	$0	$91,434	$0
JCF28245	Lewis, David	Claimant Fraud	15 day(s) jail 30 month(s) probation 150 hour(s) community service	$0	$54,470	$0
JCF30096	Mascareno, Luis	Insider Fraud		$0	$0	$0
JCF28517-8	Nava, Jaime	Premium Fraud	36 month(s) probation	$0	$368,827	$0

Kern County

CASE NUMBER	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
BM821618A	Acuna, Sinmas Soberanis	Uninsured Employer	36 month(s) probation	$0	$0	$500
BF141774A	Amezcua, Jesus Ernesto	Claimant Fraud	113 day(s) jail 36 month(s) probation	$0	$14,383	$525
BM814882A	Argueta, Pedro	Uninsured Employer	2 day(s) jail	$0	$0	$500
BM803881A	Arroyo, Juan	Uninsured Employer	48 month(s) probation	$0	$0	$1,000
BM809556A	Beckman, Michael John Shay	Uninsured Employer	36 month(s) probation 500 hour(s) community service	$0	$0	$0
BM817849A	Benitez, Salvador DeLaRosa	Uninsured Employer		$0	$0	$0
BM810138A	Bocardo, Samuel Garcia	Uninsured Employer	36 month(s) probation	$0	$0	$5,000
BF132622A	Buffington, Jerry / Safehome	Premium Fraud	365 day(s) jail	$0	$600,000	$0

Kern County (continued)

CASE NUMBER	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
BM803830A	Cazares, Edgardo Gabriel	Uninsured Employer	30 day(s) jail 36 month(s) probation	$0	$0	$2,000
BM800350A	Cho, Kenny	Uninsured Employer	48 month(s) probation	$0	$0	$70
BM809557A	Cottle, Mark Erwin	Uninsured Employer	36 month(s) probation 100 hour(s) community service	$0	$0	$0
DF010739A	Cruse, Christopher	Claimant Fraud	36 month(s) probation	$0	$0	$530
BM809567A	Del Villar, Fredy	Uninsured Employer	36 month(s) probation	$0	$0	$10,000
BM786828A	DelVillar, Mario Acebedo	Uninsured Employer	36 month(s) probation	$0	$0	$9,500
BM802315A	Dhesi, Hardeep Singh	Uninsured Employer	36 month(s) probation	$0	$0	$1,500
BM814884A	Dominquez, Jose Mora	Uninsured Employer	36 month(s) probation	$0	$0	$0
BF140131A	Dunlap, Seth	Claimant Fraud	36 month(s) probation	$0	$7,201	$235
BM809555A	Espinoza, Jose Esteban	Uninsured Employer	36 month(s) probation 300 hour(s) community service	$0	$0	$0
BM794892A	Glass, James Owen	Uninsured Employer	48 month(s) probation	$0	$0	$500
BM802319A	Gonzales Jr., Jesus	Uninsured Employer	36 month(s) probation	$0	$0	$500
BM795883A	Gonzales, Victor Hugo	Uninsured Employer	48 month(s) probation	$0	$0	$10,000
BM810582A	Gonzalez, Guillermo Robles	Uninsured Employer	48 month(s) probation	$0	$0	$235
BM809562A	Green, John Orville	Uninsured Employer	36 month(s) probation 500 hour(s) community service	$0	$0	$0

Kern County (continued)

CASE NUMBER	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
BM812788A	Harris, Donald Ray	Uninsured Employer	36 month(s) probation 200 hour(s) community service	$0	$0	$500
BF136867A	Havins, Carolyn	Claimant Fraud	24 day(s) jail 36 month(s) probation	$0	$69,357	$0
BM813362A	Horn, Stuart Clifford	Uninsured Employer	36 month(s) probation 40 hour(s) community service	$0	$0	$0
BM810141A	Hosking, David Edward	Other	5 day(s) jail 36 month(s) probation	$0	$0	$940
BM809559A	Kantin, Thomas James	Uninsured Employer	36 month(s) probation	$0	$0	$1,000
BM814881A	Ladinos, Felix Guerrero	Uninsured Employer	36 month(s) probation	$0	$0	$500
BM800887A	Martinez, Porfirio Calixto	Uninsured Employer	36 month(s) probation	$0	$0	$0
BM810135A	Miller, Troy Dean	Other	36 month(s) probation	$0	$0	$500
BM769236A	Ornelas, Raul Bravo	Other	11 day(s) jail 36 month(s) probation	$0	$0	$1,000
BM809566A	Pierucci, Wiliam Frank	Uninsured Employer	36 month(s) probation 100 hour(s) community service	$0	$0	$0
BF132622B	Russell, Cynthia / Safehome	Premium Fraud	400 hour(s) community service	$0	$0	$0
BM809558A	Snowden, Michael Ernest	Uninsured Employer	36 month(s) probation 100 hour(s) community service	$0	$0	$0
BM801093A	Sobalvarro, Carlos Joe	Uninsured Employer	60 month(s) probation	$0	$0	$10,000
BF148000A	Sotelo-Leon, Roberto	Premium Fraud	36 month(s) probation	$0	$0	$0

Kern County (continued)

CASE NUMBER	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
BM803834A	Spharler, Edgar Wayne	Uninsured Employer	48 month(s) probation	$0	$0	$1,000
BM810136A	Vela, Trinidad Benitez	Other	36 month(s) probation	$0	$0	$3,000
BM810600A	Villaspir, Felix Alonzo	Uninsured Employer	36 month(s) probation	$0	$0	$1,000

Kings County

CASE NUMBER	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
M-13-1224	Alcala, Ruperto	Claimant Fraud	36 month(s) probation 80 hour(s) community service	$0	$0	$520
M-13-1097	Bonilla, Jose	Claimant Fraud	36 month(s) probation 120 hour(s) community service	$0	$0	$520
M-12-5000	Caetano, Joshua	Claimant Fraud	36 month(s) probation	$0	$0	$380
M-13-66	Campos, Joe	Claimant Fraud	36 month(s) probation	$0	$0	$380
M-12-4998	Castellanos, Avelino	Claimant Fraud	36 month(s) probation 80 hour(s) community service	$0	$0	$380
F-10-4622	Franco, Frederick	Claimant Fraud	36 month(s) probation	$0	$40,035	$480
M-13-1851	Gomez, Raul	Claimant Fraud	36 month(s) probation 80 hour(s) community service	$0	$0	$520
M-13-1080	Johnson, Gerald	Claimant Fraud	36 month(s) probation 20 hour(s) community service	$0	$0	$520
M-12-4999	Lopez, Francisco	Claimant Fraud	36 month(s) probation 80 hour(s) community service	$0	$0	$520
M-13-1223	Perez-Hernandez Jr., David	Claimant Fraud	36 month(s) probation 20 hour(s) community service	$0	$0	$520
M-13-1097	Quesada, Michael	Claimant Fraud	36 month(s) probation 80 hour(s) community service	$0	$0	$520

Kings County (continued)

CASE NUMBER	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
F-12-1433	Ramirez, Andrew	Claimant Fraud	36 month(s) probation	$0	$49,084	$760
M-12-5001	Rodarte, David	Claimant Fraud	36 month(s) probation	$0	$0	$380
M-12-5000	Torres, Jordan	Claimant Fraud	36 month(s) probation	$0	$0	$380
M-13-1081	Wilkinson, James	Claimant Fraud	36 month(s) probation 80 hour(s) community service	$0	$0	$520
M-12-4988	Wright, Bradley	Claimant Fraud	36 month(s) probation	$0	$0	$380

Lake County

CASE NUMBER	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
CR926674	Heckard, Kimberlee Ann	Claimant Fraud	1 day(s) jail 36 month(s) probation	$0	$2,000	$625
CR926541	Whitaker, Brett	Claimant Fraud	36 month(s) probation	$0	$6,477	$450

Los Angeles County

CASE NUMBER	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
2EA01809	Alas, Susana Cordero / Alas Recycling	Uninsured Employer	24 month(s) probation	$0	$0	$4,000
BA395340	Algee, Christina M	Claimant Fraud	24 month(s) probation	$0	$10,000	$0
3JB00986	Almazan, Agustin / Almazan Bakery	Uninsured Employer	24 month(s) probation	$0	$0	$4,000
2FF02593	Alqaza, Alaa Ali	Uninsured Employer	24 month(s) probation	$0	$0	$4,000
1WW05462	Alvarez-Garcia, Jose Luis	Uninsured Employer	24 month(s) probation	$0	$0	$4,000

Los Angeles County (continued)

CASE NUMBER	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
3BF01365	Andrade, Jose	Uninsured Employer	24 month(s) probation	$0	$0	$1,000
BA391456	Artavia, Victor Hugo	Premium Fraud	1 day(s) jail 36 month(s) probation	$0	$34,350	$200
BA404134	Avalos, Luis Manuel	Premium Fraud	36 month(s) probation	$0	$88,000	$0
3CP00659	Avila, Margarita / Birriera Guadalajara	Uninsured Employer	24 month(s) probation	$0	$0	$4,000
3PK00042	Baeg, Tae Jong	Uninsured Employer	24 month(s) probation 100 hour(s) community service	$0	$1,200	$4,000
2WW01423	Baez, Henry	Uninsured Employer	24 month(s) probation	$0	$0	$4,000
3BF00729	Bedolla-Quintana, Javier	Uninsured Employer	24 month(s) probation	$0	$0	$4,000
BA402382	Berger, Robert	Premium Fraud	36 month(s) probation	$0	$3,398	$0
3RI00317	Boyjaian, Garabet	Uninsured Employer	24 month(s) probation	$0	$0	$4,000
2R104213	Breners, Eizaac Arrelo / B1 Bicycle Shop	Uninsured Employer		$0	$0	$4,000
BA388672	Brown, Mia	Claimant Fraud	8 day(s) jail 24 month(s) probation	$0	$8,935	$100
BA405032	Buchukova, Maria / USA Relocation Moving	Premium Fraud	1 day(s) jail 60 month(s) probation 200 hour(s) community service	$0	$47,472	$280
3BF00869	Carillo, Noel Acuna / N&V Carbuetors Inc.	Uninsured Employer	24 month(s) probation	$0	$0	$4,000

Los Angeles County (continued)

CASE NUMBER	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
3BF01001	Carlson, Alan George / Carlson's Upholstery	Uninsured Employer	24 month(s) probation	$0	$0	$4,000
3BF00728	Castellanos, Maria	Uninsured Employer	24 month(s) probation	$0	$0	$4,000
3EA01010	Castillo, Carlos Juan	Uninsured Employer		$0	$0	$4,000
BA403485	Caudle, Carol	Claimant Fraud	36 month(s) probation	$0	$115,424	$240
BA403409	Cedillo-Heredia, Martha	Claimant Fraud	36 month(s) probation 20 hour(s) community service	$0	$44,562	$0
3CP00658	Celio, Sabas / Las Zapotecas Restaurant	Uninsured Employer	24 month(s) probation	$0	$0	$4,000
BA395901	Centeno, Concepcion	Claimant Fraud	1 day(s) jail 24 month(s) probation 40 hour(s) community service	$0	$2,180	$120
BA399993	Cericos, Sol Miciano	Claimant Fraud	1 day(s) jail 60 month(s) probation 200 hour(s) community service	$0	$33,895	$200
2WW00141	Cerritos Jr, Mario / El Molinito Restaurant	Uninsured Employer	24 month(s) probation	$0	$0	$4,000
3R100420	Chiang, Su / A & R Auto Repair	Claimant Fraud		$0	$0	$4,000
2WW00138	Chicas, Maricruz / Fruiti Bionicos	Uninsured Employer		$0	$0	$4,000
3CP01049	Chun, Inkwan / Maximum Air	Uninsured Employer	24 month(s) probation	$0	$0	$4,000

Los Angeles County (continued)

CASE NUMBER	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
2PS92153	Chustz, Edward Gene / ECM Contractors	Uninsured Employer		$0	$0	$4,000
BA406104	Cooley, Flor	Claimant Fraud	36 month(s) probation 15 hour(s) community service	$0	$7,000	$240
2FF02505	Cortes-Torres, Araceli	Uninsured Employer		$0	$0	$4,000
3RI00187	Cortez, Javier / San Fernando Wheels And Tires	Uninsured Employer	24 month(s) probation	$0	$0	$4,000
2RI04211	Cue, Rafael	Uninsured Employer	24 month(s) probation	$0	$0	$4,000
BA395317	Davis, Raphael E	Claimant Fraud	1 day(s) jail 36 month(s) probation 200 hour(s) community service	$0	$30,000	$0
3RI00505	Delacruz, Ernesto / Delacruz Transmission	Uninsured Employer	24 month(s) probation	$0	$0	$4,000
2WW01292	Diaz, Sebastian / Mi Patria Restaurant	Uninsured Employer	24 month(s) probation	$0	$0	$4,000
BA395848	Emmanuel, Depaz	Claimant Fraud	1 day(s) jail 24 month(s) probation 50 hour(s) community service	$0	$3,000	$50
BA400795	Erick Aguilar	Claimant Fraud	1 day(s) jail 60 month(s) probation 240 hour(s) community service	$0	$7,746	$200
2FF02670	Escribens, Darling	Uninsured Employer	24 month(s) probation	$0	$0	$4,000

Los Angeles County (continued)

CASE NUMBER	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
BA399561	Farrington, Danielle	Claimant Fraud	24 month(s) probation	$0	$1,400	$0
BA395810	Favela-Avila, Jose Abel	Claimant Fraud	1 day(s) jail 24 month(s) probation 100 hour(s) community service	$0	$2,681	$50
2RI04215	Fuentes, Claudio Rogerio / Union Auto Sales	Other	24 month(s) probation	$0	$0	$4,000
3RI00422	Garcia, Armando Oscar / Milliondollar Auto Collision	Uninsured Employer	24 month(s) probation	$0	$0	$4,000
1WW05463	Garcia, Francisco Javier / Kiko's Mexican Grill	Other	1 day(s) jail 24 month(s) probation	$0	$0	$4,000
3CP00545	Garcia, Jesus Colin / G Motorsports	Uninsured Employer	24 month(s) probation	$0	$0	$4,000
3RI00426	Garza, Ralph / Garza Auto Upholstery	Uninsured Employer	24 month(s) probation	$0	$0	$4,000
2FF02603	Ghaemmaghami, Farhad / Chic Wear	Uninsured Employer	24 month(s) probation	$0	$0	$4,000
2RI04207	Gonzalez, Guarocuva / El Cambio Auto Sales	Uninsured Employer	24 month(s) probation	$0	$0	$4,000
BA408474	Gonzalez, Hilarian	Claimant Fraud	24 month(s) probation 80 hour(s) community service	$0	$0	$190
2EA01088	Grigorian, Joulieta / Gigorian Chiropractic Inc	Uninsured Employer	12 month(s) probation	$0	$0	$4,000

Los Angeles County (continued)

CASE NUMBER	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
3CP00544	Gustavo, Pablo / Elegante Cleaners	Uninsured Employer	24 month(s) probation	$0	$0	$4,000
3RI00319	Gutierrez, Revnaldo Antonio / Rays Test Only	Uninsured Employer	24 month(s) probation	$0	$0	$4,000
3RI00428	Gutierrez, Sergio / Jain-Sin Auto Glass	Uninsured Employer	24 month(s) probation	$0	$0	$4,000
2EA01491	Hagopian, Denise Manookian / Heavenly Choice	Uninsured Employer	24 month(s) probation	$0	$0	$4,000
BA393245	Haug, Bruno / Am-Swiss Elderly Care	Premium Fraud	24 month(s) probation 125 hour(s) community service	$0	$73,000	$100
2FF02671	Hernandez Jr, Roberto	Uninsured Employer	24 month(s) probation	$0	$0	$4,000
2EA01127	Hernandez, Eduardo / Fruitland Fruits & Desserts	Uninsured Employer	1 day(s) jail 36 month(s) probation	$0	$0	$4,000
1EA09841	Hernandez, Rudi M / Mini Market	Uninsured Employer		$0	$0	$4,000
3RI00358	Ho, Wendy / Texas Use Tax Permit	Uninsured Employer		$0	$0	$4,000
BA401714	Holguin, Timothy	Claimant Fraud	1 day(s) jail 36 month(s) probation 100 hour(s) community service	$0	$19,469	$0
BA409253	Houdeshell, Brien	Claimant Fraud	36 month(s) probation 200 hour(s) community service	$0	$31,328	$240
3R100421	Isaias Garcia / Valley Auto Electric	Other	24 month(s) probation	$0	$0	$4,000
3R100425	Jara, Carlos / C & R Auto Body	Uninsured Employer	24 month(s) probation	$0	$0	$4,000
BA380564	Johnson, Gina	Claimant Fraud	8 day(s) jail 60 month(s) probation	$0	$1,000	$0

Los Angeles County (continued)

CASE NUMBER	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
BA355163	Karawia, Ousama Wafaa	Premium Fraud	240 day(s) jail 60 month(s) probation	$0	$0	$480
3GN00619	Kasparian, Baghassar / The Muffler Shop	Uninsured Employer	24 month(s) probation	$0	$0	$4,000
BA382570	Kennedy Iii, Emmettt Timothy / WWC Window Cleaning	Premium Fraud		$0	$321,351	$0
2EA01493	Kim, Dong Hyun / Cuby Rock	Uninsured Employer	24 month(s) probation	$0	$0	$4,000
3BF01153	Kim, Hyon / One Stop Auto Repair	Uninsured Employer		$0	$0	$190
3PK00213	Kim, Jeffrey Seung	Uninsured Employer	24 month(s) probation	$0	$0	$4,000
3CP00541	Kim, Sun Hui / Pro Image Photo	Uninsured Employer		$0	$0	$3,000
3BF01036	Kim, Yong Sang / Olympic Transmission	Uninsured Employer	24 month(s) probation	$0	$0	$4,000
3JB01685	Koh, Seung Hwan / Cap & Cork Liquor	Uninsured Employer	24 month(s) probation	$0	$0	$4,000
2EA01492	Koo, Yoon M / Crown Cleaners	Uninsured Employer	24 month(s) probation	$0	$0	$4,000
BA393245	Kramer, Victoria / Am-Swiss Eldrly Care	Premium Fraud	60 month(s) probation 250 hour(s) community service	$0	$73,000	$0
3JB02070	Lao, Alvin / U.S. Donuts	Uninsured Employer	24 month(s) probation	$0	$0	$4,000
3BF01397	Lee, Hae Jung	Uninsured Employer	24 month(s) probation	$0	$0	$4,000
3CP00543	Lee, Hyung Jin / Ace Auto Service	Uninsured Employer		$0	$0	$4,000
2r104216	Lemus, Demetrio Escobar / MG Cycle Center	Uninsured Employer	24 month(s) probation	$0	$0	$4,000

Los Angeles County (continued)

CASE NUMBER	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
1RI04912	Lopez, Blanca Leticia / 99 Cent Luna Discount	Uninsured Employer		$0	$0	$4,000
1WW05668	Luna, Jose Jorge / El Rey Bakery	Uninsured Employer	24 month(s) probation	$0	$0	$4,000
BA389647	Martinez, Jessie Sandoval / Vision Construction	Premium Fraud	24 month(s) probation	$0	$15,000	$120
BA300571	Martinez, Juan	Claimant Fraud	36 month(s) probation 400 hour(s) community service	$0	$21,699	$0
3JB01296	Martinez, Matilde / Toluca Mexican Food	Uninsured Employer		$0	$0	$4,000
BA369846	Mathews, Odell	Claimant Fraud	60 day(s) jail 36 month(s) probation	$0	$2,447	$280
3r100424	Medina, Maria Refugio / Medina's Tires	Uninsured Employer	24 month(s) probation	$0	$0	$4,000
BA377828	Medrano, Richard	Claimant Fraud	1 day(s) jail 60 month(s) probation 200 hour(s) community service	$0	$65,909	$240
BA408785	Mejia, Ramona	Claimant Fraud	3 day(s) jail 60 month(s) probation 50 hour(s) community service	$0	$39,426	$280
3BF01152	Mendoza, Rigoberto / Gm Specialist	Uninsured Employer	24 month(s) probation	$0	$0	$4,000
BA395187	Minor, Raul	Claimant Fraud	1 day(s) jail 24 month(s) probation	$0	$2,580	$0
BA391814	Moghaddam, Ben	Premium Fraud	1 day(s) jail 24 month(s) probation 40 hour(s) community service	$0	$5,816	$0
3JB01684	Molina, Maria Susana	Uninsured Employer		$0	$0	$4,000
3BJ01684	Montero, Antonio / Montero's Auto Service	Uninsured Employer	24 month(s) probation	$0	$0	$4,000

Los Angeles County (continued)

CASE NUMBER	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
3RI00188	Mora, Juan Manuel / Mora's Auto	Uninsured Employer		$0	$0	$4,000
2RI04209	Moran, Clemente / Moon Auto Sales	Uninsured Employer	24 month(s) probation	$0	$0	$4,000
3CP00470	Moran, Jorge Antonio / Flas Cabinetry Hardware	Uninsured Employer	24 month(s) probation	$0	$0	$4,000
2ff02482	Mota, Francisco Javier / El Rey Restaurant	Uninsured Employer		$0	$0	$4,000
2RI04094	Murillo, David Cerpa / Taqueria Azteca	Uninsured Employer	24 month(s) probation	$0	$0	$4,000
BA374373	Myers, Lynette M / Entertainment Partners	Claimant Fraud	60 month(s) probation	$0	$80,000	$0
BA394696	Navarro, Santiago	Claimant Fraud	24 month(s) probation 60 hour(s) community service	$0	$1,359	$50
BA393035	Nelson, Tamika	Claimant Fraud	60 month(s) probation 50 hour(s) community service	$0	$8,000	$0
3BF00726	Nguyen, Thinh Tien / Pho Mely Restaurant	Uninsured Employer	24 month(s) probation	$0	$0	$4,000
3BF00869	Noel, Carrillo Acuna / N & V Carburetors, Inc.	Uninsured Employer	24 month(s) probation	$0	$0	$4,000
3RI00330	Ojeda, Laura Beltran / Design Auto Body	Uninsured Employer		$0	$0	$4,000
3BF00896	Park, Su Young / Olympic Body And Paint Shop	Uninsured Employer		$0	$0	$0
2NW01020	Parma, Parker Johnn / Parker Parma	Uninsured Employer	24 month(s) probation	$0	$0	$4,000
2ff02483	Pelayo, Jorge	Uninsured Employer		$0	$0	$4,000
2RI04210	Perez, Rodolfo / El Monte Auto Sales	Uninsured Employer	24 month(s) probation	$0	$0	$2,000
3RI00488	Quach, Larry / ABC Axle	Uninsured Employer		$0	$0	$4,000

Los Angeles County (continued)

CASE NUMBER	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
3BF00729	Quintana, Javier Bedolla / Eternity Carpet	Uninsured Employer	24 month(s) probation	$0	$0	$4,000
3RI00958	Ramirez, Jose / R Auto Electric 7 Auto Service	Uninsured Employer		$0	$0	$4,000
3BF01155	Ramirez, Manuel / Manny's Tire	Claimant Fraud	24 month(s) probation	$0	$0	$4,000
1WW05461	Raygoza, Valeriano / El Ranchero Restaurant	Uninsured Employer	24 month(s) probation	$0	$0	$4,000
BA383130	Remsen, Brian	Claimant Fraud	2 day(s) jail 36 month(s) probation 200 hour(s) community service	$0	$40,000	$170
BA404270	Rigno, Mario	Claimant Fraud	2 day(s) jail 24 month(s) probation	$0	$0	$0
3BF00870	Robles, Saul	Uninsured Employer		$0	$0	$4,000
3RI00329	Romero, Israel Alvarez	Uninsured Employer	24 month(s) probation	$0	$0	$4,000
3PK00212	Ruelas, Francisco Vigil	Uninsured Employer		$0	$0	$4,000
3R100185	Salinas, Guadalupe / Salinas Tires	Uninsured Employer	24 month(s) probation	$0	$0	$4,000
BA395333	Santiago, Julio	Claimant Fraud	2 day(s) jail 24 month(s) probation 119 hour(s) community service	$0	$10,611	$0
2WW01293	Sheehan, Anne Marie / Gardens Restaurant Bar	Uninsured Employer		$0	$0	$2,000
3RI00423	Sierra, Luis / Casino Auto Sales	Uninsured Employer	24 month(s) probation	$0	$0	$4,000
2FF02649	Simental, Manuel De Jesus	Uninsured Employer		$0	$0	$4,000

Los Angeles County (continued)

CASE NUMBER	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
BA399902	Singh, Harbinder / Ron's Mini Mart & Gas, Inc.	Premium Fraud	12 month(s) probation	$0	$6,000	$0
3JB01983	Soni, Jaspal / Appy's Discount Auto Parts	Uninsured Employer		$0	$0	$0
3FF00144	Stella, Blanca / Reliable Court Services	Uninsured Employer		$0	$0	$1,000
3RI00418	Su, Danny / California Collision	Uninsured Employer	24 month(s) probation	$0	$0	$4,000
2RI104320	Sunny, Park / Familia Market	Uninsured Employer	24 month(s) probation	$0	$0	$4,000
2WW01296	Tieu, Then / Olympic Donuts	Uninsured Employer	24 month(s) probation	$0	$0	$4,000
BA405169	Torkian, Siamak / Torkian Construction	Premium Fraud	1 day(s) jail 24 month(s) probation	$0	$13,365	$120
2FF02505	Torres, Araceli Cortes / Guadalajara Bionicos	Claimant Fraud	24 month(s) probation	$0	$0	$4,000
BA402549	Tuliau, George	Claimant Fraud	1 day(s) jail 60 month(s) probation 45 hour(s) community service	$0	$9,986	$240
BA393528	Vargas, Rogelio Jonathan	Claimant Fraud	24 month(s) probation 40 hour(s) community service	$0	$17,878	$100
3RI00184	Vasquez, Guadalupe / Derfee's Head & Auto Repair	Uninsured Employer	24 month(s) probation	$0	$0	$4,000
2WW00142	Vasquez, Ruben / Mr. Pepe's #2	Uninsured Employer	24 month(s) probation	$0	$0	$4,000
BA394424	Vassilev, Emil / Van Elk, Ltd.	Premium Fraud	36 month(s) probation 200 hour(s) community service	$0	$46,000	$0
2R104246	Villasenor, Maria / Snot Valley Shells	Uninsured Employer	24 month(s) probation	$0	$0	$4,000

Los Angeles County (continued)

CASE NUMBER	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
BA409264	Vonnegut, Matthew	Claimant Fraud	1 day(s) jail 12 month(s) probation 200 hour(s) community service	$0	$33,888	$0
BA401696	Watson, Angela Jane	Claimant Fraud	15 day(s) jail 60 month(s) probation 100 hour(s) community service	$0	$20,000	$0
BA408985	Yanez, Jaime Alfredo / Safekeep Insurance	Insider Fraud	180 day(s) jail 36 month(s) probation	$0	$18,762	$280
2FF02484	Zaki, Samuel Micheal / George Dental	Uninsured Employer	24 month(s) probation	$0	$0	$4,000
3RI00321	Zamudio, Gabriel Paneda / Rush Tires	Uninsured Employer		$0	$0	$4,000
BA399856	Zepeda, Luz Maria	Claimant Fraud	50 hour(s) community service	$0	$0	$0

Marin County

CASE NUMBER	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
SC180743	Liu, Chanel Min / Tsukiji Sushi / RCL 88 Investments, Inc.	Uninsured Employer	15 day(s) jail 36 month(s) probation 100 hour(s) community service	$0	$165,239	$1,210
246182	Lui, Roy / Tsukiji Sushi / RCL88 Investments, Inc	Uninsured Employer	15 day(s) jail 36 month(s) probation 100 hour(s) community service	$0	$165,239	$10,210

Merced County

CRM021394	Avery, Ronnie Leonard	Uninsured Employer	60 month(s) probation	$0	$0	$10,000
CRM019840	Avina, Jaime Aguilar	Uninsured Employer		$0	$0	$0
CRM022991	Rodriguez, Mauro A.	Claimant Fraud		$0	$0	$190
CRM022340	Torres, Salvador	Uninsured Employer		$0	$0	$0
CRM022147	Van Zile, Brittany	Claimant Fraud		$0	$0	$0

Monterey County

CASE NUMBER	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
WCF12-0086	Gonzalez, Jose	Claimant Fraud	40 day(s) jail 36 month(s) probation	$0	$0	$25,070
WCF10-0005	McCallum, Kevin / SUDZ	Uninsured Employer	401 day(s) jail 36 month(s) probation	$0	$1,551	$20,620
WCF10-0055	McCallum, Lonnietta / SUDZ	Uninsured Employer	40 day(s) jail	$0	$1,551	$10,380
WCF13-0007	Munoz, Secundino	Claimant Fraud	25 day(s) jail 36 month(s) probation	$0	$0	$10,500
WCF12-0008	Pantoja, Ema	Claimant Fraud	90 day(s) jail 36 month(s) probation	$0	$16,000	$210
WCF13-0055	Rodriguez, Fernando / Zavalas Transmission	Uninsured Employer	1 day(s) jail 36 month(s) probation	$0	$0	$10,210
WCF12-0084	Sujan, Paul / Paul Sujan Tree Care	Uninsured Employer	1 day(s) jail 36 month(s) probation	$0	$0	$10,190

Napa County

CASE NUMBER	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
CR162436	Leija, Michael Howard / Concrete Innovations	Uninsured Employer	24 month(s) probation 40 hour(s) community service	$0	$120	$262
CR164836	Ruiz Hernandez, Ivan / NA	Claimant Fraud	45 day(s) jail 36 month(s) probation	$0	$140	$140

Orange County

CASE NUMBER	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
13CF0931	Contreras, Patricia	Claimant Fraud	180 day(s) jail 60 month(s) probation	$0	$18,370	$200
12CM08155	Cruz, Benito	Other	60 month(s) probation	$0	$0	$10,120
08ZF0025	Dickson, Roy / Unity	Other	30 month(s) jail	$0	$41,629	$2,000
08ZF0025	Francis, Dee / Unity	Other	72 month(s) jail	$0	$905,507	$2,800
12CF2636	Frias, Maribel	Claimant Fraud	36 month(s) probation	$0	$3,167	$100
08ZF0025	Harnen, Andrew / Unity	Other	63 month(s) jail	$0	$904,480	$3,600
08ZF0025	Landon, Rosalinda / Unity	Other	63 month(s) jail	$0	$1,104,496	$1,000
11CF3397	Munoz, Amber	Other	365 day(s) jail 60 month(s) probation 480 hour(s) community service	$0	$57,448	$200

Riverside County

CASE NUMBER	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
RIM1305031	Abugherir, Amer Hamdan / Romoland Market	Uninsured Employer	36 month(s) probation	$0	$0	$2,170
RIM1304886	Aguilar, Daisy Consuelo / Panderia Rosario	Uninsured Employer	36 month(s) probation	$0	$0	$2,210
SWM1201447	Ahmadi, Manoutchehr / Automotive Solutions, Inc.	Uninsured Employer	36 month(s) probation	$0	$0	$8,410
RIM1114183	Allen, Raymond Roland / The Mechanic	Uninsured Employer	36 month(s) probation	$0	$0	$4,410
RIM1307173	Alvarado, Lanie / Mariscos	Uninsured Employer	36 month(s) probation	$0	$0	$2,210
SWF1201379	Avila, Susan Diane	Claimant Fraud	60 month(s) prison	$0	$2,350	$0
RIF1200247	Bateman, George Hall / Best One Limousine	Claimant Fraud	180 day(s) jail 36 month(s) probation	$0	$32,000	$350
SWM1201467	Boyadzhyan, Arutyun / Love Earth Recycling	Uninsured Employer	36 month(s) probation	$0	$0	$8,410
RIF150039	Cabrera, Ana Maria	Claimant Fraud	1 day(s) jail 36 month(s) probation	$0	$32,500	$1,000
RIM1304504	Camacho, Basilisa / Camacho Tire Shop	Uninsured Employer	36 month(s) probation	$0	$0	$2,210
RIF1000296	Cambronero, Edwin	Claimant Fraud	90 day(s) jail 36 month(s) probation	$0	$116,355	$5,000
INM1201760	Castellanos, Patricia Villalobos / Patty's Ice Cream	Uninsured Employer	36 month(s) probation	$0	$0	$2,000
RIF1203577	Curiel, Luz Elena / LSC Insurance Services	Premium Fraud	180 day(s) jail 36 month(s) probation	$0	$23,048	$0
RIM1203472	El Din, Ayman Kamal / Beaumont Tobacco	Uninsured Employer	36 month(s) probation	$0	$0	$4,410
SWM1201427	Gamboa, Alex / A&A Auto Repair Specialists	Uninsured Employer	36 month(s) probation	$0	$0	$10,600

Riverside County (continued)

CASE NUMBER	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
RIM1216820	Garcia, Armando Tello / JC Smog	Uninsured Employer	36 month(s) probation	$0	$0	$10,190
SWM1201474	Guillen, Eduardo / Best Muffler & Mechanic	Uninsured Employer	36 month(s) probation	$0	$0	$10,190
RIM1116622	Hasin, Rana Samir / El Primo Smog Check	Uninsured Employer	36 month(s) probation	$0	$0	$8,410
RIF1200239	Hogemann, Heather Kay	Claimant Fraud	36 month(s) probation	$0	$12,583	$190
RIM1204548	Kung, Aiwu / Bamboo Wood Pavilion	Uninsured Employer	36 month(s) probation	$0	$0	$8,410
RIF1103776	Lair, Yolanda	Claimant Fraud	90 day(s) jail 36 month(s) probation	$0	$9,002	$310
INM1301314	Luersen, Franklin James / Desert Electronic	Uninsured Employer	36 month(s) probation	$0	$2,070	$0
SWM1200891	Marshall, Ann / The Book Store	Uninsured Employer	36 month(s) probation 160 hour(s) community service	$0	$0	$1,000
RIF1202516	Martinez, Leonard C. / Leonard's Roofing	Premium Fraud	150 day(s) jail 36 month(s) probation	$0	$45,028	$0
RIM1217062	Moquin, Robert William / G6 Medicine	Uninsured Employer	36 month(s) probation	$0	$0	$8,410
RIF153760	Morales, Steven / Shelby Roofing	Premium Fraud	84 month(s) prison	$0	$3,115,236	$0
SWM1200892	Musser, Gloria Gregoria / Dolphin Pool & Spa Center	Uninsured Employer	36 month(s) probation	$0	$0	$2,000
RIM130655	Nimo, Susan / Tru-Care	Uninsured Employer	36 month(s) probation	$0	$0	$710
RIM2198229	Patel, Sanjivkumar / Inland Empire Cannabis Club	Uninsured Employer	36 month(s) probation	$0	$0	$2,210
RIM1301837	Quintana, Abel / Video World Plus	Uninsured Employer	36 month(s) probation	$0	$0	$2,210
SWM1302990	Ramos, Rodolfo / Rudy's Tire & Wheel	Uninsured Employer	36 month(s) probation	$0	$0	$710

Riverside County (continued)

CASE NUMBER	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
RIF1000356	Requena, Jose Santos / CIP Construction	Premium Fraud	300 hour(s) community service	$0	$152,866	$0
RIM1116216	Russo, Janis Kay / Bright Spot Pawn, Inc.	Uninsured Employer	36 month(s) probation	$0	$0	$8,410
RIM1304879	Saeed, Tariq / Smoke Shop Plus	Uninsured Employer	36 month(s) probation	$0	$0	$2,210
RIF1031328	Sanchez, Eugenia Salgado	Claimant Fraud	Pending Sentencing	$0	$0	$0
RIM1305892	Sherbanenko, Peter / Mill Creek Restaurant	Uninsured Employer	36 month(s) probation	$0	$0	$2,200
RIM1305261	Smith, Kisuk / Florida Acupuncture	Uninsured Employer	36 month(s) probation	$0	$0	$2,210
SWM1202391	Son, Vien Tieu / Streamline Transmission	Uninsured Employer	36 month(s) probation	$0	$0	$8,410
RIF1203140	Stech, Sonia Marie / Baron Services, Inc.	Premium Fraud	180 day(s) jail 36 month(s) probation	$0	$17,456	$0
RIF1200126	Sutterfield, Jimmie Edward	Uninsured Employer	150 day(s) jail 36 month(s) probation Restitution TBD.	$0	$0	$8,410
RIM1304753	Tapia, Maria / Leon's Custom Meat	Uninsured Employer	36 month(s) probation	$0	$0	$743
SWM1302110	Temple-Alpichi, Melissa Noel / Oldtown Puppies	Uninsured Employer	36 month(s) probation	$0	$0	$2,210
INM1201409	Zeng, Weibing / Better Ice Cream	Uninsured Employer	36 month(s) probation	$0	$0	$8,360

Sacramento County

CASE NUMBER	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
10M00246	Ali, Ershad / Zokku Restaurant & Lounge	Insider Fraud	12 month(s) probation	$0	$0	$3,375
12M04170	Amaro, Teresa Gail / San Am Trucking	Uninsured Employer	12 month(s) probation	$0	$0	$934

Sacramento County (continued)

09F03459	Cole, Theresa Marcella	Claimant Fraud	60 month(s) probation 540 hour(s) community service	$0	$26,614	$200
12M04817	Huichapa, Javier Figueroa / Valle Recycle Center	Uninsured Employer	36 month(s) prison	$0	$0	$970
11M00229	Qamar, Ibrar Mohammad	Uninsured Employer	36 month(s) probation	$0	$0	$890
12M00015	Vonalvenxleben, Richard J / TKL	Uninsured Employer	12 month(s) probation	$0	$0	$405
11F03351	Wenker, Ryan Patrick	Uninsured Employer	45 day(s) jail 36 month(s) probation	$0	$4,823	$100

San Bernardino County

CASE NUMBER	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
FWV1203198	Barajas-Castellanos, Francisco / Todd Anthony Roofing Removal	Other	179 day(s) jail 36 month(s) probation	$0	$0	$70
FSB1205595	Beede, Brandon / Beede Construction	Premium Fraud		$0	$0	$0
FSB1204762	Bushey, Penelope	Claimant Fraud	1 day(s) jail 36 month(s) probation	$0	$4,564	$505
FSB1301328	Cabrera, Jessica	Other	180 day(s) jail 36 month(s) probation	$0	$0	$350
G131006JC	Cabrera, Jessica	Other	9 day(s) jail	$0	$0	$265
MSB1301347	Cabrera, Jessica	Other	9 day(s) jail	$0	$0	$280
MSB1202802	Carrillo, Pedro / Carrillo Painting	Other	36 month(s) probation	$0	$0	$590
FSB1205136	Castaldi, Edward / Bear Canyon Pool & Spa	Premium Fraud	60 month(s) probation	$0	$0	$20,210

San Bernardino County (continued)

CASE NUMBER	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
FSB1105733	Forrest, Monique	Other	12 day(s) jail 36 month(s) probation	$0	$23,004	$0
FSB1105733	Forrest, Theresa	Other	120 day(s) jail 36 month(s) probation	$0	$9,282	$0
MSB1202484	Foster, Jeffrey / Big Bear Jeff	Other	36 month(s) probation	$0	$0	$440
FCH1200140	Gamm, Erik / West Coast Steel	Premium Fraud	60 month(s) probation 50 hour(s) community service	$0	$107,568	$70
FWV1203162	Gonzalez, Jaime / So. Calif Ultimate Roofing	Premium Fraud	60 month(s) probation	$0	$0	$194
MWV1200263	Jeng, Candy / Jen Construction	Uninsured Employer		$0	$0	$1,190
MSB1202696	Kirkaldy, Keith / Kirkaldy Painting	Other		$0	$0	$890
FWV1100989	Manchester, Steven / Service Masters	Premium Fraud		$0	$80,000	$23,857
FVA1300921	Mendoza, Roberto	Other	28 day(s) jail 36 month(s) probation	$0	$0	$400
MSB1202695	Milan, Jesus / Milan Asphalt	Other	12 month(s) probation	$0	$154	$470
FVI1200760	Montenegro, Corinna	Claimant Fraud	30 day(s) jail 36 month(s) probation	$0	$308	$1,070
MSB1202685	Nixon, Larry / Eager Beaver Stump Removal	Other		$0	$0	$110
MSB1203431	Ochoa, Jose / Ochoa Masonry	Other		$0	$0	$233
MWV1205149	Ornelas, Arnoldo / American Trailer	Uninsured Employer	36 month(s) probation	$0	$0	$378
FVA1101819	Perales, Manuel	Claimant Fraud	360 day(s) jail	$0	$9,000	$70
FSB1201553	Renshaw, Gary / GLR	Premium Fraud	1 day(s) jail 36 month(s) probation	$0	$474,907	$280

San Bernardino County (continued)

CASE NUMBER	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
FSB1201553	Renshaw, Tammy / GLR	Premium Fraud	1 day(s) jail 36 month(s) probation	$0	$0	$280
FSB1301328	Robinson, Lailana	Other	180 day(s) jail 36 month(s) probation	$0	$1,836	$420
FVI1201847	Rodriguez, Esther Reyes	Other	30 day(s) jail 24 month(s) probation	$0	$0	$180
FVI1300823	Sandoval, Fidelina	Claimant Fraud	2 day(s) jail 36 month(s) probation	$0	$0	$444
FCH1200140	Santolucito, Greg / West Coast Steel	Premium Fraud	60 month(s) probation 250 hour(s) community service	$0	$10,361	$0
FVI1200301	Vega, Edward / Kustom Roofing	Premium Fraud	2 day(s) jail 24 month(s) probation	$0	$918	$190
FVI1200301	Vega, Rachel / Kustom Roofing	Premium Fraud	2 day(s) jail 24 month(s) probation	$0	$0	$190
MSB1202172	Westhoven, Dan / Westhoven Painting	Uninsured Employer	2 day(s) jail	$0	$0	$50

San Diego County

CASE NUMBER	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
M094658	Hopper Spa Therapy, Inc.	Uninsured Employer	36 month(s) probation	$0	$1,000	$150
ADH212	Adaya, Allan H	Claimant Fraud		$0	$0	$0
M094586	ADC Property, Law Group	Uninsured Employer		$0	$0	$150
M094681	Adler, Charlton	Uninsured Employer		$0	$2,500	$0
M094656	Alfaro, Rosa M	Uninsured Employer	40 hour(s) community service	$0	$0	$150
M094706	Anguiano, Alfredo	Uninsured Employer	36 month(s) probation	$0	$2,000	$502

San Diego County (continued)

CASE NUMBER	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
ADJ580	Arceo, Salvador O	Claimant Fraud		$0	$0	$0
M094675	Atto, Matthew	Uninsured Employer		$0	$2,000	$240
M094756	Avila Sacramento, Angel	Uninsured Employer	36 month(s) probation	$0	$500	$0
M094577	Baker, Christy B	Uninsured Employer		$0	$0	$150
M094688	Bourgeois, Colleen	Uninsured Employer	36 month(s) probation	$0	$3,000	$520
M094687	Ca Botana International, Inc.	Uninsured Employer	36 month(s) probation	$0	$4,000	$0
ADD817	Carranza, Robert J	Claimant Fraud		$0	$3,700	$0
ADD799	Copeland, David R	Claimant Fraud	4 day(s) jail 36 month(s) probation 160 hour(s) community service	$0	$6,013	$40
M094602	Cuarenta, Diana E	Uninsured Employer		$0	$0	$150
M094602	Cuarenta, Miguel A	Uninsured Employer	1 day(s) jail 36 month(s) probation	$0	$2,000	$425
M094657	D&B Home Care, LLC.	Uninsured Employer	36 month(s) probation	$0	$1,666	$425
M094572	Delgado Jr., Daniel	Uninsured Employer		$0	$1,000	$150
M094657	Demars, Brenda	Uninsured Employer		$0	$1,666	$100
M094657	Demars, David	Uninsured Employer		$0	$1,666	$100
ADG129	Desnoyers, Lance	Other	188 day(s) jail 36 month(s) probation	$0	$213	$800

San Diego County (continued)

CASE NUMBER	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
ADJ351	Doherty, Alicia R	Claimant Fraud	36 month(s) probation	$0	$2,376	$0
M094758	Dominguez, Gabriel	Uninsured Employer	36 month(s) probation	$0	$2,000	$520
M094691	Estrada, Norma M	Uninsured Employer		$0	$1,000	$0
M094707	Filloon, Michael D	Uninsured Employer		$0	$500	$0
ADG930	Flores, Escudero A	Claimant Fraud	Pending Sentencing	$0	$0	$0
M094701	Garcia, Jorge	Uninsured Employer	36 month(s) probation	$0	$500	$0
M094757	Garg, Jaspal	Uninsured Employer	36 month(s) probation	$0	$1,000	$520
ADH201	Gaspar, Pedro M	Premium Fraud		$0	$1,000	$0
M094675	Grand Wireless, Inc	Uninsured Employer		$0	$2,000	$240
ADD625	Grosch, Adam M	Claimant Fraud		$0	$1,400	$0
M094593	Growing Industries, LLC.	Uninsured Employer	36 month(s) probation	$0	$4,000	$425
M094714	Han, Yan S	Uninsured Employer	36 month(s) probation	$0	$1,000	$0
M094577	Holcomb, Cindy G	Uninsured Employer		$0	$0	$150
M094700	Holt, Melvin M	Uninsured Employer	36 month(s) probation	$0	$0	$520
M094658	Hopper, Kevin D	Uninsured Employer		$0	$1,000	$150
M094658	Hopper, Lorena	Uninsured Employer		$0	$1,000	$150
M094588	Hussainy, Melina E	Uninsured Employer	36 month(s) probation	$0	$1,500	$300

San Diego County (continued)

CASE NUMBER	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
M094588	Hussainy, Yusef M	Uninsured Employer		$0	$150	$0
ADJ844	Ibong, Teresita	Claimant Fraud		$0	$0	$0
M094674	Isakovich, Dimitrije	Uninsured Employer	36 month(s) probation	$0	$0	$240
M094674	Isakovich, George	Uninsured Employer	36 month(s) probation	$0	$2,500	$502
M094674	Isakovich, Sally	Uninsured Employer	36 month(s) probation	$0	$0	$240
M094664	J&J Neuendorf Inc.	Uninsured Employer	36 month(s) probation	$0	$7,500	$325
ADI705	Johnson, John F	Premium Fraud	36 month(s) probation	$0	$6,240	$1,072
ADI116	Kim, Geehong	Single Entity Provider Fraud	1 day(s) jail 36 month(s) probation	$0	$325,000	$1,000
M094604	Lasting Change Inc.	Uninsured Employer	36 month(s) probation	$0	$2,000	$425
M094599	Leiberman, David B	Uninsured Employer		$0	$0	$300
M094714	Li, Dai H	Uninsured Employer	36 month(s) probation	$0	$1,000	$502
M094599	Lieberman, Inc	Uninsured Employer	1 month(s) probation	$0	$2,000	$300
M094692	Linares, Noemi	Uninsured Employer	36 month(s) probation	$0	$2,000	$520
M094692	Linares, Salvador	Uninsured Employer	36 month(s) probation	$0	$2,000	$520
M094673	Liu, Yin Hong	Uninsured Employer	36 month(s) probation	$0	$1,500	$502
M094661	Lutes, George	Uninsured Employer	1 day(s) jail 36 month(s) probation	$0	$2,000	$450

San Diego County (continued)

CASE NUMBER	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
M094592	Machain, Christian I	Uninsured Employer	1 day(s) jail 12 month(s) probation	$0	$800	$425
ACY021	Machain, Fernando Macias	Claimant Fraud		$0	$0	$0
ACX625	Mackey, Ronald E	Claimant Fraud	77 day(s) jail 36 month(s) probation	$0	$32,770	$0
ADD768	Manly, Dylan M	Claimant Fraud	36 month(s) probation	$0	$0	$0
ACX361	Martin, Lisa M	Claimant Fraud	20 day(s) jail 36 month(s) probation	$0	$9,674	$0
M094656	Martinez, Leticia	Uninsured Employer	40 hour(s) community service	$0	$0	$150
M094696	Martinez, Ruben	Uninsured Employer	30 day(s) jail 36 month(s) probation 20 hour(s) community service	$0	$1,000	$0
M094666	Mayo, Jack	Uninsured Employer	1 day(s) jail 36 month(s) probation	$0	$1,000	$425
M094578	McBurnie, Thomas W	Uninsured Employer	1 day(s) jail 36 month(s) probation	$0	$2,500	$120
M094603	Meza, Jorge E	Uninsured Employer		$0	$2,500	$425
M094704	Michael, Chris	Uninsured Employer	36 month(s) probation	$0	$1,000	$520
M094663	N. I. E., Inc.	Uninsured Employer	36 month(s) probation	$0	$3,000	$425
M094663	Nasouri, Raad	Uninsured Employer		$0	$0	$150
M094663	Nasouri, Samia	Uninsured Employer		$0	$0	$150
M094664	Neuendorf, Johannes M	Uninsured Employer		$0	$0	$100
M094593	Nguyen, Hoang V	Uninsured Employer		$0	$4,000	$425

San Diego County (continued)

CASE NUMBER	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
M094708	Nguyen, Ut	Uninsured Employer	18 month(s) probation	$0	$1,250	$425
M094708	Nguyen, Varee	Uninsured Employer		$0	$0	$235
ABT527	Niko, Luseane M	Uninsured Employer	36 month(s) probation	$0	$0	$0
ADD592	Oraha, Samer	Claimant Fraud	1 day(s) jail 36 month(s) probation	$0	$87,096	$0
M094603	Ortiz, Alicia M	Uninsured Employer		$0	$2,500	$425
M094601	Oshana, Hana C	Uninsured Employer	1 day(s) jail 36 month(s) probation	$0	$1,500	$425
M094601	Oshana, Kays Q	Uninsured Employer		$0	$1,500	$450
M094713	Paiz, Dan E	Uninsured Employer		$0	$1,000	$0
M094665	Palacios Jr, Alejandro	Uninsured Employer		$0	$0	$150
M094665	Palacios Sr, Alejandro	Uninsured Employer	1 day(s) jail 36 month(s) probation	$0	$3,000	$425
M094678	Pattah, Nadem	Uninsured Employer		$0	$2,000	$0
ADC065	Penate, Ana E	Premium Fraud	1 day(s) jail 36 month(s) probation	$0	$0	$1,294
ADC065	Penate, Joaquin	Premium Fraud	1 day(s) jail 36 month(s) probation	$0	$0	$1,294
ADD767	Perez, Manuel A	Claimant Fraud	1 day(s) jail 36 month(s) probation	$0	$698	$0
M094686	Putrus, Waiel	Uninsured Employer	12 month(s) probation	$0	$4,000	$239

San Diego County (continued)

CASE NUMBER	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
ADD628	Regalado, Adel U	Claimant Fraud	1 day(s) jail 36 month(s) probation 112 hour(s) community service	$0	$14,503	$800
M075532	Rodriguez, Ivan S	Uninsured Employer		$0	$0	$239
M094580	Rodriguez, Lourdes	Uninsured Employer	1 day(s) jail 12 month(s) probation	$0	$2,000	$425
ADJ601	Roston, Marcel	Claimant Fraud		$0	$0	$0
M094680	Rudden, Thomas	Uninsured Employer	36 month(s) probation	$0	$3,500	$425
M094577	Running Skirts, Inc.	Uninsured Employer	36 month(s) probation	$0	$4,000	$425
M094709	Sae, Sulana B	Uninsured Employer	1 day(s) jail 12 month(s) probation	$0	$1,500	$425
ADH482	Sanchez, Veronica	Claimant Fraud	36 month(s) probation	$0	$10,153	$0
M094603	Servi Mex, LLC.	Uninsured Employer		$0	$2,500	$425
M094604	Shaw, Kelvin	Uninsured Employer		$0	$2,000	$425
ACY218	Sim, James H	Insider Fraud	365 day(s) jail 52 month(s) prison 60 month(s) probation	$0	$2,000,000	$0
M094683	Smith, Robert C	Uninsured Employer	36 month(s) probation	$0	$1,250	$425
M094673	Sun, Gai X	Uninsured Employer	36 month(s) probation	$0	$1,500	$0
M094684	Tenney, Timothy S	Uninsured Employer	36 month(s) probation	$0	$500	$502
M094590	Terra Nova Car Wash, Inc.	Uninsured Employer	36 month(s) probation	$0	$4,500	$425
ADI705	Thomas, Annette L	Premium Fraud		$0	$0	$0

San Diego County (continued)

CASE NUMBER	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
M094759	Tolentino, Aimee	Uninsured Employer	36 month(s) probation	$0	$1,000	$0
M094759	Tolentino, Anselmo	Uninsured Employer	36 month(s) probation	$0	$1,000	$0
M094605	Tran, Huy H	Uninsured Employer	1 day(s) jail 36 month(s) probation	$0	$500	$425
M094702	Tran, Vu T	Uninsured Employer	36 month(s) probation	$0	$0	$0
M094689	Trinh, Holly	Uninsured Employer	36 month(s) probation	$0	$0	$520
M094712	Tsai, Hsiu C	Uninsured Employer	36 month(s) probation	$0	$2,500	$502
ADH003	Vaughn, Renee	Claimant Fraud		$0	$0	$0
ADJ213	Vergara, Jose C	Claimant Fraud		$0	$0	$0
M094687	Wagstaff, Ursula D	Uninsured Employer		$0	$0	$150
M094686	Waiel Putrus, D.D.S.	Uninsured Employer	12 month(s) probation	$0	$4,000	$520
ADE546	Webster, Richard S	Premium Fraud	60 month(s) jail 12 month(s) probation	$0	$250,105	$1,372
ADB371	Weissinger, John D	Premium Fraud		$0	$9,823	$0
M094685	Welty, James	Uninsured Employer	1 day(s) jail	$0	$1,000	$0
ADC297	Wolf, Joseph A	Single Entity Provider Fraud	1 day(s) jail 20 hour(s) community service	$0	$240	$945
M094677	Yako, Eddie B	Uninsured Employer		$0	$0	$502
M094677	Yakow, Aied B	Uninsured Employer		$0	$0	$502

San Diego County (continued)

CASE NUMBER	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
ADD596	Young, Merry	Claimant Fraud	36 month(s) probation	$0	$7,106	$0
ACX604	Young, Randy	Claimant Fraud	1 day(s) jail 36 month(s) probation	$0	$42,098	$0
M094676	Yousif, Loay	Uninsured Employer		$0	$2,000	$240
M094590	Zolezzi, Thomas H	Uninsured Employer		$0	$4,500	$425

San Francisco County

CASE NUMBER	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
2435766	Bonner, Miles	Premium Fraud	24 month(s) prison	$0	$109,908	$0
11000486	Brown, Rachel	Claimant Fraud	3 day(s) jail 36 month(s) probation	$0	$17,223	$0
2457683	Dobert, Louis	Claimant Fraud	1 day(s) jail 60 month(s) probation	$0	$50,000	$280
10035675	Ong, Tiong	Claimant Fraud	90 day(s) jail 60 month(s) probation 310 hour(s) community service	$0	$157,173	$280
2434958	Thomas, Donnie	Premium Fraud	36 month(s) prison	$0	$109,908	$280
2434436	Tri-Delta Electric, Inc.	Premium Fraud		$0	$109,908	$145

San Joaquin County

CASE NUMBER	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
SF120934A	Argumedo, Enrique / Lodi Unified School District	Claimant Fraud	36 month(s) probation	$0	$3,893	$154

San Joaquin County (continued)

CASE NUMBER	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
SF116820B	Casas, Alfredo / Cal Poultry	Premium Fraud	30 day(s) jail 60 month(s) probation	$0	$1,449,628	$334
SF116820A	Casas, Sonia / Cal Poultry	Premium Fraud	48 month(s) jail	$0	$1,449,628	$509
SF120600A	Flores, Roman / GSF Properties, Inc.	Claimant Fraud	60 month(s) probation	$0	$4,045	$369
SF119221A	LaCurtis, Gilbert / Specialty Risk Services	Claimant Fraud	1 day(s) jail 36 month(s) probation	$0	$3,298	$202

San Mateo County

CASE NUMBER	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
SC076230B	Applegate, Camilla / Hallmark Roofing	Premium Fraud	240 day(s) jail 60 month(s) probation	$0	$387,813	$310
SC076230A	Applegate, John / Hallmark Roofing	Premium Fraud	240 day(s) jail 60 month(s) probation	$0	$387,813	$310
SC075993A	Martin, Modupe	Claimant Fraud	90 day(s) jail 36 month(s) probation	$0	$79,293	$310
SM381679	Mishra, Rajendra	Uninsured Employer	24 month(s) probation	$0	$0	$1,142
NM409012	Panameno, Jose	Uninsured Employer	24 month(s) probation	$0	$0	$10,000
NM409000	Vilchez, Jose	Uninsured Employer	36 month(s) probation	$0	$0	$50,202

Santa Clara County

CASE NUMBER	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
C1228877	Avalos, Armando Omar	Claimant Fraud	45 day(s) jail 36 month(s) probation	$0	$11,642	$264
C1242078	Bishop, Monte Michael / A & B Construction Services	Uninsured Employer	12 month(s) probation	$0	$0	$542

Santa Clara County (continued)

CASE NUMBER	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
C1238475	Castro, Armando / Armando Castro Construction	Uninsured Employer	1 day(s) jail 12 month(s) probation	$0	$0	$587
C1238468	Chen, Liqian / China Remodeling	Uninsured Employer		$0	$0	$542
C1236360	Choung, Jay Kyo / Top Quality Painting	Uninsured Employer	1 day(s) jail 12 month(s) probation	$0	$0	$542
C1243563	Chung, Sun Bo	Uninsured Employer	1 day(s) jail 24 month(s) probation	$0	$0	$410
C1229915	Cooper, Joshua	Claimant Fraud	24 month(s) probation 30 days weekend work	$0	$7,859	$132
C1243577	Correia, Albert Manuel / Integrity Window/Door	Uninsured Employer	1 day(s) jail 12 month(s) probation	$0	$0	$542
C1226479	Cortez, Leonardo Pacheco / Tree Care	Uninsured Employer	12 month(s) probation	$0	$0	$532
C1072679	Do, Tuyet Mai	Uninsured Employer	4 day(s) jail 12 month(s) probation	$0	$0	$632
C1232080	Dvornik, Luka / LD Construction	Uninsured Employer	1 day(s) jail 12 month(s) probation	$0	$0	$542
C1229211	Escobar, Oscar	Claimant Fraud	30 day(s) jail 24 month(s) probation	$0	$5,000	$132
C1244204	Espitia, Arturo / Art's Landscape	Uninsured Employer	24 month(s) probation	$0	$0	$410
C1199130	Evans, Latricia	Claimant Fraud	120 day(s) jail 4 month(s) probation	$0	$22,740	$132
C1120471	Fong, Bingkwen / Greatland Construction	Uninsured Employer	12 month(s) probation	$0	$6,000	$532
C1238686	Franco, Carl Jeffrey / Bella Terra Landscape	Uninsured Employer	1 day(s) jail 12 month(s) probation	$0	$0	$542
C1227469	Garcia, Lorenzo Ramirez / Tikal Motor & Transmission	Uninsured Employer	10 day(s) jail 36 month(s) probation	$0	$0	$8,132

Santa Clara County (continued)

CASE NUMBER	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
C1247009	Gonzales, John Joseph	Uninsured Employer	12 month(s) probation	$0	$0	$120
C1351880	Graves, Phillip	Claimant Fraud	30 day(s) jail 24 month(s) probation	$0	$1,990	$0
C1239284	Harmon, Jay Raymond / Household Repairs	Uninsured Employer	1 day(s) jail 24 month(s) probation	$0	$0	$410
C1349025	Haynes, Delbert Malcolm / Home Remodel	Uninsured Employer	24 month(s) probation	$0	$0	$410
C1240420	Hernandez, Sr, Richard Robert / Golden Gate Fence	Uninsured Employer	12 month(s) probation	$0	$0	$410
C1238518	Ixta, Jose / Jose Ixta 4 Gardening	Uninsured Employer	1 day(s) jail 12 month(s) probation	$0	$0	$542
C1239285	Kadlecek, Paul Anton / PGS Landscape	Uninsured Employer	1 day(s) jail 12 month(s) probation	$0	$0	$542
C1235698	Kang, Brian	Uninsured Employer	1 day(s) jail 12 month(s) probation	$0	$0	$532
13505900	Kim, Chong Myong / J.K. Gardening Service	Uninsured Employer	1 day(s) jail 12 month(s) probation	$0	$0	$410
C1237380	Kwon, Ohsoo / Ohsoo Kwon Painting	Uninsured Employer	12 month(s) probation	$0	$0	$542
C1236907	Luu, Lee Thanh / South Bay Landscape Design	Uninsured Employer	1 day(s) jail 12 month(s) probation	$0	$0	$542
C1232079	Martinez, Cesar / CIMA Electric	Uninsured Employer	1 day(s) jail 12 month(s) probation	$0	$0	$542
C1227144	Mehta, Sunil / All Architectural Stone	Premium Fraud	90 days Electronic Monitoring Program	$0	$30,798	$0
C1350313	Michael, Sherif / Morgan Hill Villa	Uninsured Employer	1 day(s) jail 12 month(s) probation	$0	$0	$410
cc961952	Misle, Howard / American Metal & Iron	Premium Fraud	1 day(s) jail	$0	$0	$174,213

Santa Clara County (continued)

CASE NUMBER	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
C1244190	Montana, Bert Pedraza / Big Sky Construction	Uninsured Employer	1 day(s) jail 12 month(s) probation	$0	$0	$674
C1246999	Montano, Al	Uninsured Employer	1 day(s) jail 24 month(s) probation	$0	$0	$410
C1243578	Moody, Michael A / Mike Moody Painting	Uninsured Employer	1 day(s) jail 24 month(s) probation	$0	$0	$410
C1229809	Nguyen, Nhan X (Rick) / Rick's Landscaping	Uninsured Employer		$0	$0	$532
C1230034	Oberquell, Chad Karsten	Claimant Fraud	30 day(s) jail 36 month(s) probation	$0	$14,480	$132
C1230887	Ocegueda, Jesus	Uninsured Employer	12 month(s) probation	$0	$0	$542
C1239555	Osorio, Jose Luis / Jose L. Osorio Handyman	Uninsured Employer	12 month(s) probation	$0	$0	$337
C1351346	Ramirez, Robert / BQ Tile Installation	Uninsured Employer	1 day(s) jail 12 month(s) probation	$0	$0	$410
C1348539	Rodriguez, Moises Adrian / Cronus Collision Center	Uninsured Employer	1 day(s) jail 24 month(s) probation	$0	$0	$410
C1229090	Rojas-Salas, Nicomedes / Rojas-Salas Tree Care	Uninsured Employer	12 month(s) probation	$0	$0	$532
C1234489	Rosso, Edward	Uninsured Employer	12 month(s) probation	$0	$0	$332
C1228878	Ruiz (Meza), Fausto Aruiz	Claimant Fraud	30 day(s) jail 24 month(s) probation	$0	$18,377	$132
C1238466	Soroosh, Shahryar / Asham Construction	Uninsured Employer	1 day(s) jail 12 month(s) probation	$0	$0	$542
C1121184	Sotto, Vicente / Vincent Landscaping	Premium Fraud	120 day(s) jail 36 month(s) probation	$0	$70,050	$0
C1124036	Tapia, Miguel Angel / Miguel Tapia Construction	Uninsured Employer	12 month(s) probation	$0	$0	$532

Santa Clara County (continued)

CASE NUMBER	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
C1228137	Tovar, Robert / Tovar Concrete	Uninsured Employer	1 day(s) jail 12 month(s) probation	$0	$0	$532
C1233978	Velasquez, Hector Ricardo	Uninsured Employer	1 month(s) probation	$0	$0	$410
C1239554	Wadhva, Mahesh Singh / Jigsaw Design Build Inc	Uninsured Employer	12 month(s) probation	$0	$0	$542
C1243575	Welfring, Terry William / Welfring Construction	Uninsured Employer	1 day(s) jail 24 month(s) probation	$0	$0	$410
C1229702	Yi, Bill Won	Premium Fraud	360 day(s) jail 60 month(s) probation	$0	$405,354	$264
C1228836	Zamora, Miguel Angel	Claimant Fraud	90 day(s) jail 36 month(s) probation	$0	$9,470	$0

Santa Cruz County

CASE NUMBER	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
1209138125	Amaya-Escobar, Jose Delores	Uninsured Employer	36 month(s) probation	$0	$0	$0
1206134452	Bazarte, Patricio Cabrales	Uninsured Employer	36 month(s) probation	$0	$2,642	$300
1209138104	Bean, Matthew George	Uninsured Employer		$0	$0	$0
1206134451	Bonanno, Anthony Paul	Uninsured Employer		$0	$0	$0
1209129914	Cisneros, Lee Anthony / C&H Auto Body	Uninsured Employer	36 month(s) probation	$0	$195	$600
1209138121	Escobar, Silverio	Uninsured Employer	36 month(s) probation	$0	$0	$0

Santa Cruz County (continued)

CASE NUMBER	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
1209138106	Guerrero, Maximilliano	Uninsured Employer	36 month(s) probation	$0	$0	$0
1209138099	Harris, Gabe Austin	Uninsured Employer	36 month(s) probation	$0	$0	$0
1106121046	Mahoney, Brian Scott	Uninsured Employer	30 day(s) jail	$0	$0	$400
1209137925	Maruyama, Timothy Joseph	Uninsured Employer	36 month(s) probation	$0	$0	$0
1209137924	Miller, Jeremy Douglas	Uninsured Employer	36 month(s) probation	$0	$0	$0
1206134556	Moya, Martin Calvarrrio / Moya Auto Body	Uninsured Employer	180 day(s) jail 36 month(s) probation	$0	$12,060	$0
1209138122	Oliver, Gregory Edward	Uninsured Employer	36 month(s) probation	$0	$0	$0
1209138111	Piette, William Louis / Honest Bill's	Uninsured Employer	36 month(s) probation	$0	$0	$0
1209138109	Raffiero, Raymond Alan	Uninsured Employer	36 month(s) probation	$0	$0	$0
1209137923	Reiter, Paul William	Uninsured Employer		$0	$0	$0
1209138123	Rodriguez, Jesus Paniagua	Uninsured Employer	36 month(s) probation	$0	$0	$0
1209138124	Rodriguez, Jose Luis Paniagua	Uninsured Employer	36 month(s) probation	$0	$0	$0
1209137926	Scott, Derek Abdiel	Uninsured Employer	36 month(s) probation	$0	$0	$0

Shasta County

CASE NUMBER	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
11WC0343	Standifer, Shawna Louann	Claimant Fraud	50 day(s) jail 36 month(s) probation	$0	$10,494	$771

Siskiyou County

CASE NUMBER	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
10-1021	Burns, Scotty Joe	Claimant Fraud	36 month(s) probation 200 hour(s) community service	$0	$132	$8,865
12-1496	Campbell, Johnny Ray / C & L Custom Painters	Claimant Fraud	36 month(s) probation	$0	$0	$570
11-204	Childs, Patrick / Erickson Trucking	Claimant Fraud	270 day(s) jail 36 month(s) probation	$0	$85,508	$2,945
12-01472	Esquivel, John Molina	Claimant Fraud	36 month(s) probation	$0	$129	$1,923
12-1494	Kirkwood, Steven Douglas	Claimant Fraud	36 month(s) probation 40 hour(s) community service	$0	$0	$950
12-1473	Medeiros, David Cloyd / Honey-Do Handyman Services	Claimant Fraud	36 month(s) probation	$0	$0	$4,117
12-1498	Nichols, Brett Marcus / J&B Excavating	Claimant Fraud	36 month(s) probation	$0	$154	$570
12-1500	Pfeiffer, Timothy Martin	Claimant Fraud	36 month(s) probation	$0	$35	$2,390
12-1484	Prim, Christopher Miles / Responsible Creative Handyman	Claimant Fraud	36 month(s) probation 20 hour(s) community service	$0	$154	$570

Solano County

CASE NUMBER	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
FCR298969	Abner, Jennifer Amy / North Bay Health Care	Claimant Fraud	36 month(s) probation 30 hour(s) community service	$0	$3,410,896	$310
FCR295832	Day, Christopher / Vaca Valley Auto Body	Premium Fraud	1 day(s) jail 30 hour(s) community service	$0	$0	$0
FCR291913	Reyes, Jesus / Pace Sweeping Company	Claimant Fraud	90 day(s) jail 36 month(s) probation 50 hour(s) community service	$0	$24,087	$310

Sonoma County

CASE NUMBER	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
DAR635229	Fuentes III, Oscar Josef	Claimant Fraud	180 day(s) jail 36 month(s) probation	$0	$23,576	$15,000

Tulare County

CASE NUMBER	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
09-006913	Andrews, Ricky	Claimant Fraud	36 month(s) probation	$0	$6,051	$570
13-01-0000	Castrejon, Noe	Uninsured Employer	1 day(s) jail 36 month(s) probation	$0	$0	$2,500
12-000981	Chavez, Steven	Uninsured Employer	1 day(s) jail 36 month(s) probation	$0	$0	$500
12-008455	Clemente, Luis	Uninsured Employer	1 day(s) jail 24 month(s) probation	$0	$0	$1,000
12-010309	Colbert, Trudy	Uninsured Employer	80 day(s) jail 24 month(s) probation	$0	$0	$1,000
12-004332	Hernandez, Esmeraldo	Uninsured Employer	36 month(s) probation	$0	$0	$4,062
12-019284	Maxwell, Steven	Uninsured Employer	1 day(s) jail 24 month(s) probation	$0	$0	$1,000

Tulare County (continued)

CASE NUMBER	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
12-001810	Medhi, Shalwani	Uninsured Employer	1 day(s) jail 12 month(s) probation	$0	$0	$1,000
12-019285	Morfin, Miguel	Uninsured Employer	3 day(s) jail 36 month(s) probation 60 hour(s) community service	$0	$0	$4,889
12-001811	Rocha, Victor	Uninsured Employer	1 day(s) jail 24 month(s) probation	$0	$0	$1,030
12-017039	Shaw, Randy	Uninsured Employer	1 day(s) jail 36 month(s) probation	$0	$0	$1,000

Ventura County

CASE NUMBER	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
2011003852	Alcala, Salvador	Claimant Fraud	90 day(s) jail 36 month(s) probation	$0	$5,600	$120
2010041820	Alcala, Salvador	Other	30 day(s) jail	$0	$0	$120
2012005760	Arana, Manuel / Manny's Auto Repair	Uninsured Employer	24 month(s) probation	$0	$0	$50,100
201233658	Felipe, Eddie / Eddie's Recycling	Uninsured Employer	24 month(s) probation	$0	$0	$620
2012042438	Guzman, Guadalupe / Ventura County Recycling	Uninsured Employer	36 month(s) probation	$0	$0	$10,000
2010024331	Idukas, Edward	Claimant Fraud	120 day(s) jail 60 month(s) probation	$0	$120,703	$560
2013011516	Mah, Meen	Uninsured Employer	36 month(s) probation	$0	$0	$10,140
2010012095	Nouri, Majtava	Claimant Fraud	120 day(s) jail 60 month(s) probation	$0	$66,369	$240
2012042733	Pastor, Oscar / Junior Recycling	Claimant Fraud		$0	$0	$10,120

Ventura County (continued)

CASE NUMBER	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
2011009213	Rodriguez, Antonio	Claimant Fraud	60 day(s) jail 60 month(s) probation	$0	$20,000	$140
2013011599	Syeduzzaman, Abu Nasar	Uninsured Employer	36 month(s) probation	$0	$10,140	$0
2013011504	Tran, Derick Kiet	Uninsured Employer	36 month(s) probation	$0	$0	$10,140
2012024604	Velasquez-Reyes, Guadalupe	Claimant Fraud	112 day(s) jail 36 month(s) probation	$0	$17,257	$120
2012036461	Zhak Inc.	Uninsured Employer	36 month(s) probation	$0	$0	$9,140

Yolo County

CASE NUMBER	SUBJECT NAME	ROLE	SENTENCE	ASSETS FROZEN	RESTITUTION	CRIMINAL FINE
12M04736	Alkhatib, Mohammad / Illusions Gifts and Novelties	Uninsured Employer	12 month(s) probation	$0	$0	$0
12M03663	Bunfill, Dennis Kirk / DKB Unlimited	Uninsured Employer	12 month(s) probation	$0	$0	$0
12M03664	Davis, Ryan Michael / All Around Tile	Uninsured Employer	36 month(s) probation	$0	$125	$0
12M03404	Ferrante, Anthony James	Uninsured Employer	36 month(s) probation	$0	$125	$0
12M03403	Gardner, Andrew Murray / University of California Davis	Claimant Fraud	36 month(s) probation	$0	$1,010	$3,296
12M03474	Sissom, Robert Michael / Sissom Construction	Uninsured Employer	36 month(s) probation	$0	$125	$0

(End)

2013 ANNUAL REPORT

FINANCIAL SURVEILLANCE BRANCH

Financial Surveillance Branch

The mission of the Financial Surveillance Branch (FSB) is to assure that all insurers licensed to do business in California (as well as those insurers operating on a non-admitted or surplus lines basis) maintain the financial stability and viability necessary to provide the benefits and protection they have promised their California policyholders.

FSB pursues its mission by conducting risk focused financial surveillance of the insurance industry to ensure it can provide the benefits and protections promised to California citizens.

FSB divides its work among the Financial Analysis Division (FAD), the Field Examination Division (FED), the Actuarial Office (AO), the Health Actuarial Office (HAO), the Troubled Companies Unit (TCU), and the Premium Tax Audit Bureau (PTAB).

FAD, as part of the overall risk focused financial surveillance process, evaluates and monitors the financial condition of insurance companies to identify financially distressed companies, and requires insurers to take corrective actions or recommends regulatory actions to assure insurer solvency for the protection of California consumers.

FED is responsible for conducting risk focused financial examinations of California's domiciled insurance companies and other insurance organizations to determine their financial solvency and capacity to meet policyholder obligations. The examinations also serve to protect policyholder interests by including a review of corporate governance, key business activities such as claims, underwriting, investments and operations as well as an evaluation of prospective risks.

The AO oversees and substantiates life insurer reserves, reviews selected portions of life insurance and annuity policy forms, ensures proper replacement of life Appointed Actuaries, verifies long term care loss ratio compliance, and reviews illustration certifications. The AO also provides general property-casualty actuarial support to FED and FAD as well as to the Rate Regulation Division for the workers' compensation line.

The HAO was established in September 2010 to provide resources dedicated to implementing SB 1163, health insurance rate review requirements, as well as the Department's response to Federal health care reform legislation. The HAO has responsibility for most actuarial work related to health insurance.

TCU is responsible for overseeing those insurers identified as being financially troubled.

PTAB audits premium tax returns filed by insurers and surplus lines brokers.

FSB utilizes the Early Warning System (EWS) to track all significant matters that may have an effect on the solvency of a company. The primary purpose of EWS is to

facilitate early detection of potential insolvency problems with admitted insurance companies.

FINANCIAL ANALYSIS DIVISION

FAD analyzes and maintains ongoing surveillance of admitted insurers, fraternal benefit societies, grants and annuities societies, underwritten title companies, home protection companies, motor clubs, risk retention groups, surplus line insurers and Lloyd's syndicates. This surveillance is designed to identify companies approaching hazardous financial condition and to intervene with recommended corrective action when necessary. FAD analyzes holding company transactions and acquisitions pursuant to the Insurance Holding Company System Regulatory Act. It assists the CDI Corporate & Regulatory Affairs Branch by providing financial analysis of applications for certificates of authority, amended certificates of authority, securities permits, variable contract qualifications, underwritten title company licenses and various other corporate affairs matters. FAD also provides financial and technical information and assistance to other divisions relative to oversight of reinsurance practices and procedures, surplus line insurers, captive insurers and risk retention groups.

The workload performed by FAD is distributed among four bureaus as well as selected Division Office personnel. The following is an overview of FAD's workload statistics:

Workload Performed for the Year 2013

Financial Statements Analysis	Annual Statement	Quarterly Statement
Life and Property & Casualty	620	990
Other Entities	378	198

Corporate Affairs Applications	Number of Applications
Certificate of Authority	44
Holding Company Matters	282
All Others	164

FIELD EXAMINATIONS DIVISION

Under the provisions of Sections 730, 733, 734.1 and 736 of the California Insurance Code, the Insurance Commissioner may examine the business and affairs of every admitted insurer, whenever deemed necessary, to determine its financial condition and compliance with applicable laws. Unless financial or other conditions warrant an immediate examination, domestic insurers are usually examined every three to five years and foreign insurers are usually examined in accordance with the NAIC's procedures for examination scheduling. FED also performs financial examinations of

underwritten title companies, home warranty companies and other entities as necessary.

It is the responsibility of FED to determine the financial condition of insurance companies in accordance with California Insurance Code legal requirements and prescribed accounting practices as promulgated by the NAIC. Examinations are conducted in accordance with the NAIC's Financial Condition Examiners Handbook. Various types of examinations initiated and completed by FED in 2013 are presented as follows:

Type of Examinations	Initiated	Completed
Domestic Companies	34	32
Underwritten Title Companies	4	5
Foreign Companies	3	5
Qualifying Exams	3	3
Medical Loss Ratios Exams	0*	6
Total:	44	51

*Initiated 8 MLR exams in 2012

ACTUARIAL OFFICE

The AO provides technical assistance within the FSB and provides assistance to FED in the examination of domestic companies. The AO monitors reserves established by life and health insurance companies; drafts new legislation, regulations, and bulletins regarding actuarial matters; reviews selected portions of life insurance and annuity policy forms; and ensures compliance regarding Appointed Actuary changes, long term care loss ratios, and illustration certifications. Listed below are workload statistics of the AO for the year 2013:

Actuarial Reviews	Number Reviewed
Actuarial Memorandum for Statement	97
Regulatory Asset Adequacy Issues	437
Illustration Certifications	254
Life Insurance and Annuity Policy and	720
Grant and Annuity Submissions	25
Disability Income Rate Filings	20
Long Term Care Rate Filings	38
Credit Insurance Rate Deviation Filings	25
Schedule P Loss Review Compilations	216

HEALTH ACTUARIAL OFFICE

The HAO provides technical assistance within FSB, including in particular review of health insurance rate filings and assistance in the formulation of policy related to health insurance reform initiatives and medical loss ratios. Listed below are workload statistics of the HAO for the year 2013 with respect to review of health insurance rate filings:

Type of Coverage	Received	Completed
Major Medical	77	61
Medicare Supplement	191	190
Specified Disease	17	20
HIPAA & Conversion	6	7
All Others	57	69
Total:	348	347

TROUBLED COMPANIES UNIT

TCU is responsible for closely monitoring those companies identified in the CDI's Early Warning System as being financially troubled. The number of companies under review varies, along with the level of complexity each presents. An average of 61 troubled companies is assigned to TCU at any given time.

TCU monitors the financial status of assigned companies and makes recommendations to the Early Warning Team. The Early Warning Team has the ultimate responsibility for monitoring the companies determined to be in financial difficulty or under financial distress. TCU also provides other technical and administrative supports for the Early Warning Team.

PREMIUM TAX AUDIT BUREAU

Insurance Taxes

The Premium Tax Audit Bureau audits gross premium tax returns filed by insurance companies and surplus lines brokers. The premium tax supports State General Fund obligations generally and funds from assessments to Medi-Cal Managed Care Plans are allocated to two state agencies, the Managed Risk Medical Insurance Board and the Department of Health Care Services, for the support of the Healthy Families Program.

The premium tax collection administered by the state Department of Insurance on the Healthy Families Program became inoperative on July 1, 2013.

Basis and Rate of Tax

A rate of 2.35 percent is levied on the amount of "gross premiums" received, less return premiums from insurance business done in California. A lower premium tax rate of 0.50 percent is applied to premiums received under pension and profit sharing plan contracts "qualified" under the Internal Revenue Code. Title insurance and ocean marine insurance are exceptions to the general premium tax rate basis and rate structure. Insurers transacting title insurance are taxed at a rate of 2.35 percent upon all income received in California, with the exception of income arising out of investments. Ocean marine insurers are taxed at a rate of 5 percent of the average annual underwriting profit earned during the preceding three calendar years.

Retaliatory Taxes

Insurers domiciled in states with a higher tax rate than California pay a "retaliatory tax" to California equal to the difference in the tax rate of their state of domicile and the tax rate of the State of California.

Surplus Line Taxes

The surplus lines insurers pay a tax rate of 3 percent levied on surplus line premiums pursuant to California Insurance Code Section 1775.5.

2013 Taxes Levied and Collected

Insurance premium taxes levied in 2013 on business done during 2012, other than retaliatory and surplus line taxes, amounted to **$2,054,593,052.** Premium taxes levied for Medi-Cal Managed Care Plans in 2013 on business done during 2012 amounted to **$ 302,905,621.**

Premium tax refunds of **$29,997,285** were granted during the year. Of these, **$25,141,590** were for excess prepayments for 2012.

Retaliatory taxes levied and collected during the year totaled **$9,847,054.**

Surplus line taxes collected during 2013 on business done during 2012 totaled **$151,664,401**.

Additional taxes levied for the fiscal year totaled **$9,552,226.**

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LEGAL BRANCH

Legal Branch

The Legal Branch ensures compliance with the California Insurance Code by all admitted insurers, insurance agents and brokers, and any other person or organization engaging in or applying to engage in the business of insurance in California. The Legal Branch serves an integral part of the CDI's mission by:

- Litigating enforcement actions.
- Reviewing and analyzing certain insurance policies to determine whether the policy should be approved for sale to consumers.
- Assisting with implementation of health care reform.
- Ensuring that rate filings comply with requirements of Proposition 103.
- Providing legal assistance to other branches of CDI.

The Legal Branch provides legal services supporting the Fraud Division in the prevention of insurance fraud activity. The Legal Branch also promulgates regulations implementing California statutes, and provides legal services to CDI relating to service of process and records requests. The Legal Branch is currently divided into eight bureaus:

- Auto Enforcement Bureau
- Enforcement Bureau - Sacramento
- Enforcement Bureau - San Francisco
- Fraud Liaison Bureau
- Government Law Bureau
- Health Policy Approval Bureau
- Policy Approval Bureau
- Rate Enforcement Bureau

AUTO ENFORCEMENT BUREAU

The Auto Enforcement Bureau (AEB) litigates enforcement actions against insurance companies and Broker-Agents (producers). As an Enforcement bureau, AEB protects policyholders, prospective policyholders, consumers, and the California insurance marketplace by ensuring that insurance producers and insurers comply with the Insurance Code and other laws and regulations that apply to the business of insurance.

In addition to other duties, AEB is also responsible for Vehicle Service Contracts, including the review of contracts and forms, and evaluation of Vehicle Service Contract Provider license applications, and related license disciplinary matters. AEB also

handles all aspects of litigation and enforcement previously known as "compliance" cases. AEB attorneys prepare and file pleadings and represent the Commissioner in administrative court in disciplinary actions against both licensed and unlicensed insurers and producers, including the revocation or denial of licenses and imposing fines for unfair claims practices by insurers.

Beyond its core function of an enforcement litigation bureau, AEB also provides legal opinions to the Commissioner and to the various divisions of the Department; provides support for investigations of producers and examinations of insurers; promulgates regulations; and represents the Department in employee adverse actions.

Auto Enforcement Bureau Statistics: 2013

Hearings: In 2013 the Auto Enforcement Bureau conducted 63 administrative hearings to conclusion.

Penalties: Monetary penalties and costs assessed through negotiated settlements and/or hearings: Over $20,200

Totals: 362 total new matters were opened and 383 total matters were closed in 2013

Disciplinary	88	125
Vehicle Service Contract	265	249
Unfair Practices Act	1	3
Legal Opinion	2	1
Regulation	0	0
Cease & Desist	1	0
Litigation/Defense	1	1
Legislation (bill analysis)	1	0
Miscellaneous	0	0
Human Resources	2	2
Order to Show Cause	0	1
Public Records Act Request	1	1
Oversight	0	0
Total	**362**	**383**

ENFORCEMENT BUREAU – SACRAMENTO

The Enforcement Bureau-Sacramento (EB-SAC) litigates enforcement actions against insurance producers, insurers and others conducting insurance business in California. EB-SAC provides assistance to the Licensing Services Division in evaluating

qualifications for licensure of producer applicants who have a criminal record or a record of professional license discipline, and reviewing legal documents implementing recommended action regarding those applicants.

During the year, 1898 cases were received and action was completed on 1661.

Hearings: In 2013, EB-SAC conducted **84** administrative hearings to conclusion.

Order of Revocation 217
Order of Revocation/Issuance of Restricted License 66
Order of Revocation/Issuance of Restricted License w/fines 18
Order of Denial 259
Order of Denial/Issuance of Restricted License 334
Order of Denial/Issuance of Restricted License w/fines 59
Order of Suspension 18
Order of Dismissal 9
Cease and Desist 0
Order for Monetary Penalty and or/Reimbursement 28
Order Removing Restrictions 115
Miscellaneous Orders 19
Warning 12
Voluntary Withdrawal of Application 10
No Disciplinary Action Warranted 53
No AR Action/Referred for Disciplinary Proceeding 299
Removal of Restrictions Denied 16
Order of Summary Denial 98
Order of Summary Denial/Issuance of Restricted License 107
Order of Summary Revocation 97
Order of Summary Revocation/Issuance of Restricted License 11
Order Granting 1033 Consent 26
Order Denying 1033 Consent 4
Barred from Licensure/Exam 23

ENFORCEMENT BUREAU – SAN FRANCISCO

The Enforcement Bureau-San Francisco (EB-SF) litigates enforcement actions against insurance companies and insurance agents and brokers (producers). EB-SF protects the insurance public and the California insurance marketplace by ensuring that

insurance producers and insurers comply with the Insurance Code and other laws that apply to the business of insurance by initiating enforcement actions when it appears that a regulated person or company has violated California law.

Within EB-SF is the Health Insurance Bureau, formed to provide focused enforcement activities pertaining to health insurance. The bureau provides legal services to various units of CDI responsible for implementation of legislation relating to health insurance, and when appropriate, initiates enforcement actions against insurers and other regulated persons when violation of laws relating to health insurance is alleged.

ACTIVITIES (JANUARY 1, 2013 THROUGH DECEMBER 31, 2013):

During the year, 384 cases were received and action was completed on 386.

Order of Revocation 49
Order of Revocation/Issuance of Restricted License 18
Order of Denial 40
Order of Denial/Issuance of Restricted License 47
Order of Immediate Suspension 0
Order of Suspension 1
Order of Monetary Penalty &/or Reimbursement 19
Order of Dismissal 0
Order Removing Restrictions 0
Rewritten Decision 6
Miscellaneous Orders 110
No Disciplinary Action Warranted 45
Warning Letter 5
Order of Summary Revocation 24
Order of Summary Denial 0
Order to Cease & Desist 4
Default Revocation 3
Default Denial 9
Surrender License 2
License Application Withdrawn 2

Restitution

HSU, Wan-Long	$48,266.13

Monetary Penalties

Aguilar, Erika Carmen	$250.00
Bates, Chad Eldridge	$5,000.00
Eloe, Tom Lewis	$500.00
Fidelity National Title Company	$1,250,000.00
Gerro-Spector, Joanne Sadie	$250.00
Granite State Insurance Company	$75,000.00
HSU, Wan-Long	$2,500.00
Loudenback, Derek Jamison	$250.00
Paez, Wendy Catalina	$500.00
Perez, Karlos Luera	$2,000.00
Pizzo, Salvador Joseph	$500.00
Pornbida, Chalinee	$250.00
Pua, Deborah Leialoha	$250.00
Ramer, Mary Shanonhouse	$500.00
Rivera, Katherine	$500.00
Timios, Inc.	$65,000.00
Yousef, Basil Mazen	$1,000.00
Venegas, Ismael Flore	$1,000.00
Viale, Gustav H.	$250.00

Cease and Desist Orders

AAA Bonding Agency, Inc.
Fidelity National Title Company
Home Choice Household Service Plans
Timos, Inc.

FRAUD LIAISON BUREAU

The Fraud Liaison Bureau (FLB) provides legal support to the Department's Fraud Division (FD).

General Duties

FLB provides legal services to the anti-fraud grant programs created by statute and managed by the FD pursuant to specific provisions of the California Insurance Code. Legal support is provided to the Division office in Sacramento and the Regional offices throughout the state in the implementation of these grant programs. This support includes the promulgation of regulations, drafting of proposed legislation, and advice to the Fraud Assessment Commission (FAC). The FAC, in conjunction with the FD, is charged with the enforcement of the laws relating to workers' compensation fraud prevention. It is the largest anti-fraud program in the FD.

Additionally, the bureau provides legal advice related to Fraud Division's peace officer functions such as search and seizure, and unique employment related issues due to the peace officer status of its investigators. The FLB coordinates with the Office of the

Attorney General when FD employees are involved in civil litigation cases. This type of litigation often involves the conduct of an employee in the performance of his or her duties on the job.

Qui Tam Cases

- **Overview**

  The FLB handles the numerous civil cases filed by private parties alleging violations of the False Claims Act (FCA) in the Insurance Code. These cases are referred to as "qui tam cases". Qui tam cases are complex civil actions filed by a whistle-blower under the FCA. Private party whistle-blower must also serve the Commissioner with civil qui tam complaints. The cases cover a large range of alleged unlawful conduct including kickbacks in the sales and promotion of drugs, misleading billing practices by hospitals, fraud by medical clinics, and the unlawful promotion and sale of medical devices. The fraudulent conduct becomes unlawful when a claim for payment is presented to an insured, or his or her insurer. The Commissioner may intervene in the case. These cases can involve major, complex litigation against large companies who have been accused of engaging in false and misleading practices.

  On December 31, 2013, there were 46 active qui tam cases pending. This includes a major case against pharmaceutical company in the promotion and sale of its drugs. The case is currently on appeal.

- **Sutter Hospitals Case**

  In November of 2013, the Commissioner settled a major qui tam case filed against the Sutter Hospitals (Sutter) chain, and Multiplan, a preferred provider organization. The case involved allegations of false medical billing practices. Sutter and Multiplan agreed to settle the case just before trial for $46,950,000.00. After payment to the whistle-blower for his statutory share and attorney's fees, the remainder of the funds are deposited into the state's General Fund. The Department deposited$20,628,657.39 of the settlement into the General Fund.

- **Commissioner's Intervention**

  The Commissioner represents the interests of the State when intervening. In cases in which the Commissioner has not intervened, the Commissioner must approve the allocation of funds that result from a settlement or judgment against the defendant(s). This is to insure that the state's interest in the case is protected.

FLB Workflow: 2013

Matter Type	Matters Opened	Matters Closed	Pending at Year End
Qui Tam Litigation	12	20	46
Legal Opinions	5	6	2
Legislation(analysis of pending bill)	1	1	0
Miscellaneous	5	5	0
Human Resources	0	0	0
Regulation	1	0	1
Civil Litigation	2	1	1
Subpoenas/Public Records	2	1	1
Search Warrants	0	0	0
Oversight	2	0	2
Total	30	34	53

GOVERNMENT LAW BUREAU

The Government Law Bureau (GLB) provides legal support to the Legislative Office and for CDI's rulemaking program. GLB personnel assist the Special Counsel to the Commissioner with the oversight and management of all CDI rulemaking actions. Staff in GLB monitor the workers' compensation system and assist the Commissioner with his analysis of the workers' compensation advisory pure premium rate. GLB also serves as CDI's agent for service of process and is the custodian of records. GLB participates in several inter-disciplinary task forces, including task forces relating to senior issues, workers' compensation and wildfire catastrophe mitigation.

Statistics by Matter Type

Name	Assigned	Closed
Litigation – Defense/Other	46	41
Public Records Act Request	902	904
Subpoena	206	215
Substituted Service of Process	42	56
Legislation Oversight	11	14
Regulation Oversight	3	6
Total:	1210	1236

POLICY APPROVAL BUREAU AND HEALTH POLICY APPROVAL BUREAU

The Policy Approval Bureau (PAB) and Health Policy Approval Bureau (HPAB) perform reviews of life, disability (accident and health), and workers' compensation insurance products. PAB also reviews insurer qualifications to market and sell variable life and annuity products. PAB and HPAB advise the public, other government agencies, CDI personnel and legislators on statues and regulations pertaining to life, disability and workers' compensation insurance. Further, PAB and HPAB develop regulations and bulletins relating to life and disability insurance product design, advertising and administration.

Product	Submission	
	Received	Closed
Group Non-Health	271	320
Supplemental Life Insurance	141	154
Variable Contracts	299	176
Group and Individual Health Insurance	462	625
Medicare Supplement	341	262
Unclassified	35	35
Individual Non-Health	79	81
Individual and Group Credit Insurance	7	9
Long Term Care Insurance	148	131
Workers' Compensation	285	290
Sub-Total	**2,068**	**2,083**
Variable Product Qualifications:		
Variable Annuity Qualification	3	0
Variable Life Qualification	0	0
Amended Variable Annuity Qualification	114	96
Amended Variable Life Qualification	77	64
Modified Guarantee Annuity Qualification	0	0
Sub-Total	**194**	**160**
Other Activities:		
Legal Opinions	1	3
Legal Service Request	0	0
Legislation	50	54
Litigation	6	5
Miscellaneous	7	4
Oversight	10	8
Regulation	4	3
Subpoena	0	0
Others	0	0
Sub-Total	**78**	**77**
TOTAL	**2,340**	**2,320**

RATE ENFORCEMENT BUREAU

The Rate Enforcement Bureau (REB) enforces the provisions of Proposition 103 and other laws pertaining to the availability and affordability of insurance; and the rating and underwriting practices of property and casualty insurers. REB provides legal support to the Department's Rate Regulation Branch, represents CDI in prior approval rate hearings, and represents CDI in administrative enforcement cases where rating and underwriting violations are alleged. REB provides legal assistance for issues related to the California Earthquake Authority, the Commissioner's Catastrophe and Climate Change Initiatives, the California Automobile Assigned Risk Plan, and the California Low Cost Automobile Insurance Program.

A summary of the Bureau's major actions for 2013 is set forth below:

Prior Approval

Petitions for Hearing Received 11

Petitions for Hearing Granted 2

Petitions for Hearing Denied 6

Determinations Not to Hold Hearing Issued 6

Notices of Hearing Issued 2

Hearings in Progress 0

Matters Resolved Without Hearing 14

Matters Resolved Following Hearing 1

Matters Pending 4

Regulations

Regulation Matters Opened 3

Regulations Approved 9

Regulations Pending 1

Enforcement Matters

Enforcement Matters Opened 12

Enforcement Matters Closed 5

Enforcement Matters Pending 22

Civil Litigation

Matters Opened 1

Matters Closed 1

Matters Pending 2

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CORPORATE *and* REGULATORY AFFAIRS BRANCH

Corporate and Regulatory Affairs Branch

Branch Overview

The Corporate and Regulatory Affairs Branch (CARAB) was created in January 2012 when Corporate Affairs Bureaus I and II were split off from the Legal Branch to form a new branch to focus on insurer governance, licensing and solvency oversight. CARAB protects California consumers through company licensing, oversight and enforcement. These activities protect insurer solvency and require the conduct of company affairs in accordance with the law. Program areas handled by CARAB include insurer corporate applications, troubled companies, surplus lines, risk retention groups, risk purchasing groups, and providing legal advice and assistance to the Financial Surveillance Branch and the Conservation & Liquidation Office.

Structure

CARAB is headed by a Deputy Commissioner and is comprised of two bureaus: Corporate Affairs Bureau I and Corporate Affairs Bureau II. The two bureaus are each headed by an Assistant Chief Counsel.

CORPORATE AFFAIRS BUREAU I

The Corporate Affairs Bureau I (CAB I) specializes in the areas of surplus lines, risk retention and risk purchasing groups, title and underwritten title companies, insurer name approvals, premium tax issues, and charitable gift organizations. In addition, CAB I reviews applications filed by insurance companies for approval of securities issuances, mergers, acquisitions, inter-affiliate service agreements, holding company act filings, and extraordinary dividend payments.

CORPORATE AFFAIRS BUREAU II

The Corporate Affairs Bureau II (CAB II) specializes in the areas of reinsurance, non-standard company structures, and life settlements. In addition, CAB II handles corporate licensing and oversight, provides legal services to Financial Surveillance Branch's Troubled Companies Unit and to CDI's Conservation & Liquidation Office (CLO). The CLO takes over and manages insurers found to be in such a condition that further transaction of business would be hazardous to their policyholders, creditors or to the public. The goal is to protect those stakeholders, and in the case of liquidation, maximize return to policyholders and creditors.

Application Type	Begin # Assigned Cases	Assigned	Closed	End # Assigned Cases
Advisory Organization License	0	1	0	1
Approval of Trust	17	14	18	13
C/A Amend-Add Line	23	18	31	10
C/A Amend-Delete Line	1	3	2	2
C/A Amend-Domestic Change 709.5	3	1	3	1
C/A Amend-Name	5	37	35	7
C/A Amend-Non-Domestic Re-domicile	4	13	13	4
Certificate of Authority	11	16	22	5
Certificate of Authority Status - 700C	5	12	7	10
Certified Reinsurer	0	1	1	0
Custodian Qualification	1	2	2	1
Custody Agreement	0	5	4	1
Exemption – Certificate of	0	1	0	1
Failure to Make Required Filing	0	0	0	0
Grants/Annuities - C/A	18	17	14	21
Grants/Annuities-Amended C/A	0	3	1	2
HC Disclaimer of Affiliation .4l	11	42	50	3
HC Exempt - Comm. Domiciled Status .13b	2	3	4	1
HC Exempt - Form A .2f	9	2	10	1
HC Extraordinary Dividend .5g	0	18	18	0
HC Guarantees .5b5	0	0	0	0
HC Mgt. Serv./Cost Share Agmt .5b4	53	122	129	46
HC Misc.	2	5	7	0
HC Reinsurance .5b3	4	21	18	7
HC Sales Purchases Loans .5b1	5	10	15	0
Holding Companies Acquisition	5	10	13	2
Home Protection	0	5	5	0
Letter of Credit	0	2	2	0
Life Settlement Provider	11	2	8	5
Merger	3	19	18	4
Miscellaneous	10	82	85	7
Motor Club License	1	1	1	1
Motor Club Service Contract	9	29	17	21
Name Approval Reservation	22	104	113	13
Organizational Permit	2	2	2	2
Purchasing Alliance Registration	0	0	0	0

Application Type	Begin # Assigned Cases	Assigned	Closed	End # Assigned Cases
Rein/Sale-Purchase/Transfer-Assumption	8	10	13	5
Reinsurer Accreditation	6	28	31	3
Risk Purchasing Group	15	37	34	18
Risk Purchasing Group Renewal	34	292	300	26
Risk Retention Group	13	6	14	5
Risk Retention Group Renewal	72	106	98	80
S810	0	0	0	0
Stock Permit	2	12	11	3
Stock Permit - Amend	0	3	3	0
Surplus Line Filing	0	2	2	0
UTC-Amend License	7	8	12	3
UTC-License	0	3	2	1
UTC-Organizational Permit	1	3	2	2
UTC-Permit	1	0	0	1
UTC-Transfer of Shares	1	5	6	0
WC Deposit Agreement	2	18	18	2
Withdrawal	8	8	11	5
TOTAL	**407**	**1164**	**1225**	**346**

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OFFICE *of* THE SPECIAL COUNSEL

Office of the Special Counsel

The Special Counsel provides independent legal advice directly to the Insurance Commissioner, provides oversight of Department Rulemaking Projects and Regulations, directs the interaction with the National Association of Insurance Commissioners (NAIC), and manages various special projects and Commissioner initiatives.

- **Legal Advice and Litigation –** The Special Counsel provides the Commissioner with independent legal advice on various issues regarding litigation, adjudicatory proceedings and other legal matters. In 2013, the Special Counsel acted as "in house counsel" on several litigation matters, interfacing with Deputy Attorney Generals and advising the Commissioner and Chief Deputy Commissioner. In 2013, the Special Counsel also handled approximately 25 adjudicatory matters received from the Department's Administrative Hearing Bureau (AHB), where hearings on insurance rate plans, workers' compensation matters and other disputes are conducted.

- **Rulemaking Proceedings –** Oversight of the Department's Regulations is vested with the Special Counsel. This process includes regulation development, project management, research, interaction with the insurance industry and other stakeholders, and navigating the requirements of the Administrative Procedure Act (APA) in conjunction with the Office of Administrative Law (OAL). In 2013, the Department managed 36 rulemaking projects, reviewed and evaluated 4 potential rulemaking projects, and filed and received OAL approval on nineteen rulemaking projects.

- **National Association of Insurance Commissioners (NAIC) –** Coordination and facilitation of the Department's interaction with the NAIC, and its participation on NAIC Committees, Task Forces, and Working Groups is handled by the Special Counsel. As the largest insurance market in the nation, California plays a significant role in helping shape model laws and regulatory policy. Doing so involves active participation in National Meetings and conference calls with regulators from other states. In 2013, California was a Chair, Vice Chair and/or Member on 109 out of the 156 NAIC bodies, and monitored approximately 47 others.

- **Special Initiatives –** The Special Counsel manages various special projects and initiatives for the Commissioner involving policy and law such as climate change, green insurance and others. In 2013, the Special Counsel continued to assist the Commissioner in his leadership in the effort to survey the insurance industry on the impact of climate change on insurance companies and their efforts towards adaptation, mitigation and resilience. In 2013, California collaborated with New York, Washington, Connecticut and Minnesota to survey 940 companies representing 77% of the entire insurance market, and developed an interactive website that allows regulators, insurers, and members of the public to

quickly analyze the results and better measure the insurance industry's ability to respond to the impacts of Climate Change.

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LEGISLATIVE OFFICE

Legislative Office

In 2013, the Legislative Office (LO) staffed five bills sponsored by Commissioner Jones and CDI, of which four were signed into law. In addition, the LO closely monitored, provided technical assistance to, took positions on, and/or advocated for or against 86 bills that were sent to Governor Brown for his consideration, 67 of which the Governor signed into law. The LO also tracked 140 other bills that were introduced or amended throughout the year but did not successfully complete the legislative process.

Below are summaries of the four CDI-Sponsored bills signed into law in 2013:

CDI-Sponsored Bills (In Numerical Order):

AB 32 authored by Assembly Speaker John A. Pérez (D - Los Angeles); Insurance Taxes: Income Taxes: Credits – Signed into Law as Chapter 608, Statues of 2013. AB 32 increases the cap on the annual aggregate amount from $10 million to $50 million of qualified investments made into community development financial institutions (CDFIs) in the California Organized Investment Network's California Financial Development Institution Tax Credit Program. This would, in turn, increase the amount of investment tax credits available annually from $2 million to $10 million. The California Organized Investment Network (COIN) forecasts greater than $66 million of demand for these tax credit investments in 2013. These investments would not happen in California without this program and the tax credit enhanced by AB 32.

AB 584 authored by Assembly Insurance Chair Henry Perea (D - Fresno); Own Risk and Solvency Assessment (ORSA) – Signed into Law as Chapter 238, Statutes of 2013. AB 584 updates California Insurance law to require insurers to maintain an effective risk management system. The near collapse of AIG during the 2008 economic crisis revealed the need for insurers and insurance groups to better evaluate their risks. In response, the National Association of Insurance Commissioners (NAIC) created and adopted the Risk Management and Own Risk Solvency Assessment Model Law (ORSA) to establish the regulatory oversight needed to assess an insurer's or insurance group's ability to weather severe economic stress. AB 584 protects insurance consumers by helping to make sure insurers and insurance groups do not collapse like big banks in 2008. The legislation establishes enhanced risk management requirements and provides the Insurance Commissioner access to information to better understand the risks to which an insurer or insurance group is exposed.

AB 1391 authored by the Assembly Committee on Insurance; CDI/Insurance Code Streamlining and Efficiencies – Signed into law as Chapter 321, Statutes of 2013. AB 1391 remedies issues identified by CDI to clarify and cleanup obsolete and superseded Insurance Code sections and align the Insurance Code with various technical aspects of the National Association of Insurance Commissioners (NAIC) model laws, among other necessary provisions. One notable component of AB 1391 is the authority that will allow the Insurance Commissioner to approve changes to the

California Low Cost Auto and California Assigned Risk Plan without having to go through the full rulemaking process, but only after a public hearing that is noticed at least 45 days in advance. AB 1391 ensures that changes to the Plan will no longer have a six to eighteen month delay.

SB 476 authored by Senate President Pro Tempore Darrell Steinberg (D-Sacramento); Assessment Alignments – Signed into law as Chapter 347, Statutes of 2013. SB 746 eliminates the sunset on three insurance-related special assessments. Additionally, it decreases the Auto Consumer Assessment fee amount and revises the Life and Annuity Consumer Protection Assessment to more closely align each of the assessments' revenues with their related workloads. Specifically, SB 476 decreases the assessment specified in Insurance Code section 1872.81 from 30 cents to an amount not to exceed 25 cents, and eliminates the assessment's January 1, 2015 sunset; eliminates the January 1, 2015 sunset on the 50-cent assessment specified in Insurance Code section 1874.8; and applies the $1.00 assessment specified in Insurance Code section 10127.17 to all individual life insurance policies and annuities (currently those under $15,000 in value are excluded from the assessment) and eliminates the assessment's January 1, 2015 sunset. SB 476 eliminates the January 15, 2015 sunset on these three assessments to provide a continuous and reliable funding source for supporting critical consumer protection activities and predictability for CDI and district attorneys' staffing decisions.

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COMMUNITY PROGRAMS *and* POLICY INITIATIVES BRANCH

Community Programs Branch

The Community Programs and Policy Initiatives Branch (CPPI) leads and oversees programs that benefit California's underserved communities.

CPPI delivers services through the CPPI Deputy Commissioner's office, Consumer Education and Outreach Bureau (CEOB), California Low Cost Automobile Insurance Program (CLCA), Community Organized Investment Network (COIN), Office of the Ombudsman (OMB), Special Projects Division (SPD), Statistical Analysis Division (SAD), and Insurance Diversity Initiative (IDI).

CONSUMER EDUCATION AND OUTREACH BUREAU

The Consumer Education and Outreach Bureau (CEOB) educates consumers on insurance issues and the availability of CDI as a resource to Californians. CEOB coordinates and participates in educational and outreach events, and educates consumers through the development and distribution of informational guides. CEOB is involved in the coordination of hearings, town hall meetings and special events for the Insurance Commissioner. The bureau also plays an important role by helping to organize disaster outreach events immediately following major disasters in the state. Throughout the year, CEOB distributed 73,184 insurance related informational guides and coordinated/participated in 215 outreach events throughout the state as follows:

California Low Cost Auto	65
Department of Motor Vehicles	24
General Consumer Outreach	61
Senior	41
Employment Development Department	8
Health Insurance	15
Emergency Preparedness	1
TOTAL	**215**

CEOB is responsible for creating, updating and publishing insurance consumer informational guides for the Department, both in hard copy and online. These guides have been developed to meet consumer needs and statutory provisions. The majority of these information guides may be found on the California Department of Insurance Website at www.insurance.ca.gov.

LIFE AND ANNUITY CONSUMER PROTECTION PROGRAM

CDI is tasked with educating consumers on all aspects of life insurance and annuity products, including consumer rights and protections, the purchasing and utilization of life insurance and annuity products, claims filing, benefit delivery, and dispute resolution for the LACPP program.

In 2013, funding for this program was reduced on a one-time basis. CEOB continued to provide consumer education to seniors by updating the Senior Life & Annuity Brochure which is distributed at consumer outreach events and to District Attorney's offices throughout the State of California in support of their senior protection programs.

The Senior Information Center on CDI's Web site provides useful information through alerts, advisories and press releases issued by CDI. The Web site can be found at: http://www.insurance.ca.gov/0150-seniors/.

The website's Health Plan section provides links to programs and resources such as Health Insurance Counseling and Advocacy Program (HICAP), Medicare Advantage Plan, California Health Advocates, and Social Security, to name a few.

The website also includes a senior events calendar, videos, insurance guides specific to seniors, and an insurance glossary created specifically for seniors.

Patient and Provider Protection Act (PPPA)

California Insurance Code Section 10133.661 requires that CDI "provide announcements that inform health insurance consumers and their health care providers of the department's toll-free telephone number that is dedicated to the handling of complaints and of the availability of the Internet Web page established under this section, and the process to register a complaint with the department and to submit an inquiry to it."

From January through June 2013, CEOB secured digital geo-targeting, English and Spanish keyword searching and display retargeting to increase outreach. These digital advertising methods track the habits of digital users and provide those who are actively seeking information with a direct link to the PPPA program.

As of July 1, 2013 funding for this program was reduced on a one-time basis. CEOB obtained advertising space in the following magazines and web-sites that will run until June 30, 2014 to advertise CDI's ability to help health consumers and providers resolve disputes with insurers.

- California Family Physicians Publication.
- 66th Annual Scientific Assembly Guide.
- California Ambulatory Surgery Association Website.
- Life Line Magazine.

CEOB used more than 250 search terms to retarget web users to the program, as well as four display ads that were clickable for users. The ads were featured on top sites such as Yahoo, ESPN, Telemundo and Pandora. These efforts led to nearly 800,000 online impressions, resulting in approximately 1,700 "clicks" from consumers. CEOB used this search engine advertising through June 2013.

CALIFORNIA LOW COST AUTOMOBILE INSURANCE PROGRAM

The California Low Cost Automobile Insurance Program (CLCA) was established by the Legislature in 1999 and exists pursuant to California Insurance Code Section 11629.7. The program is designed to provide income eligible persons with liability insurance protection at affordable rates as a way to meet California's financial responsibility laws.

Since 2008 (state-wide inception of the program), 51,234 Californians have applied for insurance through the program and 46,025 of those received insurance through the program. At the end of 2013, approximately 11,521 policies were in force. According to the California Automobile Assigned Risk Plan (CAARP), approximately 94% of last year's assigned motorists were previously uninsured.

In 2013 CDI continued to focus on making major improvements to the program to eliminate barriers to potential policyholders. CDI proposes to accept CAARP's changes to the household definition which will allow more customers to qualify for the program; and a change to the installment payment plans which will allow a 20% down payment at time of application and seven monthly installments thereafter. The redesigned CLCA website continues to serve as the primary source of information and education about the CLCA program to consumers and producers.

The program meets the success standards established under the law, as the CLCA Program:

- Maintained rates that generated sufficient premiums to cover losses and expenses incurred by CLCA policies issued under each respective county program.
- Served and benefited underserved communities throughout California. CAARP statistics show that approximately 85% of policies issued in 2013 were issued to applicants whose household income was at or below $20,000 per year.
- Reduced the number of uninsured motorists. According to CAARP statistics, 94% of new policies assigned were to applicants who were uninsured at the time of application.
- Caused motorist to purchase a policy other than CLCA which meets the requirements of California law, as 702 motorist visited a producer because of the program's advertising and left with a higher coverage automobile policy.

2014 CLCA Report to the Legislature:
http://www.insurance.ca.gov/0100-consumers/0060-information-guides/0010-automobile/lca/upload/CLCAReport2013.pdf

CALIFORNIA ORGANIZED INVESTMENT NETWORK

The mission of the California Organized Investment Network (COIN) is to guide insurers on making safe and sound investments that yield environmental benefits in California and/or social benefits for the State's underserved communities. COIN's Advisory Board is led by the Insurance Commissioner and comprised of several leaders from the insurance industry, consumer advocacy, economic development, legal, and community development organizations. The COIN Advisory Board guides COIN on its policies and procedures for securing and investing insurance capital for community investment in California. In 2013, the COIN Advisory Board held quarterly meetings and many subcommittee meetings.

COIN carries out its mission through two distinct program areas: Insurer Investment and Community Development Financial Institutions (CDFIs).

Insurer Investment Programs

COIN sources, structures and qualifies investments that are: 1) safe, sound and solvent; 2) offer competitive financial returns; and 3) benefit California's environment and/or low-income and rural communities.

- High Impact Investment Bulletins: Investments sourced and/or structured by COIN for insurers that are innovative, responsive to community needs, not routinely provided by insurers, qualify as green investments, or have a high degree of positive impact on the economic welfare of low-to-moderate income (LMI) households or areas in California. In 2013, a total of six High Impact Investment Bulletins were approved by COIN.

- Qualified Investments: Insurer investments verified by COIN for their positive environmental or social impact to LMI households and rural communities in California. An example of a 2013 Qualified Investment is Genesis Solar Energy Project, a solar electric generating facility located in Riverside County that will provide jobs in an area of high unemployment. A total of 27 insurance companies invested a combined $522 million into Genesis Solar.

- Guided Investments: Investments sourced and/or structured by COIN for insurers in accordance with COIN's programmatic guidelines and market conditions. An example of a 2013 guided investment is the Topaz Solar Energy project that received $681 million of insurer investment.

COIN conducts two data calls on insurer investments. The first is the Community Development Investment Policy Statement (CDIPS) Data Call, which is held biennially in odd years. Through CDIPS, insurers that write $100 million or more in California premiums must disclose their community development investment goals to COIN. The most recent CDIPS Data Call was conducted in 2013 and reported policy statements for 2013 and 2014. In 2013, 206 insurers met or exceeded the $100 million threshold; 27

of these 206 insurers previously satisfied their CDIPS reporting requirements in 2011 and were not required to report in 2013 and 12 of these insurers submitted a revision of their 2011 CDIPS. Because some insurers file multiple reports as part of a group, COIN reviewed approximately 113 unique CDIPS for its final review. Below is a summary of the 113 insurer CDIPS responses.

- 17 make no community development investments.
- 16 make community development investments.
- 6 have community development investment goals.
- 3 have no community development investment goals.

The second COIN data call is the Community Investment Survey (CIS), which captures investments that meet COIN's guidelines and are made by admitted insurers in California. The CIS Data Call covers a multi-year investment period. The last CIS that was conducted in 2013, due January 1, 2014, covered the years 2009, 2010, 2011, and 2012. COIN is currently reviewing reported insurer investments for the CIS 2014 Data Call and will report its findings by May 31, 2014.

CDFI Programs

The COIN CDFI Tax Credit Program attracts and leverages private capital to fund investments that benefit California's environment, and/or its low-income, reservation-based and rural areas. Established in 1997, the CDFI Tax Credit Program is administered by COIN for the purpose of increasing the amount of private capital available to CDFIs for community development. COIN allocates a state tax credit of 20% on qualified investments of $50,000 or more. Every $1 of tax credit yields $5 of private investment, with the total tax credit annual allocation of $10 million generating up to $50 million of private investment in COIN-Certified CDFIs. COIN CDFI Tax Credit investments have a minimum term of 60 months, with the tax credit allocated in year one of the five-year investment period. Unused tax credits may be carried forward.

Assembly Bill 32 (Pérez) was signed into law in October 2013 by Governor Brown, and increased the cap on the annual aggregate amount of qualified investments made into COIN certified CDFIs from $10 million to $50 million. Under this program, investors receive a tax credit worth 20% of their investment into a COIN certified CDFI. Every $1 of tax credit yields $5 of private investment with a tax credit allocation of $10 million generating up to $50 million of private investment in COIN certified CDFIs. AB 32 also placed two restrictions on investments qualified by COIN that remain in effect until October 1st in any calendar year. First, the total amount of investments qualified by COIN to any one community development financial institution may not exceed 30% of the annual aggregate amount of qualified investments. Second, 10% of the annual aggregate amount of qualified investments is reserved for investment amounts of less than or equal to $200,000, as specified.

During 2013, COIN certified 20 investments into five CDFIs for a combined total of $10 million of COIN CDFI Tax Credit investment. These investments were made by 19 investors, including one insurance company that invested a total of $6 million. The

amount of community investment made by insurers throughout 2012 and 2013 has continually increased under the leadership of Speaker Pérez and Commissioner Jones, despite the limited amount of capital available in the financial markets for community development. Since the inception of the COIN CDFI Tax Credit program in 1997, a total of $145 million COIN CDFI tax credit investments have been made. AB 32 will yield an estimated 3,128 jobs and an economic impact of $460.4 million for the State of California.

Table 1- 2013 COIN CDFI Tax Credit Investments and Allocation

CDFI	2013
1. Pacific Coast Regional Small Business Development Corp	$75,000
2. Northern California Community Loan Fund	300,000
3. Rural Community Assistance Corporation	1,000,000
4. Self-Help Federal Credit Union	2,625,000
5. Corporation for Supportive Housing	6,000,000
Total Investment	$10,000,000
Total State COIN CDFI Tax Credit Allocated	$2,000,000

OFFICE OF THE OMBUDSMAN

The Office of the Ombudsman's primary function is to support the Department's commitment to serve, educate and provide the highest level of customer service to our consumers, insurers, agents, brokers, and public officials. The Ombudsman is responsible for ensuring that the Department makes available to the public all the resources within its authority and that complaints about Department staff or actions receive full and impartial investigation.

Beyond this role, the Ombudsman serves as the primary contact for legislative offices, initiates consumer reviews of cases upon request, serves as liaison to public inquiry requests, analyzes consumer issues data for legislative focus, spotlights on areas in need of regulatory reform and carries out special projects to enhance Department communications and streamline operations.

During 2013, the Ombudsman staff responded to 943 consumer requests for assistance and 492 legislative inquiries, while closing and facilitating 1,410 basic requests. The office was also able to close an additional 52 backlog requests from the prior year.

SPECIAL PROJECTS DIVISION

The Special Projects Division (SPD) provides targeted research and analysis used to inform Commissioner decisions and also administers a variety of programs and processes designed to manage Commissioner initiatives.

Until August 2013, the SPD supplemented CDI's expertise on issues relating to enforcement in the health care arena. Staff assisted in the development of an emergency regulation package interpreting the Mental Health Parity Act regarding coverage for autism. The SPD also monitored, in conjunction with the Legal Branch, complaints against agents which appeared in the bi-weekly Center for Medicare and Medicaid Services' (CMS) reports for California.

The SPD continues to host the Senior Gateway, an inter-agency website designed to provide meaningful resources and information to seniors and their families to inform them about health care and insurance options, and empower them to protect themselves against financial fraud, abuse and neglect. Staff chaired the Elder Financial Abuse Interagency Roundtable (EFAIR), which launched the Senior Gateway website; expanded awareness and maintained the website.

Additionally, the SPD develops a listing of reports mandated by statute or regulation of CDI or the Insurance Commissioner. SPD also administers the process and facilitates the Commissioner's appointments of members to serve on seven boards and committees.

STATISTICAL ANALYSIS DIVISION

The Statistical Analysis Division (SAD) is based in Los Angeles and is responsible for responding to all data collections and reporting requirements set forth in the California Insurance Code and the California Code of Regulations. The data, analysis and reports developed by SAD help the Insurance Commissioner and management, the Legislature and related government agencies support a healthy insurance marketplace and provide California's consumers with information to help them make important insurance decisions.

SAD maintains databases on a variety of insurance lines. On an annual basis, SAD conducts in-depth analysis on a multitude of data elements submitted by the insurance industry and other sources. SAD evaluates, compares and interprets massive raw data and statistics in order to maintain annual and semi-annual reports based on that data. In addition, SAD analyzes and develops legislation related to the collection of data by the Department.

SAD has provided data and related research assistance to virtually every unit in the California Department of Insurance. This includes support to the Actuarial Division, COIN, Consumer Services, Financial Analysis Division, Fraud Branch, Legal Division, Licensing Division, the Press Office and the Rate Regulation Branch. In addition to CDI internal units, SAD's data and reports are used by the public, consumer groups, industry, the media, university students and professors, as well as federal and state lawmakers.

1) DURING 2013, SAD ANALYZED:

- Private Passenger Automobile Liability and Physical Damage Experience by ZIP Code, as required by California Insurance Code Section 11628(a).

- Community Service Statement, reporting exposures and service offices in "underserved" communities, as required by California Code of Regulations Title 10, Chapter 5, Section 2646.6.
- Community Development Investment Policy Statements, as required by California Insurance Code Section 926.3(b).
- Insurer Supplier Diversity, as required by California Insurance Code Section 927(b).
- Personal Property Coverage and Limits pursuant to California Insurance Code Section 16014(b).
- Annual Private Passenger Automobile and Homeowners Premium Comparison surveys in accordance with California Insurance Code Section 12959.
- Annual Consumer Complaint Ratio Study, in accordance with California Insurance Code Section 12921.1.
- Workers Compensation Claims Adjusters, Medical-Only Claims Adjusters and Medical Bill Reviewers under California Insurance Code Section 11761 and California Code of Regulations Title 10, Chapter 5, Sections 2592 – 2592.08.
- Annual Long-Term Care Insurance Experience Survey, in accordance with California Insurance Code Sections 10232.3(h), 10234.86, 10234.95(l), and 10235.9.
- Annual Long-Term Care Insurance Consumer Rate and History Guide, as required by California Insurance Code Section 10234.6 and AB 999 (LTC Outlines of Coverage: California Insurance Code Section 10233.5). Revised the Long-Term Care to capture the outlines of coverage and policy summary information from the companies and developed a new LTC Outlines of Coverage web page and report for the Legal Division.
- Medicare Supplement Insurance Consumer Rate Guide, in accordance with California Insurance Code Section 10192.20. Revised the Rate Guide pursuant to CIC§10140.2, "any health insurance policies issues, amended, or renewed on or after January 1, 2011, shall not be subject to premium…differentials because of sex" so that it does not differentiate between genders.
- Health and Disability Insurance conducted under California Insurance Code Sections 10127.19, 10508.6, 10508.7, 1872.85, 700(c) and 900.
- Fraud Disability and Health Assessment Table and Report Development, in accordance with California Insurance Code Section 1872.85.
- California Healthcare Benefits Fund Assessment Table and Report Development, in accordance with California Code of Regulations 2218.62 (SB 1704).
- Long-Term Care Insurance Agents semi-annual reporting, as required by California Insurance Code Section 10234.93(a)(3).
- Developed a list of insurance companies currently offering health insurance coverage in accordance with California Insurance Code Section 10133.66.

- Special Purpose Fraud Assessment - Developed a database and tracking system to Support Collection of Fraud Assessments under California Insurance Code Section 1872.86. SAD worked with Accounting Services Bureau to develop a system to track companies and send notifications.
- Bureau of Fraudulent Claims Table and Report Development, in accordance with California Insurance Code Section 1874.8.
- Mental Health Services Company Exhibits, SAD worked with Legal Division to incorporate additional Company Reporting Exhibits in the annual Health & Disability Insurance reporting to collect and track company compliance under California Insurance Code Sections 10144.5(a), 10123.198 and 10123.199. Data is reported annually to Legal Division.
- Workers Compensation Policyholder Appeals information, in accordance with California Code of Regulations Title 10, Chapter 5 Section 2509.43 et. seq.
- Health Insurance Dispute Resolution information conducted under California Insurance Code Sections 10123.127. Collected experience data on a company's "Health Dispute Resolution Mechanism." This data was submitted to the Legal Division.

2) SPECIAL PROJECTS REQUESTED BY EXECUTIVE STAFF/COMMISSIONER:

In addition to annual data calls, SAD also conducts research and data collection for special projects. These special projects are a result of “hot topic” policy issues that the CDI executive staff faces throughout the year. For 2013, special projects included:

- Designated Office of Consumer Appeals for Workers Compensation - Provided the Commissioner, Office of the Ombudsman and Legal Division with designated contact information by company pursuant to California Code of Regulations Title 10, Chapter 5, Section 2509.43.

- Health Insurance Covered Lives Report – Pursuant to California Insurance Code section 10127.19, the Statistical Analysis Division (SAD) developed a public report of the number of covered lives under health insurance plans and administrative service only (ASO) plans issued by California Department of Insurance licensees. The Statistical Analysis Division staff coordinated efforts with the Department of Managed Healthcare (DMHC).

3) RESEARCH CONSULTATION/DATABASE DEVELOPMENT:

At various times throughout the year, SAD provides technical assistance in developing databases or assistance in conducting analysis of data for CDI internal branches as well as other state or insurance related agencies. The following is a list of the SAD’s research consultation/database development activities during 2013:

- Arizona Department of Insurance Data Request – Responded to a request from Arizona Department of Insurance for assessment data pertaining to California Health Care Benefits Fund for Fiscal Year 2012-2013 and for Fiscal Year 2013-2014. This

information was used for the development of reports pertaining to the Arizona retaliation calculation.

- California Healthcare Foundation – Provided covered lives data on individual & group health, Administrative Service Only (ASO) and Medicare supplement plans to support trend reports developed by the foundation.

- Provided Individual & Group Health Plan Information to Legal Division – In support of the Department's regulation of grandfathered and non-grandfathered health plans related to Assembly Bill 1083, SAD provided health plan information to the Legal Division to identify all medical plan forms that were subject to AB1083 and related laws.

- Consultant for Rate Regulation Branch (RRB) – Long Term Care Rate Increase History - Starting in 2012, SAD has provided the Long-Term Care Rate Increase History data tables to an RRB Consultant. SAD has agreed to provide this service on an annual basis on behalf of RRB and the department.

- Medicare Supplement Rates Database for Rate Regulation Branch (RRB)/Health Actuary Unit – Starting in 2010, SAD has provided and updated the Medicare Supplement Rates Database (i.e. tables) for the Health Actuary unit. The Health Actuary Unit analyzes the updated Medicare supplement rates reported by the companies and provides valuable feedback to SAD and other CDI units. SAD has agreed to maintain and update this Medicare supplement database for RRB on an annual basis.

- California Earthquake Authority (CEA) – Provided residential property amounts of insurance for CEA and non-CEA insurers summarized by ZIP code and indicating the number of policies that have earthquake coverage.

- National Association of Insurance Commissioners (NAIC) Annual Reports - Provided Private Passenger Automobile and Personal Property information to the NAIC for their annual reports.

- Commission on Health and Safety and Workers' Compensation (CHSWC) Annual Request - Provided workers' compensation related data to the CHSWC for their annual reporting on the health, safety, and workers' compensation systems in California.

4) REQUEST FOR DATA/CONSUMER INQUIRIES RECEIVED DURING CALENDAR YEAR 2013:

During calendar year 2013, SAD was requested to provide data and handle inquiries received by the CDI's Consumer Hotline. With respect to data requests, SAD fielded requests for data from a wide spectrum of the public – from individual consumers, to other

state and federal agencies, to university students and professors, and from the insurance industry.

Insurance Supplier Diversity Initiative

In January of 2012, Insurance Commissioner Jones formed the Insurance Diversity Task Force to consider and make recommendations about diversity in the insurance industry, including the diversity of corporate governing boards and supplier diversity. As the insurance industry is a $125 billion industry in the state, the Task Force was asked to focus on identifying, measuring, and increasing what the industry procures from California diverse businesses. These efforts marked the first of its kind in the nation, and California is now seen as a leader in this arena.

This past year was a landmark year for the Initiative and pushed forward the Insurance Diversity Initiative's mission in a tremendous way. In 2013, the Task Force and Insurance Diversity Initiative (IDI) department staff made great strides in their mission, while accomplishing the following:

- Issued the first mandated Insurer Supplier Diversity (ISD) Survey, a first-in-the-nation survey of supplier diversity within the insurance industry.

- Successfully collected and compiled reports from all 207 Insurance companies that met the threshold to report in 2013.

- Posted all 207 reports online for easier public viewing access and transparency.

- Assembled multiple resource documents from the aggregate data to ensure maximum use and dissemination of information collected.

- Organized the 2nd Annual Insurance Diversity Summit in November which saw the release of the 2013 ISD Survey and awards for the inaugural supplier diversity honorees: Allstate Insurance Company and Kaiser's CEO Bernard Tyson.

- Commissioned the California Research Bureau and the USC Price School of Public Policy to perform independent research of the data collected to provide an in-depth analysis of the results of the 2013 ISD Survey.

- Commissioner's Insurance Diversity Task Force released the first "Report to the Commissioner" and held a Public Hearing at the State Capitol to discuss the report's recommendations.

- Commissioner and IDI staff served as speakers and panelists at conferences throughout the year to share this new initiative with the state's diverse business.

IDI staff looks forward to continuing the Initiative's mission in 2014 by examining issues of diversity on insurance company governing boards. Commissioner Jones committed to surveying the insurance industry with the 2014 Governing Board Diversity (GBD) Survey at the 2nd Annual Insurance Diversity Summit.

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COMMUNICATIONS *and* PRESS RELATIONS

The Communications/Press Relations Office

The Communications and Press Relations Bureau (CPRB) coordinates and disseminates the Department's message and objectives to consumers, the industry, media and CDI staff. The effective delivery of this information, through a variety of tools and methods, ensures that all Department efforts contribute to the CDI Mission, "to ensure vibrant markets where insurers keep their promises and the health and economic security of individuals, families, and businesses are protected."

The function of the CPRB is to inform the state of California of the undertakings within the Department, as the Bureau studies trends, conducts research and identifies media issues which need to be addressed. The CPRB fosters relationships with important stakeholders, including: consumers, the insurance industry, state legislators, advocates, the Governor's Office and CDI staff.

The CPRB also collaborates with the Community Relations and Consumer Services and Market Conduct Branches in performing a myriad of outreach campaigns regarding the Department's consumer programs and services. The Communications Office plays an integral role by serving as a positive liaison to the press (television, newspaper, internet, radio and bloggers) via press releases, phone calls, emails, social media outreach and press events. The primary responsibility of the CPRB is to disseminate information which conveys the message of the Insurance Commissioner and the Department. During 2013, major initiatives included:

Affordable Care Act rollout support:

- CPRB supported the rollout of the Affordable Care Act by participating in broadcast events. In a live 2 hour broadcast with KNX 1070 the commissioner served as a panelist to discuss consumer protections and the department's role in the ACA rollout. CPRB also facilitated a 2 hour live broadcast town hall with KGTV ABC San Diego, which highlighted the ACA, consumer outreach efforts, and fraud prevention.
- CPRB produced multiple news conferences, news releases, and supported speeches by the Insurance Commissioner regarding consumer protection, encouraging consumer enrollment, and highlighted preventative measures and enforcement efforts to ensure proper conduct by navigators and enrollment councilors.
- Provided multiple feature interviews with major media outlets throughout the state and provided major media important ACA information.

Consumer Protection and Education:

- Produced news conferences and news releases totaling more than 10 regarding insurer rate filings.
- Participated in the design and invention of the responsive design and mobile website.
- Communicated and coordinated with numerous reporters and hundreds of outlets throughout the state to promote the consumer services branch and consumer

hotline. Major media outlets included CNN, World News, ABC, NBC, CBS and Fox news affiliates, *Sacramento Bee, Los Angeles Times,* and the *Wall Street Journal*, among many others.

- Supported outreach regarding pending and new legislation, including media coverage, creation of fact sheets, consumer stories, press conferences, and graphic design and promotion.
- CPRB also supported other CDI branches by providing graphic designs, writing services, as well as marketing and other outreach to assist each branch with messaging and consumer education and protection.

Enforcement efforts:

- At the commissioner's request, CPRB worked closely with the enforcement branch to enhance media outreach regarding enforcement efforts and operations.
- Coordinated media at enforcement command centers, communicated staff rolled out on enforcement operation to produce real time media information for distribution immediately following.
- Developed real time news worthy media information immediately following major operation
- Coordinated with the enforcement branch and succeeded in dramatically increasing CDI's social media presence on multiple platforms, which resulted in more than 200,000 hits and established daily social media followers including trend bloggers, mass media, insurance trade media, trade associations and insurers.

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ADMINISTRATION *and* LICENSING SERVICES BRANCH

Administration and Licensing Services Branch

The Administration and Licensing Services Branch (ALSB) provides administrative support services to the California Department of Insurance (CDI), including budgets, accounting, business services, human resources, and information technology, as well as providing licensing services to insurance agents, brokers, adjusters, and bail agents. The Branch consists of the following divisions:

- Financial Management Division
- Human Resources Management Division
- Information Technology Division
- Licensing Services Division

FINANCIAL MANAGEMENT DIVISION

The Financial Management Division (FMD) consists of the following three bureaus:

- **The Accounting Services Bureau (ASB)** provides a full range of accounting functions including payables, receivables, revolving fund, cashiering, general ledger, security deposits, and gross premium and surplus line tax collection. Approximately $2.4 billion in tax revenue was collected for fiscal year 2012-13 to support the State's General Fund. ASB maintains centralized records of CDI's appropriations, financial activities, and cash flow to ensure effective management of CDI's financial affairs and to provide accurate financial reports to State control agencies.

- **The Budget and Revenue Management Bureau (BRMB)** consists of the Budget Office and the Administrative Systems Unit (ASU).

  The Budget Office develops CDI's annual budget including the preparation and submission of all Supplementary Schedules required by the Department of Finance (DOF); develops annual budget allocations for all programs; develops various hourly rates for cost recovery; and monitors expenditures and revenue collection during the fiscal year.

  The ASU oversees/maintains CDI's Time Activity Reporting System (TARS); generates monthly expenditure and TARS reports; provides TARS training and technical assistance to all CDI staff; provides technical support to users of various fiscal systems including CALSTARS; establishes new program cost accounts, as appropriate; updates the cost allocation plan; and develops specialized financial-related management reports.

- **The Business Management Bureau (BMB)** provides CDI administrative and management services in the areas of contracts, purchasing, facilities, records, forms, physical assets, fleet management; mail and supply services; and services such as photo identification and security, transportation management, and disaster planning.

FMD Key Accomplishments in 2013:

- **Excellence in Financial Reporting –** ASB's 2011-12 financial reports submitted to the State Controller's Office (SCO) were complete, accurate, and timely, thus meeting SCO's established criteria for Excellence in Financial Reporting.

- **Department of General Services (DGS) Compliance Audit –** DGS routinely performs audits of State agencies' business management activities. The objectives of the audits are to determine compliance with policies set forth in the State Administrative Manual and terms and conditions of any specific delegations of authority or exemptions from approval granted by DGS. DGS' 2013 audit of CDI concluded that the Department is conducting its business management functions and services in compliance with State requirements.

Major Programs:

Tax Collection Program – One of FMD's functions is to ensure the timely processing of tax returns filed by insurers and surplus line brokers, and the timely collection and reporting of all appropriate taxes. The timeframes for remitting tax payments to CDI are monthly, quarterly, or annually depending upon the tax liability of each insurer/surplus line broker.

For the tax year 2012, ASB processed 6,163 tax returns, as follows:

INSURANCE TYPE	NUMBER OF ANNUAL TAX RETURNS	TAX RATE	LAW REFERENCE
Surplus Line	4,162	3%	CIC Section 1775.5
Property & Casualty	922	2.35%	CRTC Section 12202
Ocean Marine	595	5%	CRTC Section 12101
Life	434	2.35% or 0.5%	CRTC Section 12202
Title	16	2.35%	CRTC Section 12202
Home	12	2.35%	CRTC Section 12202
Health	22	2.35%	CRTC Section 12202
TOTAL	**6,163**		

CIC = California Insurance Code
CRTC = California Revenue and Taxation Code

Following is a five-year summary of gross premium and surplus line taxes collected by the Department for the State's General Fund:

FISCAL YEAR	TAXES COLLECTED
2008-09	$2,109,639,000
2009-10	$2,262,588,000
2010-11	$2,307,752,000
2011-12	$2,441,762,000
2012-13	$2,422,934,000

CDI Budget:

Programs – CDI's budget consists of the following five programs:

- **Regulation of Insurance Companies and Insurance Producers (Program 10) –** The objectives of this program are to: prevent losses to policyholders, beneficiaries, or the public due to the insolvency of insurers; prevent unlawful or unfair practices by insurers as defined by the California Insurance Code (CIC); ensure that insurance rates are not excessive, inadequate, unfairly discriminatory, or otherwise in violation of the CIC; and ensure that applicants for insurance licenses, and holders of insurance licenses, satisfy and maintain the qualifications for licensure. Through the Conservation and Liquidation Office, the CDI administers the estates of insolvent and delinquent insurance companies.

- **Consumer Protection (Program 12) –** The objectives of this program are to: provide direct service to California consumers by protecting insurance policyholders and other parties involved in insurance transactions against unfair or illegal practices with respect to claims handling, rating, or underwriting by insurers; and protect applicants and policyholders from discriminatory, unlawful, or fraudulent practices or incompetence relating to the sale of insurance.

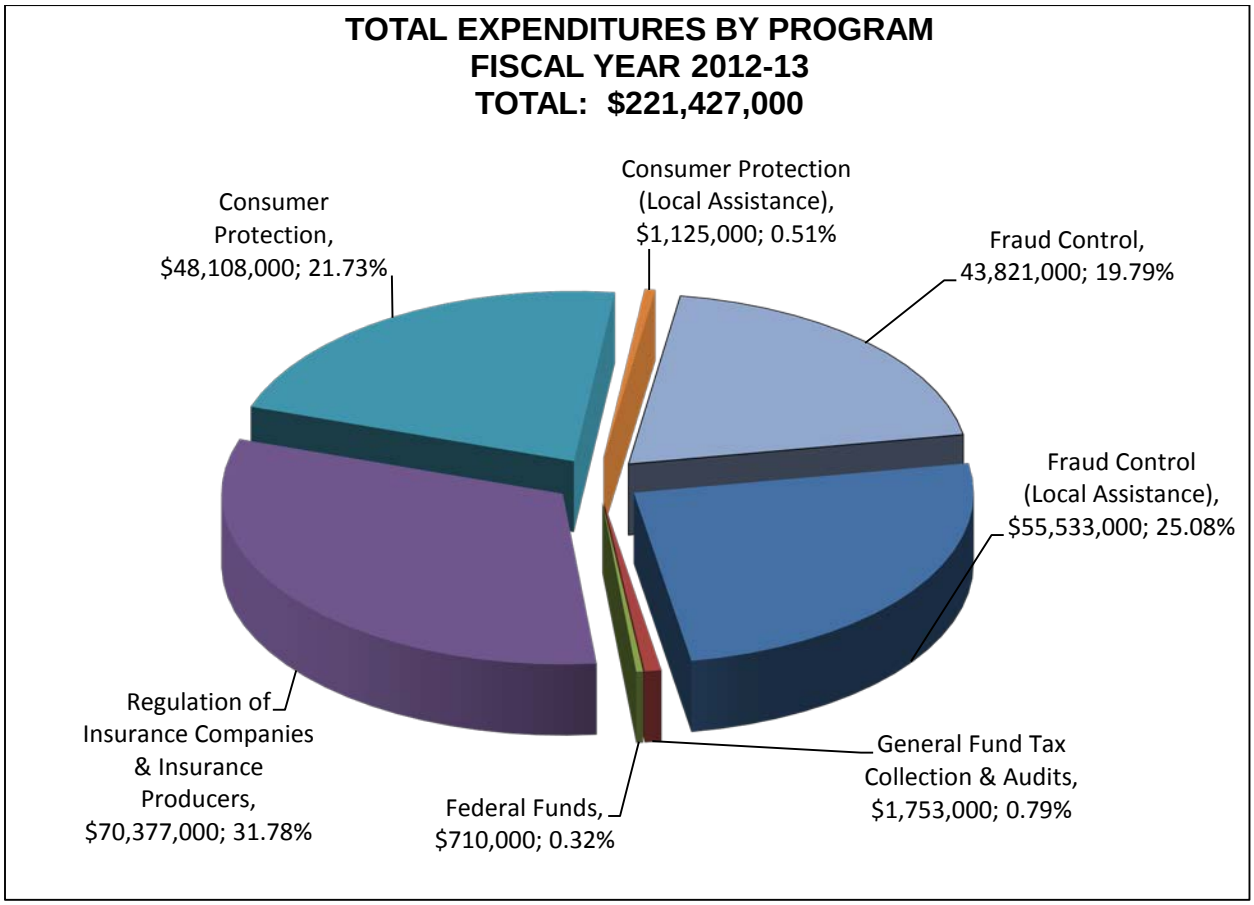
- **Fraud Control (Program 20) –** The objective of this program is to protect the public from economic loss by actively investigating, arresting, and referring for prosecution or adjudication those who commit insurance fraud and other violations of the law. The program is staffed by sworn peace officers who conduct criminal investigations of insurance fraud and related criminal cases.

- **General Fund Tax Collection and Audit (Program 30) –** This program performs tax collection, accounting, and tax audits of insurance companies and surplus line brokers. The program staff audit insurers' tax returns to determine

compliance with the laws contained in both the CIC and Revenue and Taxation Code as well as assist the Board of Equalization and the State Controller's Office with various refund, assessment, and accounting matters relative to the premium tax program. Tax collections from this program are deposited in the General Fund.

- **Administration (Program 50) –** This program provides administrative support services to CDI including budgets, accounting, human resources, business services and information technology, as well as legislative and legal services.

Expenditures – CDI's total expenditures for fiscal year 2012-13 were $221,427,000. The following chart displays the expenditures by Program:



Note: Includes 2012-13 Distributed Administration expenditures of $27,652,000.

The following table displays the expenditures by category:

CATEGORY	EXPENDITURES
Personal Services	$121,813,000
Operating Expenses and Equipment	$42,956,000
Local Assistance	$56,658,000
TOTAL	**$221,427,000**

- **Personal Services –** Payments made for services performed by CDI staff to support operations. This includes salaries, wages, and staff benefits.

- **Operating Expenses and Equipment –** This includes costs of goods and services (other than personal services previously defined) that are incurred by CDI to support its operations.

- **Local Assistance –** Funds provided to local entities (e.g., District Attorneys) in support of CDI's programs.

Revenues – In fiscal year 2012-13, CDI generated $213.2 million in revenue from fees, licenses, and various assessments paid by insurers, insurance producers, and other licensees. Insurance Fund revenue generally is received from insurance companies and insurance producers that CDI regulates. Both insurers and producers pay license, filing, and other fees. Insurance companies pay special assessments for Proposition 103, Fraud, Consumer Services Auto, and Life and Annuity. Insurance companies also pay for periodic examinations to determine the financial stability of the company and to evaluate insurance practices and market conduct.

TYPES OF REVENUE	AMOUNT	% OF TOTAL
Fraud:	$ 97,656,000	45.79%
Workers' Compensation	($50,010,000)	(23.45%)
Auto ($1.50)	($39,120,000)	(18.34%)
General Assessment	($4,584,000)	(2.15%)
Health & Disability	($3,942,000)	(1.85%)
Fees & License	$57,787,000	27.09%
Proposition 103	$27,296,000	12.80%
Examination Fees	$20,546,000	9.63%
Consumer Services Auto ($0.30)	$9,115,000	4.27%
Life & Annuity	$880,000	0.41%
TOTAL	**$ 213,280,000**	**100.0%**

- **Fraud Assessment –** This revenue is derived from the following assessments:

  - Fraud Workers' Compensation – The Fraud Assessment Commission determines the allocation of revenue. The Department of Industrial Relations collects the assessment from insurers and self-insured employers.

  - Fraud Auto – An annual fee of $1.50 for each vehicle insured by an insurer is assessed. Part of the assessment collected is distributed to both the California Highway Patrol and to county District Attorneys.

  - Fraud General – An annual fee of $4,200 to amend each insurer doing business in the state.

  - Fraud Health and Disability – An annual fee of $0.20 (effective July 1, 2013) that an insurer must pay for each person insured under a health or disability policy. (Prior to July 1, 2013, the fee was $0.10 per person.)

- **License Fees and Penalties –** This revenue is collected to cover the cost associated with the licensing and regulation of persons engaged in the business of insurance in California.

- **Proposition 103 Assessments –** This is a voter-approved initiative that requires CDI to review and approve certain insurance rates. An annual assessment is levied to recover the actual costs incurred by CDI in administering the provisions of Proposition 103.

- **Examination Fees –** This revenue is collected to recover the cost of conducting financial and market conduct examinations to ensure that insurers are financially stable and operating in compliance with the CIC.

- **General Fees –** These fees cover the costs associated with processing and maintaining Action Notices, Policy Approvals, Insurer Certifications, Annual Statements, and Workers' Compensation Rate Filings.

- **Consumer Services ($0.30) –** An annual fee not to exceed $0.25 for each vehicle insured is assessed to fund consumer service functions of the CDI and improve consumer functions related to automobile insurance. Part of the fee (i.e., up to $0.05) is specifically used to support the California Low Cost Auto Program.

- **Life and Annuity –** An annual assessment of $1.00 per policy (of at least $15,000 in value) is levied on life and annuity insurers to fund various activities related to life and annuity, particularly investigation of misconduct and/or fraud of these insurers.

HUMAN RESOURCES MANAGEMENT DIVISION

The Human Resources Management Division (HRMD) provides essential human resources operations to CDI's employees through the following five functional units:

- **The Classification and Pay Unit** administers CDI's classification and pay program. Analysts provide advice and assistance on varied personnel management problems; analyze and classify positions; gather and evaluate pay data; conduct classification and pay surveys; provide management support on employee progressive discipline issues; and review proposed personnel actions for conformity with regulations and classification and pay standards.

- **The Selections and Recruitment Unit** is responsible for CDI's selections process. Selections Analysts administer civil service exams; conduct job analyses; establish certification and eligibility lists; oversee recruitment efforts; and function as liaisons between the California Department of Human Resources (CalHR) and CDI's programs in the development of online exams.

- **The Departmental Training/Health and Safety Unit** provides technical expertise, training, and guidance to employees, supervisors, and managers in administrative personnel matters relating to a variety of health and safety issues. The Health and Safety Analysts act as coordinators for the Family and Medical Leave Act (FMLA); Americans with Disabilities Act (ADA); Reasonable Accommodation (RA) Policy; Return-to-Work; Injury, Illness, and Prevention Policy; Workplace Violence Prevention Policy; Drug-Free Workplace Policy; the Workers' Compensation Program; the Health and Wellness Program; and perform ergonomic evaluations for CDI employees. The Training Officer/Analysts develop and deliver in-house training using instructor-led training and intranet-based training videos; coordinate training for employees; facilitate CDI's annual award and recognition programs; and administer the Biennial Language Survey.

- **Personnel Transactions** staff provides a full range of personnel and disability transactions as well as technical resources to the Department. The Personnel Specialists prepare appointment, separation, and other personnel/payroll transactions documents to establish and update CDI employees' employment history and ensure timely and accurate payment of regular and miscellaneous pay; ensure accurate and timely completion of benefit forms; certify time and attendance to confirm accuracy of leave balances; and process State Disability Insurance, Non-Industrial Disability Insurance, catastrophic leave, paid family leave, FMLA requests, and Workers' Compensation claims pertaining to pay and leave credit restoration. The Technical Resources Unit disseminates HRMD policies, procedures, and personnel-related documents, and develops processes and procedures addressing complex and diverse personnel practices.

- **The Labor Relations Unit** facilitates cooperative and productive labor relations among CDI, its employees, and their respective employee labororganizations; establishes procedures for the equitable and peaceful resolution of differences on labor relations matters; and provides information on the implementation of collective bargaining agreements, including CDI policies and grievance responses.

HRMD Key Accomplishments in 2013:

- **Compliance Review Report –** In early 2013, the State Personnel Board (SPB) conducted a baseline compliance review of CDI's examinations, appointments, Equal Employment Opportunity (EEO) program, and personal services contracts from May 1, 2011 through October 31, 2012. The primary objective of the review was to determine if CDI's personnel practices, policies, and procedures complied with state civil service laws and SPB regulations, and to recommend corrective action where deficiencies were identified. In August 2013, SPB reported it found no deficiencies in CDI's administration of examinations, appointments, EEO program, or personal services contracts.

- **Actuarial Classifications –** HRMD, in collaboration with the Financial Surveillance and Rate Regulation Branches, continues to lead a multi-department project to identify classification and compensation changes necessary to enable departments to recruit and retain qualified actuaries. Participating departments include the California Public Employees' Retirement System, State Compensation Insurance Fund, California State Teachers' Retirement System, and Department of Managed Health Care. The completed proposal was submitted to CalHR for consideration in October 2013.

- **Established a New Career Executive Assignment (CEA) for Enforcement Branch, Fraud Division –** The CEA has oversight over nine regional offices statewide and is responsible for planning, organizing, and directing the activities of the Fraud Division. The CEA is responsible for establishing and implementing policies within the Fraud Division as it relates to the enforcement of insurance fraud programs statewide.

- **Established a New CEA for California Organized Investment Network (COIN) Program –** The CEA will have oversight of several programs that increase insurance company investments in under-served communities. The CEA will provide leadership as the Chief of the COIN program. The CEA will be responsible for developing policies to meet the new challenges of the COIN tax credit program, which could lead to billions of dollars of investments in low and moderate-income communities.

- **Established Five New Attorney IV Permanently-Allocated Positions –** The Legal and Corporate and Regulatory Affairs Branches provide the legal resources necessary for CDI to regulate the $123 billion insurance industry in California. These high-level positions will enhance the Department's ability to regulate this major industry, a task which presents significant and complex legal issues.

- **Launched Development of New System to Replace the Human Resource Information System (HRIS) –** In late 2013, the California Department of Technology notified CDI that it would sunset the existing HRIS on June 30, 2014, due to the age of the platform and lack of technical support for the system. HRIS provides the Department's essential human resources functions including timekeeping/daily attendance, leave balance accounting, and position management/control. In order to replace these mission critical functions, HRMD is partnering with the Information Technology Division (ITD) and business areas to develop a replacement system.

- **Health and Wellness –** In recognition that CDI's employees are its most valuable resource, HRMD's Health and Safety Unit continued its annual Wellness Fair initiative in 2013 by launching events in the San Francisco and Los Angeles locations.

- **Annual Award Ceremonies –** In September 2013, award ceremonies were held in Los Angeles, Sacramento, and San Francisco to recognize CDI employees for exceptional contributions. Awards were given in the categories of "Insurance Commissioner's Award for Excellence" and "Superior Accomplishment Award." Additionally, a new component acknowledged employees who exemplify the Department's values and goals.

- **Leadership Training –** HRMD's Training Unit was instrumental in implementation of CDI's Leadership and Development Program, developed in collaboration with Sacramento State's College of Continuing Education. Executives in CDI's Legal and Corporate and Regulatory Affairs Branches completed the program in 2013. The goal was to further develop individual and organizational leadership competencies in alignment with the mission, strategic goals, and values of CDI.

INFORMATION TECHNOLOGY DIVISION

The Information Technology Division (ITD) provides reliable, supportable, and innovative information technology (IT) services and solutions to the Department to achieve its business and operational requirements. ITD consists of the following five bureaus/offices:

- **Statewide Network Support Bureau (SNSB)** provides departmental support for the technology infrastructure. Support provided consists of telecommunication services, Local Area Network (LAN), Wide Area Network (WAN), hardware/software installation, email services, security, and maintenance for personal computers.

- **Application Development and Maintenance Bureau (ADAM)** provides custom software development and supports a variety of custom-off-the-shelf (COTS) products/applications to meet the business needs of the Department. ADAM keeps abreast of the latest advancements in application tools and technology; monitors and maintains the Oracle Internet and Intranet application servers, commonly referred to as the 'middle tier'; and hosts all production data in house serving as CDI's Data Center.

- **Project Coordination and Administrative Support Bureau (PCAS)** provides departmental and divisional support. Departmental support activities include IT procurement, IT project management, and control agency compliance. Divisional support activities include a wide range of administrative activities (e.g., division expenditure tracking, human resources coordination, IT and Department infrastructure budget tracking and monitoring, and training request coordination).

- **Web Services Bureau (WS)** is responsible for improving usability of CDI's Web site content and online services while ensuring compliance with state and federal accessibility requirements. Also supported are CDI's 160 content contributors and content managers responsible for the Internet and Intranet Web sites' content. The Bureau also produces videos for CDI.

- **Information Security Office (ISO)** is responsible for: protecting CDI's information assets; managing vulnerabilities within CDI's information processing infrastructure; managing threats and incidents impacting CDI's information resources; developing and maintaining policy to ensure appropriate use of CDI's information assets; and educating employees about their information security and privacy protection responsibilities.

ITD Key Accomplishments in 2013:

- **Insurer Climate Risk Survey –** ITD, in collaboration with the Financial Surveillance Branch, developed an online application to post and view

Climate Risk Surveys submitted from California, Connecticut, Minnesota, Washington, and New York states.

- **Investigation Division Case Management System –** ITD, in collaboration with the Enforcement Branch's Investigations Division (ID), developed a case management system to replace the CDI Menu process. The system incorporates all phases of ID cases, from case receipt to closure, including tracking time spent on the case.

- **Special Investigations Unit Database (Phase III) –** ITD, in collaboration with the Fraud Division/Special Investigations Unit (SIU), developed an electronic submission process for the SIU Annual Compliance Report that approximately 1,200 insurance companies are required to submit annually to CDI.

- **Enforcement Branch Property Control –** ITD developed a custom application that allows property managers to track all assets.

LICENSING SERVICES DIVISION

The Licensing Services Division (LSD), under the authority of the California Insurance Code (CIC), protects insurance consumers and maintains the integrity of the insurance industry by determining the qualifications and eligibility of license applicants. The Division consists of the following three bureaus:

- **Producer Licensing Bureau (PLB)** issues, maintains, and updates records of all insurance producer licenses; prepares and administers written qualifying insurance examinations; and reviews and approves education courses submitted by insurance companies, educational institutions, and others.

- **Licensing Background Bureau (LBB)** obtains information and documentary evidence regarding criminal convictions and other adverse actions in the backgrounds of insurance producers and license applicants seeking authority to transact insurance in California. LBB analyzes evidence and makes recommendations as to the actions, if any, to be taken against these individuals.

- **Licensing Compliance and Company Investigations Bureau** reviews consumer complaint files received from the Investigation Division; performs background reviews of insurance company officers and individuals seeking appointment to the Commissioner's boards and committees; and assists in processing the applications of non-admitted insurers applying to be added to the Department's List of Approved Surplus Line Insurers.

LSD Key Accomplishments in 2013:

During 2013, LSD completed projects to improve consumer protection, customer service, and operational efficiencies as well as implemented new producer licensing legislation.

- **New Examination Sites –** Passing a qualifying examination is a prerequisite for obtaining an insurance agent, broker, adjuster, or bail agent license. Providing convenient examination locations throughout California is critical to facilitate expedient licensing for applicants. During 2013, PLB, in collaboration with its licensing examination contractor (PSI Services), opened three new examination sites in Walnut Creek, Ventura, and Visalia. During the past three years, CDI increased the number of its examination sites from 4 to 21 with sites located throughout California. During 2014, CDI will open a 22nd examination site in Laguna Hills.

- **Updated Examinations –** PLB updated its qualifying license examinations by introducing several new questions and making changes to several existing questions. The updates are necessary to keep the content of the

qualifying examinations current, relevant, and appropriate for individuals who will be entering the marketplace as new insurance agents. The updates were made possible by a combined effort of PLB, PSI Services, and subject matter experts from the insurance industry who volunteered their time to participate in a review of all of the examination questions.

- **New Curriculum and Study Guides –** PLB, in coordination with the Commissioner's appointed Curriculum Board, updated the curriculum for education providers to follow when developing long-term care training courses. The updates reflect new product developments and legislative changes in the area of long-term care insurance. This course is required each license term for
  those insurance agents who transact long-term care insurance. In addition, PLB and the Curriculum Board developed new examination study guides for the insurance adjuster and life and disability analyst licenses. These comprehensive study guides provide a detailed description of the subject areas covered on the qualifying examinations for these licenses.

- **Streamlined Process for Assigning Background Reviews –** LSD's three bureaus collaborated to develop a streamlined process for handling applicants and licensees with criminal backgrounds. The new process allows for quicker assignment of cases to background analysts, reducing the time for assignment by one to two weeks.

- **Implemented Legislation –** PLB successfully completed initial implementation of AB2354 (Chapter 257, Statutes of 2012). (The associated rulemaking efforts are ongoing.) This bill, effective January 1, 2013, changed the licensing requirements for the limited lines travel insurance license. Instead of requiring individual travel agents who offer travel insurance to be licensed, only organization licenses are issued. The bill adopted the provisions of the National Association of Insurance Commissioners (NAIC) uniform licensing standards for travel agents.

  PLB also implemented the producer licensing provisions of AB 2303 (Chapter 768, Statutes of 2012). This bill, effective January 1, 2013, made several changes in law relating to insurance producer licenses, including the establishment of a license for insurance crop adjusters and expansion of CDI's pre-licensing and continuing education Curriculum Board to provide for representation from the insurance adjuster and bail agent industries.

Producer Licensing Statistics:

The following table compares producer licensing statistics between calendar years 2012 and 2013:

WORKLOAD	2012	2013	PERCENTAGE CHANGE
License Applications Received	68,438	69,901	+2%
License Examinations Scheduled	62,439	69,534	+11%
New Licenses Issued	49,435	55,040	+11%
Licenses Renewed	110,881	118,988	+7%
Insurer Appointments/Terminations	703,897	821,718	+17%
Bonds Processed	5,518	7,353	+33%
Licensing Calls Handled	169,082	145,734	-16%
e-mail Inquiries Processed	16,688	18,749	+12%

The following table compares the total number of applications received for 2012 and 2013 for the specified license types:

LICENSE TYPE	2012	2013	PERCENTAGE CHANGE
Life and Accident/Health (combined)	26,810	27,327	+2%
Life	16,945	12,696	-25%
Property and Casualty	14,385	12,947	+10%
Accident and Health	4,341	5,789	+33%
Personal Lines	4,564	5,694	+25%
Limited Lines Automobile	646	499	-23%

The following table compares the total number of new licenses issued in 2012 and 2013 for the specified license types:

LICENSE TYPE	2012[1]	2013[1]	PERCENTAGE CHANGE
Life	30,837	34,295	-11%
Accident and Health	23,316	28,199	+21%
Property and Casualty	11,422	11,723	+3%
Personal Lines	3,739	5,544	+48%
Limited Lines Automobile	646	477	-26%

[1]The number of new licenses issued in this table includes duplication, such as for those individuals issued a new license as a life agent and also issued a new license as an accident/health agent. Therefore, these numbers do not reconcile with the number of new licenses issued presented in the previous producer licensing statistics table, which does not include duplication.

Licensing Background Statistics:

The following table compares licensing background statistics between calendar years 2012 and 2013:

WORKLOAD	2012	2013	PERCENTAGE CHANGE
Insurance agent and broker background reviews	3,969	3,784	-5%
Cases referred to Legal Branch for disciplinary action	425	478	+4%
Insurance agent and broker alternative resolution program cases	1,119	820	-27%

Licensing Compliance Statistics:

The following table compares licensing compliance statistics between calendar years 2012 and 2013:

WORKLOAD	2012	2013	PERCENTAGE CHANGE
Insurance company officer and director background reviews	726	671	-8%
Updates to list of approved surplus line insurers	16	12	-25%
Cases referred to Legal Branch or Investigation Division for disciplinary action or further investigation	10	7	-30%
Orders of Administrative Bar for cheating on examination	9	23	+156%
Commissioner Board and Committees background reviews	23	22	-4%

Producer Licensing Examination First-Time Pass Rates:

In recent years, the life insurance industry has published several studies showing that the number of career life agents nationally is declining. Industry representatives believe that it is important that the insurance agent licensing process recognize the changing demographics nationally and be flexible to ensure that every community is served by qualified life agents.

To that end, the insurance industry is encouraging all states' departments of insurance to obtain data on the number and pass rate of first-time examinees to identify whether certain examinations produce the unintended effect of inappropriately excluding specific population groups from obtaining an insurance producer license.

To address these concerns, during the past two years, in partnership with its examination contractor, PSI Services, PLB has facilitated examination workshops to review the pool of questions from each examination type. Subject matter experts from the insurance industry review each question to determine whether the questions are current, relevant, and accurate while a PSI psychometrician reviews the questions for the purpose of identifying and removing any cultural or other biases.

In 2013, PLB continued to collect demographic data from license examinees on a voluntary basis. PLB and PSI are using the results of the demographic data provided to assist in identifying examination questions that may be changed or removed from the

various examination question pools. For each of these examinations, examinees must correctly answer at least 60 percent of the questions to receive a passing score. Following are the examination pass rates for individuals taking the examination on their first attempt. In addition to the pass rates for each license type is a breakdown of first-time pass percentages broken out by gender, ethnic group, and education levels.

First-Time Examination Pass Rates in 2013:

Number of Examinees	Pass Rate (%)	Number of Examinees	Pass Rate (%)	Number of Examinees	Pass Rate (%)	Number of Examinees	Pass Rate (%)	Number of Examinees	Pass Rate (%)	Number of Examinees	Pass Rate (%)
8,712	41%	19,529	59%	13,692	64%	1,314	77%	1,623	59%	561	71%

First-Time Examination Pass Rates by Gender in 2013:

Gender	Casualty		Life and Accident/Health		Life		Accident and Health		Personal Lines		Limited Lines Automobile	
	Number of Examinees	Pass Rate (%)	Number of Examinees	Pass Rate (%)	Number of Examinees	Pass Rate (%)	Number of Examinees	Pass Rate (%)	Number of Examinees	Pass Rate (%)	Number of Examinees	Pass Rate (%)
Female	4,631	37%	8,606	57%	3,370	63%	574	76%	895	47%	319	73%
Male	3,441	47%	9,127	65%	3,672	70%	607	78%	535	63%	115	85%
Declined to Participate	635		1,821		6,620		131		494		122	

First-Time Examination Pass Rates by Ethnic Group in 2013:

Ethnic Group	Property/ Casualty		Life and Accident/Health		Life		Accident and Health		Personal Lines		Limited Lines Automobile	
	Number of Examinees	Pass Rate (%)	Number of Examinees	Pass Rate (%)	Number of Examinees	Pass Rate (%)	Number of Examinees	Pass Rate (%)	Number of Examinees	Pass Rate (%)	Number of Examinees	Pass Rate (%)
American Indian / Alaskan Native	56	39%	95	74%	36	64%	4	75%	8	50%	0	NA
Asian	1,092	41%	3,646	55%	1,381	52%	242	74%	66	68%	3	100%
Black	332	37%	1,165	53%	568	67%	95	72%	134	69%	1	100%
Filipino	200	36%	1,592	49%	712	62%	106	75%	27	63%	1	100%
Hispanic	2,329	25%	2,861	49%	1,417	54%	196	72%	582	39%	351	77%
Pacific Islander	55	42%	161	49%	52	65%	7	57%	8	38%	0	NA
White	3,002	55%	5,658	77%	1,433	83%	370	85%	286	77%	12	75%
Declined to Participate	1,641		4,376		8,063		292		556			

First-Time Examination Pass Rates by Education Level in 2013:

Education	Property/ Casualty		Life and Accident/Health		Life		Accident and Health		Personal Lines		Limited Lines Automobile	
	Number of Examinees	Pass Rate (%)	Number of Examinees	Pass Rate (%)	Number of Examinees	Pass Rate (%)	Number of Examinees	Pass Rate (%)	Number of Examinees	Pass Rate (%)	Number of Examinees	Pass Rate (%)
High School / GED	1,180	23%	1,459	37%	831	41%	123	57%	377	40%	180	76%
Some College	2,655	34%	4,485	53%	1,957	58%	272	72%	466	50%	162	80%
2-Year College Degree	738	37%	1,815	52%	682	57%	129	71%	103	62%	19	68%
4-Year College Degree	2,427	56%	6,349	72%	1,799	79%	416	88%	197	88%	14	86%
Master's Degree	398	60%	1,474	80%	385	84%	97	86%	20	95%	3	100%
Doctoral Degree	64	78%	279	86%	74	96%	15	100%	2	100%	0	NA
Declined to Participate	1,245		3,693		7,934		260		759		178	

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OFFICE *of* CIVIL RIGHTS

Office of Civil Rights

The Office of Civil Rights (OCR) ensures CDI's compliance with State and federal laws relating to discrimination, sexual harassment and the Americans with Disabilities Act (ADA). Title VII of the 1964 Civil Rights Act and the California Fair Employment and Housing Act (FEHA) prohibit discrimination and harassment of employees, applicants for employment, clients, visitors and others based on certain enumerated protected characteristics. The OCR updates and issues policy statements relating to discrimination and monitors compliance with all applicable civil rights laws. The OCR also ensures that all CDI staff are trained to comply with these policies and practices in the employment, development and treatment of its employees, and the consumers that we serve.

The OCR's Upward Mobility program counsels Department employees who are in low paying jobs that do not easily offer potential to advance. Employees who want to move into jobs that offer a better career ladder are given strategies on how to acquire the requisite skills that could help them move up the employment ladder. Annually, the OCR completes a Workforce Analysis that is submitted to CalHR, and that includes a report on the Upward Mobility Program. The OCR provides staff support to the statutorily mandated departmental Disabilities Advisory Committee (DAC) which serves in an advisory capacity to the Commissioner. The CDI DAC's purpose is to help identify systemic access issues. The DAC also sponsors several brown bag presentations annually aimed at sensitizing and educating CDI employees on Disability related issues.

CDI's goal is to eliminate the harmful effects of discrimination, harassment, and retaliation, so employees can focus on the mission of the Department. The OCR handles complaints internally through the informal resolution process. This has encouraged a positive working relationship with staff at all levels within the CDI. The OCR continues to promote an open door policy to ensure that CDI employees feel comfortable knowing that they may contact the OCR about any issue at any time. This has played a vital role in encouraging employees to report possible violations of the Department's policy to the CDI OCR first, thereby allowing the Department to address issues of concern before employees seek redress outside the Department.

The OCR has implemented a proactive preventive program that would help minimize/eliminate the occurrence of discrimination and sexual harassment in the Department by educating managers and supervisors, and rank and file staff about departmental policy. The training covers behaviors that are unacceptable or could be construed as being in violation of the Department's zero tolerance policy towards discrimination and sexual harassment; reporting incidents as and when they occur; educating and assisting managers and supervisors about their obligations to take immediate and appropriate action. This training which began in 2010 achieves the statutorily mandated training requirement that managers and supervisors be trained every two years, and also meets departmental policy which extends the same training requirement for Department of Insurance, non-supervisory staff. In calendar year 2013, 131 CDI supervisors and 437 non-supervisory staff were trained, for a total of 568 CDI

staff. This figure represents 100% compliance for the Discrimination and Sexual Harassment Prevention training for this year.

In calendar year 2013, the OCR also began providing conflict resolution services on the request of management. The goal of this activity is to resolve problems early, to minimize the risk of a full blown investigation and litigation, and to restore a work environment that is congenial to optimal productivity.

2013 ANNUAL REPORT

ORGANIZATIONAL ACCOUNTABILITY OFFICE

Organizational Accountability Office

The **Organizational Accountability Office (OAO)** provides the Commissioner of the California Department of Insurance (CDI) and the Department's management with independent, objective, accurate, and timely fact finding and information regarding CDI's:

- Audit function
- Ethical compliance
- Incompatible activity policy compliance
- Enterprise risk assessment facilitation
- Financial Integrity State Manager's Act (FISMA) facilitation

The OAO assists management in their efforts to increase operational and program efficiency and effectiveness by providing them with analysis, appraisals, recommendations, and technical assistance.

The OAO reports to the Chief Deputy Commissioner and collaborates with CDI Programs to provide timely, professional, and objective services to satisfy customer needs. The OAO receives and investigates complaints of ethical or unprofessional business conduct and resolves such complaints according to statute and policy.

The OAO is composed of two distinct functions with four staff members:

- Internal Audits Unit
- Ethics Office

INTERNAL AUDITS UNIT

The **Internal Audit Unit (IAU)** was established in 1994 to ensure compliance with management's goals and objectives and adherence to federal, state, and departmental mandates, policies, and procedures. The professional audit staff conducts internal audits and special projects for the Department according to the International Standards for the Professional Practice of Internal Auditing.

The IAU staff assists executive management by conducting independent and objective audits and program effectiveness and efficiency reviews. The staff uses the enterprise risk assessment as the basis for development of the risk based audit plan. This includes the Financial Integrity and State Manager's Accountability Internal Control Review, which is required every two years. The staff also performs a variety of special projects that include:

- Research and fact finding
- Project consultation
- Post-implementation evaluations
- Reviews of automated projects

- Reviews of proposed changes to policies and procedures
- Participation in various workgroups.

The IAU provides management with information about the adequacy and effectiveness of the Department's system of internal controls and quality of performance.

ETHICS OFFICE

The **Ethics Office (EO)** was created in 2000 to provide private, secure, and confidential communications and investigations. EO receives and investigates complaints and inquiries regarding employees' possible conflicts with CDI's Incompatible Activities Statement, such as misuse of state property, inappropriate acceptance of gifts, and abuse of authority.

This is an independent office where CDI employees can confidentially obtain answers to questions regarding proper conduct and report improper governmental activities by telephone, letter, or e-mail, without fear of retaliation. It oversees ethics orientation training for CDI employees and advises them of their rights and responsibilities. EO investigates Whistleblower complaints and claims of suspicious activities as required by the Whistleblowers' Protection Act and the State Administrative Manual Section 20080. EO also reviews complaints of retaliation for reporting complaints or assisting others to report complaints.

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OFFICE *of* STRATEGIC PLANNING

Office of Strategic Planning

The Office of Strategic Planning (OSP), as part of the Commissioner's Office, coordinates the following processes within the California Department of Insurance (CDI) on a department-wide level:

- Strategic planning and organizational performance management, including the implementation of action plans (and correlating established objectives) to support the vision, mission values and goals of the CDI.
- Succession planning and workforce development, including development and implementation of department-wide and program level goals and objectives.

Background: Development of CDI's Strategic Plan
In October 2011, the Commissioner and his executive team crafted a strategic plan that will guide our organization during the Jones administration. The strategic plan is the result of a collaborative effort among the 1300 employees of the California Department of Insurance and its varied stakeholders. The development of the Strategic Plan included reaching out to multiple internal and external constituents for input, feedback, and ideas to capture diverse perspectives, while identifying common themes for change.

CDI's strategic planning efforts have resulted in an updated vision, mission, values, and goals that are the foundation of its strategic plan. This strategic plan focuses on strategies that are seen as key for organizational improvements that will facilitate implementation of Commissioner Jones' priorities. CDI's updated vision, mission, values and goals are the following:

Our Vision
Insurance Protection for all Californians

Our Mission
We act to ensure vibrant markets where insurers keep their promises and the health and economic security of individuals, families, and businesses are protected.

Our Values: CDI FAIR

- **C**onsumer-focused professionals
- **D**edicated to serving with
- **I**ntegrity as a
- **F**air
- **A**ccountable
- **I**nnovative and
- **R**esponsive team

Our Goals
Together, we

- Provide excellent, fair, and responsive services.
- Advance effective and efficient business processes.

- Value our resources and use them wisely.
- Promote innovation and Professional growth.

Organizational Health Survey

During the 2012 California Department of Insurance (CDI) Strategic Planning process, employee morale, and overall workplace satisfaction were identified as crucial issues. CDI leadership articulated the commitment to make CDI an “employer of choice” and initiated an organizational health survey of its employees. The survey accomplished three important objectives: 1) to capture a baseline or current snapshot of employee attitudes towards the workplace; 2) to identify potential areas for workplace improvement; and 3) to provide employees with an opportunity to voice important concerns.

As a result of the survey, CDI implemented a Lunchtime Series of presentations designed to help employees advance or promote by leveraging internal resources.

2013 Business Implementation Plan (BIP) Reviews

The OSP assisted the Chief Deputy in conducting 15 BIP reviews designed to assess the status and effectiveness of Initiatives put in place during the development of the 2012-2015 Strategic Plan

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CONSERVATION *and* LIQUIDATION OFFICE

Conservation & Liquidation Office

Section 1 – The Conservation & Liquidation Office

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Background

The California Insurance Commissioner ("Commissioner"), an elected official of the State of California, acts under the supervision of the Superior Court when conserving and liquidating insurance enterprises. In this statutory capacity, the Commissioner is charged with the responsibility for taking possession and control of the assets and affairs of financially troubled insurance enterprises domiciled in California. An impaired enterprise subject to a conservation or liquidation order is referred to as an estate.

The Commissioner, through the state Attorney General's office, applies to the Superior Court for a conservation order to place a financially troubled enterprise in conservatorship. Under a conservation order, the Commissioner takes possession of the estate's financial records and real and personal property, and conducts the business of the estate until a final disposition regarding the estate is determined. The conservation order allows the Commissioner to begin an investigation that will determine, based on the estate's financial condition, if the estate can be rehabilitated, or if continuing business would be hazardous to its policyholders, creditors, or the public.

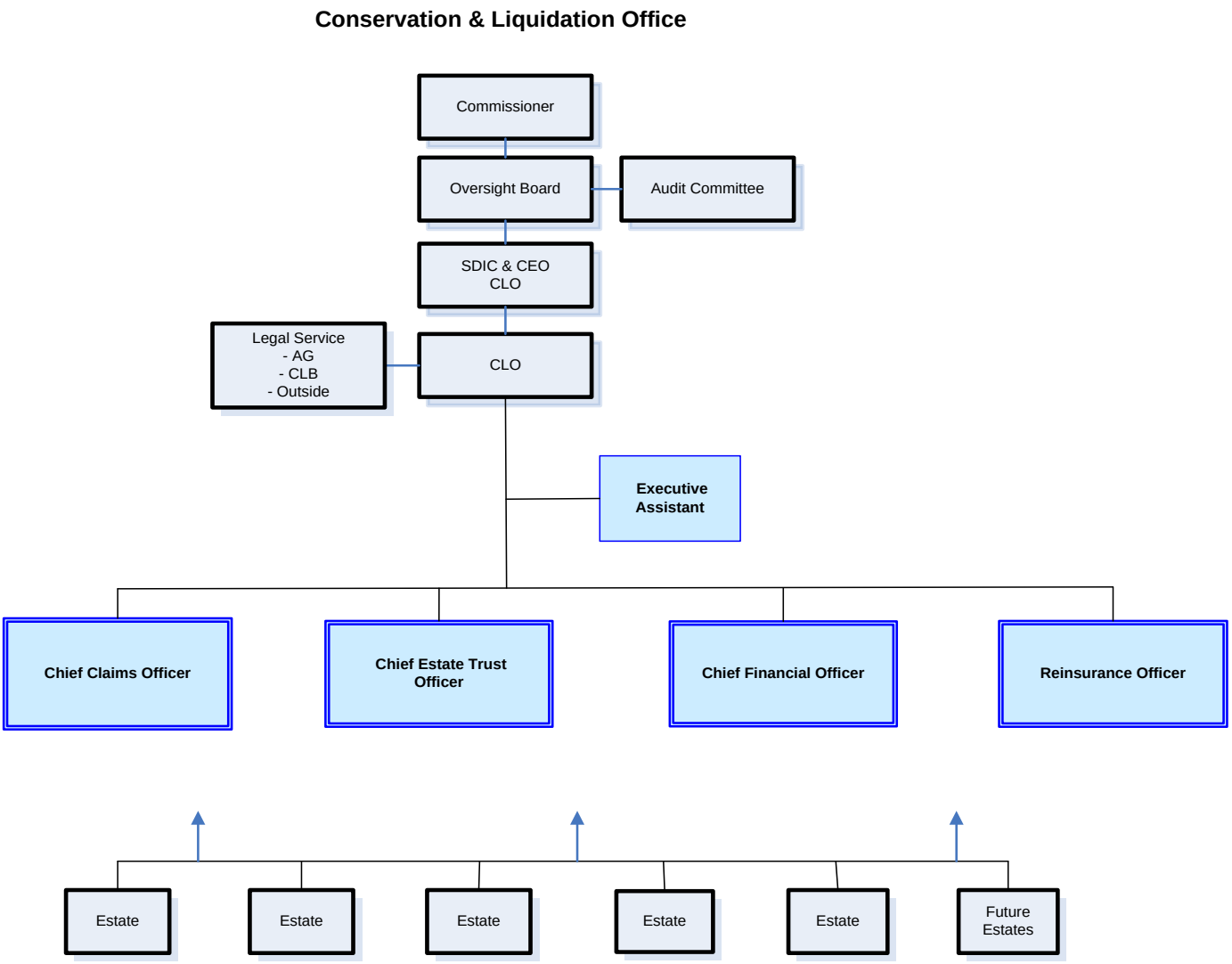
If, at the time the conservation order is issued or anytime thereafter, it appears to the Commissioner that it would be futile to proceed with the conservation of the financially troubled estate, the Commissioner will apply for an order to liquidate the estate's business. In response to the Commissioner's application, the Court generally orders the Commissioner to liquidate the estate's business in the most expeditious fashion.

The Conservation & Liquidation Office ("CLO") performs conservation and liquidation services on behalf of the California Insurance Commissioner (Commissioner) with respect to insurance companies domiciled in California.

The CLO was created in 1994 as the successor to the Conservation & Liquidation Division of the Department of Insurance which was managed by State employees. The CLO is based in San Francisco, California. As of December 31, 2013, the CLO is responsible for the administration of 20 insurance estates.

In addition to the role described above, the CLO at times provides special examination services to the Financial Surveillance Branch of the Department of Insurance. The CLO is reimbursed directly by the company being examined. During 2013 the CLO assisted with two such examinations.

Organizational Structure



Oversight Board and Audit Committee Meetings

CLO activities are overseen by an Oversight Board composed of four senior executives of the California Department of Insurance. The current Oversight Board and Audit Committee members are Ms. Nettie Hoge, Chief Deputy Commissioner, Mr. John Finston, Deputy Insurance Commissioner – Corporate and Regulatory Affairs, Mr. Adam Cole, Deputy Commissioner and General Counsel, and Mr. Al Bottalico, Deputy Commissioner-Financial Surveillance Branch. The Oversight Board and Audit Committee meet on a quarterly basis throughout the year.

During 2013, the Oversight Board and Audit Committee held four regularly scheduled meetings. There was 94% attendance by the Committee members (one member missed one meeting due to an unexpected family matter).

2013 Organizational Goals and Results

On an annual basis, the CLO prepares a Business Plan for the organization supporting the CLO Mission Statement. The Business Plan is presented to the Oversight Board for approval. The CLO's Mission Statement is as follows:

> The CLO, on behalf of the Insurance Commissioner, rehabilitates and/or liquidates, under Court supervision, troubled insurance enterprises domiciled in the State of California. In addition the CLO provides Special Examination Services, with Commissioner and Board Oversight. As a fiduciary for the benefit of claimants, the CLO handles the property of troubled or failed enterprises in a prudent, cost-effective, fair, timely, and expeditious manner.

The 2013 Business Plan was a continuation of the objectives of the 2012 Business Plan, focusing on estate closings and distributions, collecting/converting assets, evaluating claims and enhancing the operating efficiencies of the CLO.

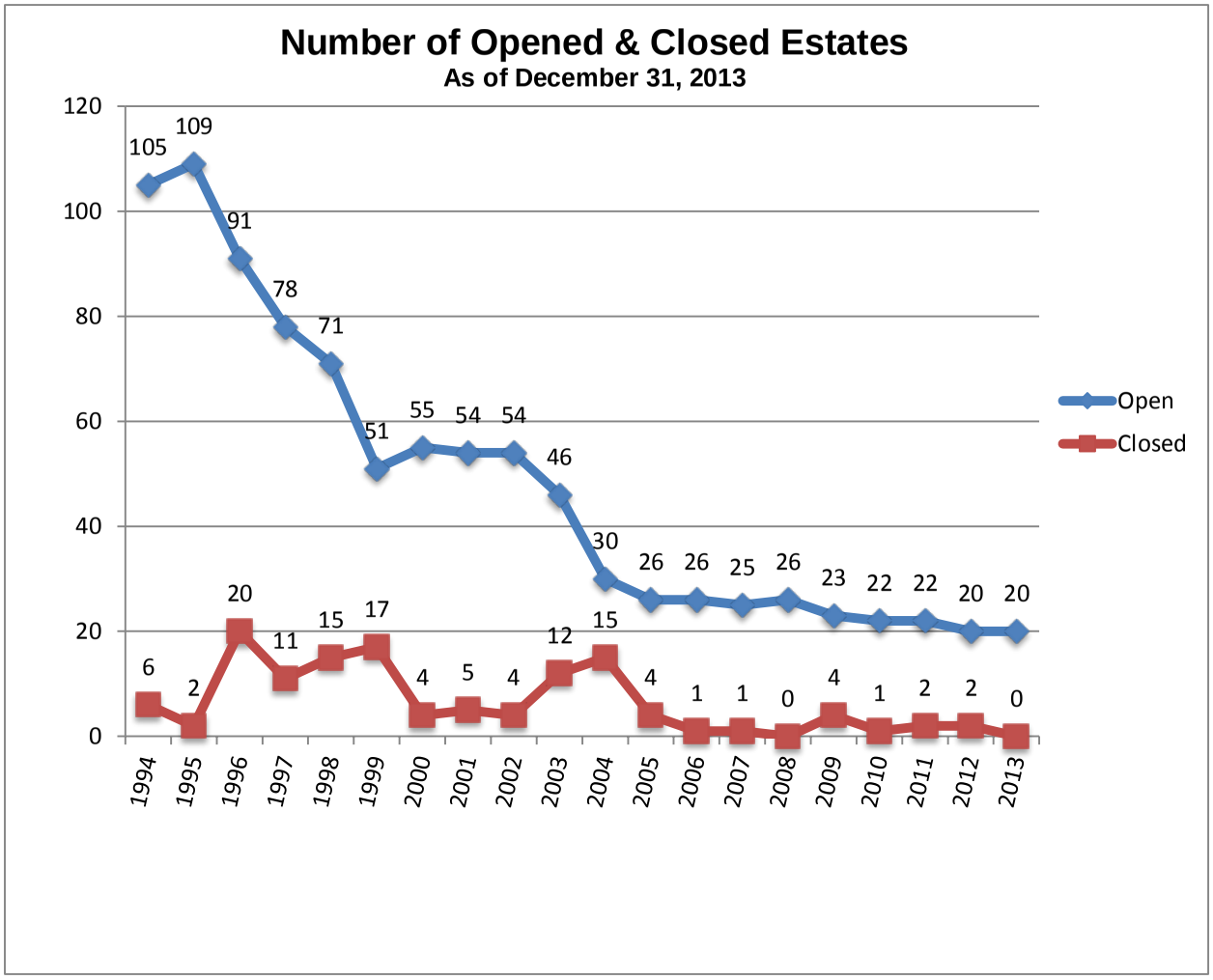
Entering 2013, there were 20 open estates under management by the CLO. The open estates consist of 17 Property & Casualty Estates and three Life/Health Estates. The CLO goal in 2013 was to close two estates and distribute $58 million.

In addition to the Business Plan, there are individual work plans and cross-departmental estate teams for each estate. The individual Estate teams provide a written update on a quarterly basis.

1. Closings

GOAL	RESULTS
Close 2 Estates: 1) Enterprise Ins. Co. 2) Fremont Life Ins. Co.	Due to unforeseen matters, Fremont Life will not close until 2014. The Enterprise estate is delayed pending the completion of a federal claims release for an affiliate, Holland America. The closing of both Fremont Life and Enterprise will not result in a distribution to policyholders.

Number of Opened & Closed Estates as of 12/2013



Since 1994, there have been approximately 124 estates closed. These estates consisted of 55 ancillaries, 22 title companies and 47 regular insurers. Ancillary and title companies typically require only limited work on behalf of the Liquidator.

2. Distributions

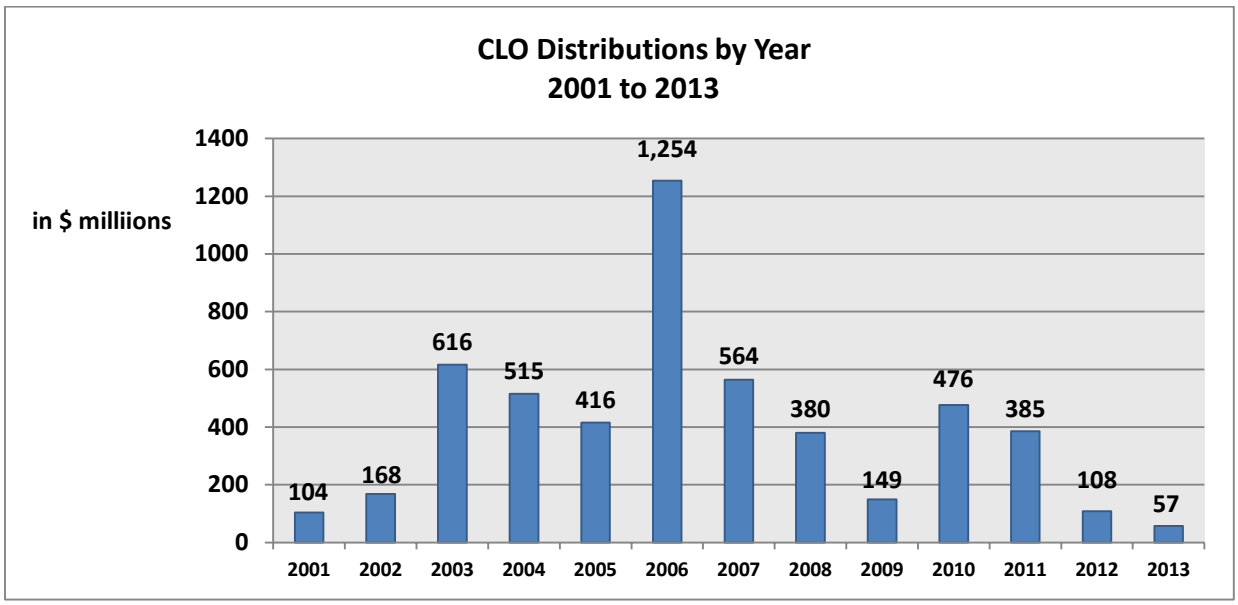
Early Access and Interim Distributions

Estate	2013 Actual ($ Millions)	2013 Goal ($ Millions)
Superior National Insurance Companies In Liquidation	$29	$25
Fremont Indemnity	$25.6	$25
Frontier Pacific (NY stat deposit release)	$2.2	$0
Sub-total:	**$56.8**	**$50**

Final Distributions

Estate	2013 Actual ($ Millions)	2013 Goal ($ Millions)
Enterprise	$0.0	$7
Fremont Life	$0.0	$1
Sub-total:	**$0.0**	**$8**
TOTAL DISTRIBUTIONS:	**$56.8**[1]	**$58**

[1] *Fremont Indemnity statutory deposit release of $12,755,100 from Bank of New York to the New York Liquidation Bureau is not included.*



CLO Investment Policy

The CLO has a formal investment policy, as approved by its Oversight Board, requiring that investments be investment grade fixed income obligations of any type. These investments may be issued or guaranteed by (1) the U.S. and agencies, instrumentalities, and political sub-divisions of the U.S., and (2) U.S. corporations, trusts and special purpose entities. Such securities must be traded on exchanges or in over-the-counter markets in the U.S. None of the portfolio will be invested in fixed income securities rated below investment grade quality by Standard & Poor's, Moody's, or by another nationally recognized statistical rating organization. In addition, the duration must be maintained within +/- 12 months of the Barclays Capital U.S. Government/Credit 1-3 Yr. The average duration was 1.5 years at December 31, 2013.

The investments are managed in equal parts by two professional money management firms and are warehoused at the Union Bank of California.

At December 31, 2013, the CLO had $500.8 million of estate marketable investment securities under management.

For the year ending December 31, 2013, the average portfolio balance was approximately $496 million. The portfolio earned an interest yield of 1.9% and a net yield after security gains/losses and mark-to-market adjustments of 0.8%.

Administrative Expenses

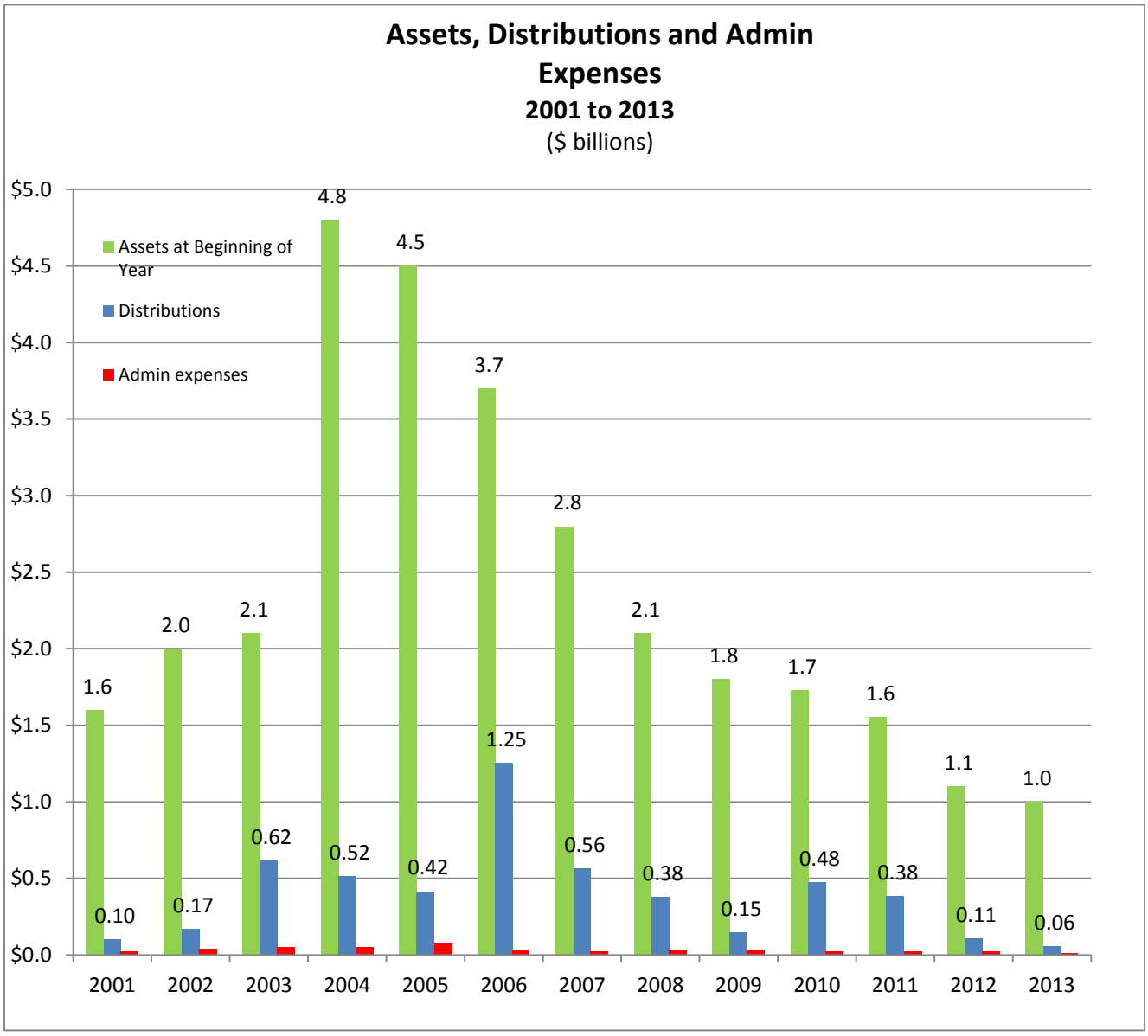
Administrative expenses consist of both direct and indirect expenses. [2]

Direct expenses charged to estates consist of legal costs, consultants and contractors, salaries and benefits for employees working exclusively for a single estate, office expenses, and depreciation of property and equipment.

Indirect expenses that are not incurred on behalf of a specific estate are allocated using an allocation method based on the ratio of employee hours directly charged to a specific estate to total direct hours charged to all estates, and in some instances direct contract hours charged. For example, if employees charged 200 hours to a specific estate and in total 2,000 hours was incurred by all estates, that specific estate would be allocated 10% (200 hours divided by 2,000 total hours charged to all estates). Indirect expenses include CLO employee compensation, rent and other facilities charges and office expenses.

In accordance with California Insurance Code Section 1035, the Commissioner may petition funds from a general appropriation of the State of California Insurance Fund if an estate does not have sufficient assets to pay for administrative expenses.

[2] *See "CLO Financial Results" section of this report on the budget and actual expenditures for 2013 for direct and indirect expenses.*


Assets, Distributions and Admin Expenses
2001 to 2013
($ billions)
$5.0
$4.5
$4.0
$3.5
$3.0
$2.5
$2.0
$1.5
$1.0
$0.5
$0.0
Assets at Beginning of Year
Distributions
Admin expenses
1.6
0.10
2.0
0.17
2.1
0.62
4.8
0.52
4.5
0.42
3.7
1.25
2.8
0.56
2.1
0.38
1.8
0.15
1.7
0.48
1.6
0.38
1.1
0.11
1.0
0.06
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013

The chart above displays the Conservation & Liquidation Office assets at beginning of year, distributions and administrative expenses from the year 2001 to 2013. The table below lists these figures.

Year	Assets ($ billions)	Distributions ($ millions)	Admin. Expenses ($ millions)
2001	$1.6	$104	$24
2002	$2.0	$168	$40
2003	$2.1	$616	$53
2004	$4.8	$515	$50
2005	$4.5	$416	$76
2006	$3.7	$1,254	$32
2007	$2.8	$564	$24
2008	$2.1	$380	$29
2009	$1.8	$149	$29
2010	$1.7	$476	$22
2011	$1.6	$385	$21
2012	$1.1	$108	$25
2013	$1.0	$57	$14

CLO Compensation

The CLO is not part of the State's civil service system. All employees are at-will. The CLO does not have a bonus plan or pay incentive compensation. To that end, the CLO has established policies and procedures that are more akin to the private marketplace.

Compensation Methodology

The CLO engages an outside consultant to assist in establishing compensation ranges. In developing this report for the CLO, the two primary survey sources used are described below:

- Comp Analyst: Large survey representing thousands of companies across the U.S. which include hundreds of jobs. This subscription survey collects marketplace compensation data from many sources, and uses mathematical algorithms to predict the pay level of any of its survey jobs in major industries and geographical locations. The data used in this study was the nonprofit industry segment located in San Francisco.
- Projected Salary Increase Budgets**:** From several human resource organizations including Society for Human Resource Management, Mercer, Conference Board, Watson Wyatt, Aon Hewitt, World at Work, BLR as well as US Government published CPI data.

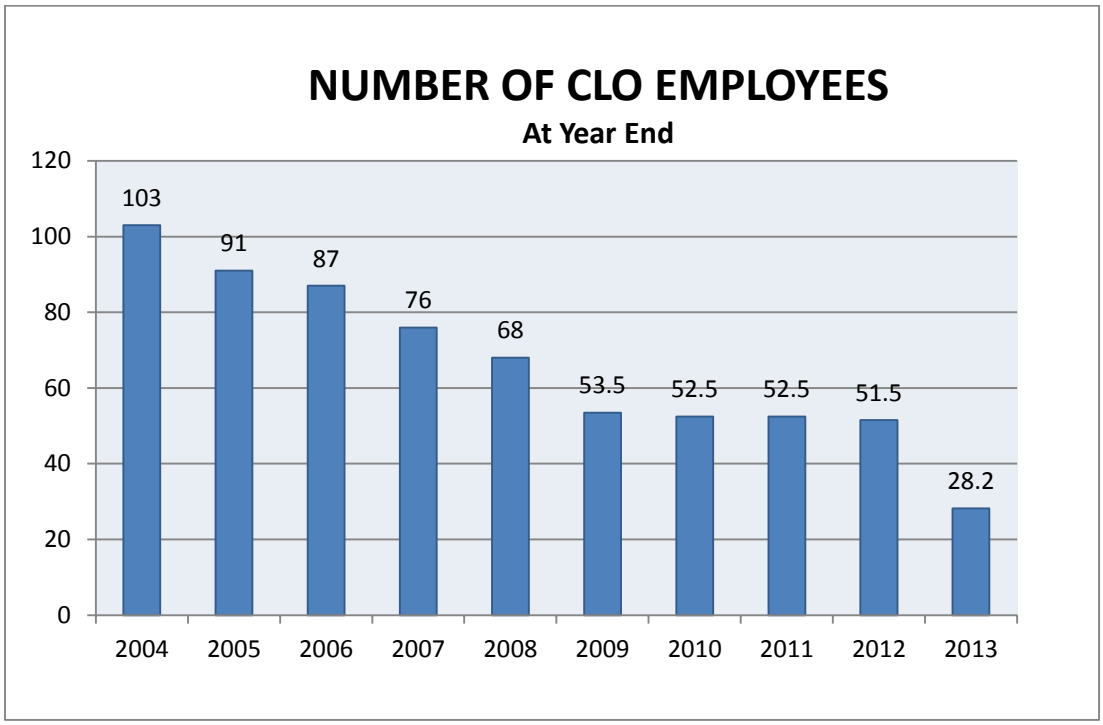
A summary of the compensation procedures follows:

- A written job description is developed for each position.
- Salary grades are derived from comparable external market data.

- Salary ranges are identified (low, middle, and high) based on market comparisons obtained by an outside independent compensation consultant.
- Salary ranges are updated periodically.
- The creation of a "new job position" is sent to an outside consultant for external evaluation.
- All employees receive an annual compensation review.

CLO employment and total compensation for employees are summarized below:

	31-Dec-13	31-Dec-14 (Budget)
Number of CLO employees at beginning of year	39.1	28.2
Total compensation and benefits for CLO employees	$6,021,465	$5,153,331



The chart above shows the number of CLO full-time employees from 2004 to 2013.

As estates have closed resulting in reduced workloads and as a result of internal operating efficiencies the number of full-time employees decreased by 73% compared to December 31, 2004.

CLO Financial Results

For Years Ended December 31, 2013 and December 31, 2012

Cash received	December 31, 2013		December 31, 2012
	Actual	Budget	
Litigation, reinsurance recoveries, and miscellaneous income	$69,479,200	N/A[3]	$15,694,100
Investment income, net of expenses	3,608,900[4]	N/A[5]	17,179,300
Total:	**$73,088,100**		**$32,873,400**

[3] Litigation, reinsurance recoveries, and miscellaneous income are not amenable to budgeting due to the irregular timing of their occurrence.

[4] The decline in income is due to a continuing reduction of the interest rates that occurred during the 2013 year.

[5] Investment income is not budgeted due to the large changes in investment balances that occur throughout the year, as well as changes in investment return rates.

	December 31, 2013		December 31, 2012
	Actual	Budget	
Distributions	**$56,853,300[6]**	**$58,000,000**	**$108,044,400**

[6] Fremont Indemnity statutory deposit release of $12,755,100 from Bank of New York to the New York Liquidation Bureau is not included.

Administrative – Estate Direct Expenses

Estate Direct Expenses	December 31, 2013		December 31, 2012
	Actual	Budget	
Legal expenses	$2,440,000[7]	$898,000	$10,809,100
Consultants and contractors	1,909,000	1,299,000	2,175,900
Office expenses	1,541,000	1,298,000	1,961,300
Compensation and benefits	4,000	0	7,300
Total	$5,894,000	$3,495,000	$14,953,600

[7] Increase in legal expenses primarily due to legal issues related to Executive Life/Artemis Litigation.

Administrative – CLO Overhead Expenses

CLO overhead expenses	December 31, 2013		December 31, 2012
	Actual	Budget	
Compensation and benefits	$6,021,000	$6,574,000	$7,766,000
Office expenses	1,886,000	1,893,000	1,655,200
Consultants and contractors	92,000	107,000	220,200
Legal expenses	11,000	16,000	70,000
Total	$8,010,000	$8,590,000	$9,711,400

Administrative Totals	December 31, 2013		December 31, 2012
	Actual	Budget	
Estate Direct Expense Total	$5,894,000	$3,495,000	$14,953,600
CLO Overhead Expense Total	8,010,000	$8,590,000	9,711,400
Total:	**$13,904,000**	**$12,085,000**	**$24,665,000**

Estates Open Longer Than Ten Years

After the entry of an order placing an impaired California insurer into conservation and/or liquidation, the Insurance Commissioner and the CLO have the statutory responsibility to marshal and resolve the assets and liabilities of the failed entity.

The time required to close an insolvency proceeding is largely determined by the amount and complexity of the assets to be monetized and distributed to claimants. In addition, the length of an insolvency is equally affected by the amount of time required to make a final determination of an estate's liability.

Most of the insolvencies that remain open for more than ten years have some combination of on-going litigation; complicated tax exposure; potential collection of additional material assets; and challenges associated with the evaluation of liabilities. Until both sides of the insolvent estate's balance sheet are resolved (assets collected and liabilities fixed), the insolvency proceeding will remain open. In addition, estates are subject to federal tax reporting and escheatment requirements after the final distribution. The estates listed below have been in liquidation for ten years or more.

Executive Life & ELIC Opt Out Trust:

Continuing asset recovery, via complex litigation, has required the Estate to remain open. The Commissioner's lawsuit against Altus S.A. et al has been completed; however the court's decision is on appeal before the U.S. Ninth Circuit. The Estate and associated trust will be required to complete any escheatment of unclaimed funds post the final distribution. Since the Estate was transferred to the CLO in 1997, the Estate has recovered $731 million from litigation and distributed $737 million to claimants. Assets presently in the Estate are held to fund ongoing litigation and operations.

Fremont Indemnity Company:

The Estate has an estimated $40.4 million in current and future reinsurance recoveries as of December 31, 2013. These balances are due from approximately 188 reinsurers but only 30 solvent reinsurers have net balances (net of assumed but excluding Incurred But Not Reported (IBNR) reserves) greater than $50,000. The Estate also has 45 Insurance Guaranty Association (IGA) claims and approximately 60 Non-IGA claims to adjudicate to position itself for a final distribution and estate closure. The Estate completed its ninth early access distribution in 2013 for approximately $25.6 million.

Frontier Pacific Insurance Company:

The Estate has an estimated $15.5 million in current and future reinsurance recoveries as of December 31, 2013. These balances are due from approximately 24 reinsurers. The Estate is currently in arbitration proceedings against National Indemnity Company (NICO) for a claim for Unallocated Loss Adjustment Expense (ULAE) for approximately $3.1 million plus interest. Frontier Pacific's remaining reinsurance programs are labor intensive to administer.

Golden Eagle:

The Estate is in long-term run off. Although all policyholder claims have been 100% reinsured and policyholder claims are being paid timely, Golden Eagle remains liable to

the policyholders should the reinsurer not be able to fulfill their obligations. The reinsurance program is structured to accommodate all remaining claims exposure. Until all claims are resolved or paid out, the Estate must remain open. The CLO acts in a pure monitoring capacity to ensure that the reinsurance contract continues to pay all claims.

Great States:

The Estate continues to seek a resolution on the AHA Surety Bond matter. The Estate continues to collect funds on behalf of the California Insurance Guarantee Association (CIGA) from the billings of paid workers compensation claims. The estate continues to rely upon CIGA for certain claim documentation to complete the billing to the surety. In an effort to resolve the remaining liability the parties will discuss updating certain actuarial studies and explore commutation possibilities. The balance of the remaining reinsurance program is in the commutation negotiation phase and requires certain releases from four participating guarantee associations. To date the Estate has distributed 40.3 percent of the paid losses to the Insurance Guarantee Associations.

HIH America Compensation & Liability:

The Estate's remaining reinsurance program involving upper layer treaties is being reviewed for potential collectability. The upper layer exposure has proven to be a challenge to negotiate and commute at a fair value with reinsurers. The Estate will await substantiation of the exposure and probability of recovery before booking the asset. To date, all Insurance Guarantee Associations (IGAs) have received a payment of 52 percent of their paid losses and the non-IGAs have received 45 percent of their approved claims.

Mission/ Mission National/ Enterprise:

The Mission estates processed all proofs of claims filed prior to the estate closing orders issued for each estate. In 2012, Mission Insurance Company Trust, Mission National Insurance Company Trust and Enterprise Insurance Company Trust each applied to the United States Department of Justice (DOJ) for a release from super-priority claims. A release agreement has been entered into and court-approved as to Enterprise Insurance Company Trust. As to Mission Insurance Company Trust and Mission National Insurance Company Trust, the DOJ has not issued a release. Both Mission Insurance Company Trust and Mission National Insurance Company Trust are in discussion with the DOJ in reference to additional information the DOJ has requested. The Enterprise Insurance Company Trust will commence preparations for final distribution and closure.

Superior National Insurance Companies in Liquidation ("SNICIL"):

The SNICIL estates have $157 million of possible collectible reinsurance still on the books. Nearly all of the collectible reinsurance involves long tail Workers Compensation business; thus, the strategy is to attempt to commute the remaining balances. This will continue to require a significant amount of time and effort to commute all of the reinsurance contracts and programs. The estates have another $7million asset where

collection is delayed due to a dispute not involving the estates, but it cannot be collected until a dispute between the parent company, SNTL, and JP Morgan Chase is resolved. All of the known liabilities have been determined except the finalization of the Guaranty Association claims. The Estates completed the tenth early access distribution in 2013 for approximately $29 million.

Western Employers:

Western Employers underwrote coverages on very long-tail exposures (workers compensation, asbestos, tobacco, landfills, etc.) and has been subject to extensive litigation associated with claims that exceed state guaranty fund coverage limits or were altogether not covered by the guaranty funds. The CLO has worked to overcome pre-receivership record-keeping issues inherited at the time of liquidation. Western Employers has several high limit claims that have not reached policy attachment points and as those liabilities are not liquidated, the estate still must obtain a court order before those claims can be determined as to liability against the estate. Western coverages included many liability policies that have produced toxic tort claims by EPA Super Fund clean-up sites. Under Federal priority statutes, the Federal Government is entitled to verification that all policy liability is extinguished for the clean-ups; otherwise they believe they have a direct right of access to the policy. To close the estate we must obtain a Federal Waiver whereby they acknowledge that there is no known unresolved claim. The CLO on behalf of Western Employers has provided substantial supporting material to justify its waiver request. The United States Department of Justice (DOJ) has requested additional information before ruling.

Claims History

Property and Casualty Estates

			Proof Of Claims Resolved	Open POCs
American Sterling	10/26/2011	93	90	3
Frontier Pacific	11/30/2001	43,573	43,571	2
Fremont	7/2/2003	45,669	45,372	297
Golden Eagle [8]	2/18/1998		n/a (see below)	
HIH (2 estates)	5/8/2001	3,175	3,166	9
Majestic	n/a	90	90	0
Mission (3 estates)	2/24/1987	173,920	173,920	0
Pacific National	8/5/2003	4,448	4,448	0
Superior (5 estates)	9/26/2000	13,936	13,891	45
Western Employers	4/19/1991	9,809	9,705	104
	Total:	**294,713**	**294,253**	**460**

[8] Golden Eagle is not subject to a finding of statutory insolvency. All claims are covered under a reinsurance agreement and are being paid by the reinsurer.

Life Insurance Estates

Executive Life Insurance Company: Executive Life is a life insurance company and has policies rather than claims. There were 327,000 policies/contracts at time of liquidation.

Fremont Life Insurance Company: Fremont Life transferred approximately 3,500 in-force policies to assuming insurers via reinsurance agreements. All policy administration is handled by the successor insurers. The Estate is a wholly owned subsidiary of the Fremont Indemnity estate.

Golden State Mutual Life Insurance Company: Golden State transferred approximately 120,000 in-force policies to an assuming insurer via a reinsurance agreement. All remaining policy liabilities were assumed by National Organization of Life and Health Insurance Guaranty Associations (NOLHGA) via a consensual agreement approved by the court.

2014 Business Goals

The 2014 Business Plan is a continuation of the objectives of the 2013 Business Plan, focusing on estate closings and distributions, collecting/converting assets, evaluating claims and enhancing operating efficiencies.

Entering 2014, there are 20 open estates under management by the CLO. The open estates consist of 17 Property & Casualty Estates and three Life/Health Estates. Our goal in 2014 is to close three estates and distribute $79 million.

Starting 2014, we have 28.2 full-time employees. We will re-assess staffing requirements at mid-year and will make any changes deemed necessary during the second half of 2014. In addition to the organizational goals, there are individual work plans and cross-departmental Estate teams for each of the 20 estates. The individual estate teams provide a written update on a quarterly basis.

The 2014 Goals are as follows:

1. Close 3 Estates[9]
   - American Sterling Ins. Co.
   - Fremont Life Ins. Co.
   - Majestic Ins. Co.

[9]Closing is defined as fully releasing the Commissioner from all legal responsibilities for an estate.

2. Early Access, Interim, and Final Distributions

   Early Access and Interim Distributions:

Superior National Estates	$20,000,000
Fremont	25,000,000
Majestic	4,500,000

   Final Distributions:

Great States	20,000,000
American Sterling	3,000,000
Majestic	5,500,000
Fremont Life	1,000,000
	$79,000,000

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Conservation or Liquidation Estates Opened During the Year 2013

None

Conservation or Liquidation Estates Closed During the Year 2013

None

Current Year and Cumulative Distributions by Estate (in $000) [10]

	Year Ended 12/31/2013				Cumulative to 12/31/2013				
	Policyholders	Federal and State Claims	General Creditors	Total	Policyholders	Federal and State Claims	General Creditors	Total	
American Sterling Ins Co	-	-	-	-	205	-	-	205	
Executive Life Ins Co	-	-	-	-	737,276	-	-	737,276	*
Fremont Indemnity Co	25,565	-	-	25,565	967,543	-	-	967,543	
Frontier Pacific Ins Co	2,272	-	-	2,272	24,487	-	-	24,487	
Great States Ins Corp	-	-	-	-	10,155	-	-	10,155	
HIH America Ins Co	-	-	-	-	328,500	-	-	328,500	
Mission Ins Co	-	-	-	-	846,833	111	265,664	1,112,608	
Mission National Ins Co	-	-	-	-	499,852	-	27,077	526,929	
Enterprise Ins Co	-	-	-	-	120,573	40	5,339	125,952	
Pacific National Ins Co	-	-	-	-	52,416	-	-	52,416	
California Comp Ins Co	19,264	-	-	19,264	894,852	-	-	894,852	
Combined Benefits Ins Co	1,500	-	-	1,500	23,555	-	-	23,555	
Superior National Ins Co	5,798	-	-	5,798	400,110	-	-	400,110	
Superior Pacific Cas Co	1,000	-	-	1,000	40,970	-	-	40,970	
Commercial Comp Cas Co	1,428	-	-	1,428	95,972	-	-	95,972	
Western Employers Ins Co	-	-	-	-	68,190	-	-	68,190	
	$56,827	$0	$0	$56,827	$5,111,488	$151	$298,081	$5,409,720	

*Since administration was transferred to CLO in 1997.

[10] *Fremont Life, Golden Eagle, Golden State Mutual, and Majestic estates are not included on this schedule as no distributions have occurred.*

Estates in Conservation and/or Liquidation as of December 31, 2013

Estate Name	Date Conserved	Date Liquidated
American Sterling Insurance Company	09/26/11	10/26/11
California Compensation Insurance Company	03/06/00	09/26/00
Combined Benefits Insurance Company	03/06/00	09/26/00
Commercial Compensation Casualty Company	06/09/00	09/26/00
Enterprise Insurance Company	11/26/85	02/24/87
Executive Life Insurance Company	04/11/91	12/06/91
Fremont Indemnity Company	06/04/03	07/02/03
Fremont Life Insurance Company	06/05/08	*
Frontier Pacific Insurance Company	09/07/01	11/30/01
Golden Eagle Insurance Company	01/31/97	02/18/98
Golden State Mutual Life Insurance Company	09/30/09	01/28/11
Great States Insurance Company	03/30/01	05/08/01
HIH America Comp. & Liability Insurance Company	03/30/01	05/08/01
Majestic Insurance Company	04/21/11	*
Mission Insurance Company	10/31/85	02/24/87
Mission National Insurance Company	11/26/85	02/24/87
Pacific National Insurance Company	05/14/03	08/05/03
Superior National Insurance Company	03/06/00	09/26/00
Superior Pacific Casualty Company	03/06/00	09/26/00
Western Employers Insurance Company	04/02/91	04/19/91

No Liquidation Order obtained

Report on Individual Estates

Each estate has its own unique set of challenges to monetizing assets, valuing the claims, distributing assets and closing. No two estates are the same. The remaining portion of Section 2 provides a brief summary of the 2013 operating goals and results, the current status of the estate in the conservation or liquidation process, and summarized financial information.[11]

In reviewing the financial information, the following must be taken into account:

- The Statement of Assets and Liabilities have been prepared on the liquidation basis of accounting. Under the liquidation basis of accounting, assets reported on the financial statements are assets that are determined to be collectible. The liabilities may change during the course of the liquidation depending on the types of business written by the company, and as claims are reviewed and adjudicated.
- No estimates for future administrative expenses are included in the liabilities, unless the estate has been approved for final distribution and closure by the Court.
- California Insurance Code Section 1033 prescribes that claims on estate assets are paid according to a priority, except when otherwise provided in a rehabilitation plan. The probability of a valid claim being paid is dependent on the valuation of the claim, the order of preference of the claim, and the amount of funds remaining after other claims having higher preference have been discharged. Each priority class of claims must be fully paid before any distribution may be made to the next priority class. All members of a class receiving partial payment must receive the same pro-rata amount.
- For estates where available assets are insufficient to pay all policyholder claims, the CLO intentionally does not evaluate the lower priority proofs of claims, since to do so would incur unnecessary administrative time and expenses, reducing funds available for distribution to higher-priority claimants.
- Shareholders receive any remaining residual value of the estate's net assets only after the general creditors have been paid.
- Beginning Monetary Assets at takeover represent cash and investment balances at the time of liquidation or, in cases where the estate was first liquidated and managed by other parties, at the time the estate was taken over by the Conservation & Liquidation Office.

[11] Estates under management of the CLO have an annual independent review of its financial statements. Copies of the independently reviewed financial statements can be accessed through the CLO webpage (www.caclo.org). Annual audits or reviews are waived for estates with little or no assets or activity.

ESTATE SPECIFIC INFORMATION

American Sterling Insurance Company

Conservation Order: **September 26, 2011**
Liquidation Order: **October 26, 2011**

2013 Report

American Sterling Insurance Company (ASIC) was a California domiciled property and casualty insurance company formerly located at 28202 Cabot Road, Laguna Nigel, CA 92677. ASIC is a wholly owned subsidiary of American Sterling Corporation (ASC), a California corporation. ASIC has a wholly owned subsidiary American Sterling Productions, Ltd, which in turn has four wholly owned subsidiaries, three that appear dormant and one that held a material real estate investment.

ASIC was licensed to write multiple classes of coverage. Pre-liquidation ASIC wrote only liability and automobile classes of insurance in Arizona, Kansas and Nevada. ASIC was not writing business in California.

Due to a lack of adequate cash flow to meet claims and overhead obligations, ASIC and its subsidiaries were placed into conservation on September 26th 2011. After repeated assurances and promises from the company's CEO, no immediate prospect of new cash materialized. As a result, the conservator had to seek an insolvency order to trigger the state guaranty funds to honor claims payments. ASIC and its subsidiaries were placed into liquidation on October 26, 2011.

As of December 31, 2011 all open policyholder claims had been transferred to the three participating IGAs, 30-day cancellation notices were issued at liquidation to all in force policyholders and insolvency orders were either served on key entities and principals or recorded in counties where ASIC or its subsidiaries have assets.

The focus of the estate in 2013 was to monetize highly illiquid assets. A note in the amount of $7.5 million made by ASIC's parent company, ASC was not repaid and ASIC foreclosed its security interest in a residential property in Orange County that was pledged as collateral for the loan (Monarch Bay property).

American Sterling Capital Corporation (ASCC) a wholly owned subsidiary of ASIC opted to negotiate a settlement of $14 million in mortgage debt secured by a 23,000 square foot luxury residence in Escondido, CA. After listing the luxury property with a highly regarded brokerage in San Diego for approximately one year, no firm offers even approaching the amount of debt owed were received. The estate was successful in negotiating a deed in lieu of foreclosure transfer of the property in exchange for a complete release from the debt and any other monetary liabilities associated with the mortgage loans. In addition, the estate was paid $385,000 for furnishings and contents in the property not secured by the mortgages.

The shareholder of ASIC has filed for protection under the federal bankruptcy code. The estate continues to operate through year–end 2013 without sufficient cash to honor all claims and cover the estimated administrative cost to close the insolvency proceeding. In 2014 the estate will consider alternatives to generate the necessary cash through the disposition or encumbering of the Monarch Bay property.

American Sterling Ins Co

ASSETS AND LIABILITIES
As of December 31, 2012 and December 31, 2013

Assets	12/31/2012	12/31/2013
Cash and investments	$2,272,500	$1,973,900
Other assets	5,418,000	5,374,700
Total assets	7,690,500	7,348,600

Liabilities	12/31/2012	12/31/2013
Secured claims and accrued expenses	66,600	41,300
Claims against policies, before distributions	1,163,500	2,250,887
Less distributions to policyholders	(205,100)	(205,100)
All other claims	903,600	419,313
Total liabilities	1,928,600	2,506,400
Net assets (deficiency)	$5,761,900	$4,842,200

INCOME AND EXPENSES
For Year Ended December 31, 2012 and 2013

Income	2012	2013
Investment income	$240,900	$22,200
Litigation recoveries	-	1,200
Salvage and other recoveries	88,200	443,600
Total income	329,100	467,000

Expenses	2012	2013
Loss and claims expenses	750,100	654,300
Administrative expenses	861,100	732,500
Total expenses	1,611,200	1,386,800
Net income (loss)	($1,282,100)	($919,800)

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	$104,500
Recoveries, net of expenses	2,074,500
Distributions	(205,100)
Monetary assets available for distribution	$1,973,900

Executive Life Insurance Company

Conservation Order: **April 11, 1991**
Liquidation Order: **December 6, 1991**

2013 Report

Executive Life Insurance Company (ELIC) was placed in conservation by order of the Los Angeles County Superior Court on April 11, 1991. At the time, ELIC, which had more than 330,000 policyholders, was the largest life insurance insolvency in United States history. In the summer and fall of 1991, the Commissioner conducted an auction seeking bids to acquire the junk bond portfolio and insurance assets of ELIC. In December 1991, the Commissioner's selection of a group of French and European investors (the Altus/MAAF group) as the winning bidder, and the transaction was approved by the Conservation Court.

In March 1992, ELIC's junk bond portfolio was transferred to Altus Finance for a purchase price of approximately $3 billion. In August 1993, the Court approved a final Rehabilitation Plan under which the majority of ELIC's assets and its restructured insurance policies were transferred to a new California insurance company created by the European consortium that had won the 1991 bid. The Rehabilitation Plan became effective in September 1993. Under the terms of the Rehabilitation Plan, former ELIC policyholders were given a choice either to accept new coverage (Opt In) from Aurora National Life Assurance Company (Aurora) or to terminate their ELIC policies (Opt Out) in return for a pro rata share of ELIC's assets. The Rehabilitation Plan also provided for the establishment of various trusts, collectively known as the Enhancement Trusts, to marshal and distribute assets for the benefit of former ELIC policyholders.

The Commissioner commenced a civil action in 1999 against Altus Finance S.A. (Altus) and other defendants alleging that they had acquired the junk bond portfolio and insurance assets of ELIC through fraud. Settlements were reached with Altus and some of the other co-defendants in 2004 and 2005.

A trial against the remaining defendant in 2005 resulted in a jury verdict finding Artemis S.A., a two-thirds owner of Aurora, liable for knowing participation in a conspiracy with members of the Altus/MAAF group to defraud the Commissioner, but the Commissioner was not awarded damages. In August 2008, the jury's verdict of liability was upheld on appeal and the case was remanded to the U.S. District Court for a new trial on the issue of damages.

Continuing asset recovery, via complex litigation, has required the Estate to remain open. The new trial concluded on October 29, 2012 and the jury rendered a verdict finding no damages. On April 2, 2013, the trial court reinstated the restitution award in favor of the Commissioner and entered judgment against defendant Artemis in the amount of $241,092,020 less a credit of $110,000,000 that the Commissioner received at an earlier date. The Commissioner appealed to the U.S. Court of Appeals for the

Ninth Circuit and on April 16, 2013, the U.S. District Court issued an order staying execution of the restitution judgment pending the appeal decision. On April 24, 2013 defendants, Artemis S.A. filed its Notice of Cross-Appeal against the restitution judgment.

On September 30, 2013, in accordance with the U.S. Appeals Court Ninth Circuit Briefing schedule, the Commissioner filed his Opening Appellate Brief.

The Estate is a party to a proceeding brought by certain Indenture Trustee policyholders who challenged various CLO administrative expenses for the period January 1, 1997 to June 30, 2008. The Court issued an order on December 7, 2009 approving those expenses and subsequently denied the request by the Indenture Trustee policyholders for attorney fees. On February 4, 2010, the Indentured Trustee Policyholders filed a Notice of Appeal against the court's approval of CLO administrative expenses of ELIC for the period January 1, 1997 to June 30, 2008 (approximately $12 million), as well as the court's denial of ITP's attorney fees of $395,730.50. The ITP's appeal brief was filed in December 2010 and the Commissioner's response brief was filed January 27, 2011. The appeal was scheduled for hearing on December 13, 2013 but prior to the hearing date the parties agreed to settle the litigation for a consideration of $300,000.00 subject to approval of the court.

ELIC Opt-Out Trust

The Opt-Out Trust receives approximately 33% of ELIC assets which are distributed to approximately 27,300 former ELIC policyholders ("Opt-Outs") who elected to terminate their policies. A distribution of $211 million of Altus Litigation Funds was made to Opt-Out policyholders in February 2006. Presently the remaining assets of the Opt-Out Trust consist of distributions allocated to policyholders with whom contact has been lost, in most cases due to bad addresses (such funds will be escheated to the last known state of residence). This trust however, continues to remain open to effect additional distributions to Opt-Out policyholders if the Commissioner is successful in the ELIC estate's pending litigation.

Executive Life Ins Co

ASSETS AND LIABILITIES

As of December 31, 2012 and December 31, 2013

Assets	12/31/2012	12/31/2013
Cash and investments	$35,811,300	$31,933,700
Other assets	574,400	574,300
Total assets	36,385,700	32,508,000

Liabilities	12/31/2012	12/31/2013
Secured claims and accrued expenses	12,100,300	9,479,800
Policyholder liability	6,152,241,400	6,379,864,700
All other claims	428,800	428,800
Total liabilities	6,164,770,500	6,389,773,300
Net assets (deficiency)	($6,128,384,800)	($6,357,265,300)

INCOME AND EXPENSES

For Year Ended December 31, 2012 and 2013

Income	2012	2013
Investment income	$1,153,500	$206,900
Litigation recoveries	-	498,200
Total income	1,153,500	705,100

Expenses	2012	2013
Administrative expenses	10,634,200	2,173,700
Interest on policyholder liability	227,661,900	227,453,500
Total expenses	238,296,100	229,627,200
Net income (loss)	($237,142,600)	($228,922,100)

CHANGE IN MONETARY ASSETS [12]

Beginning monetary assets at takeover	$112,111,400
Recoveries, net of expenses	657,098,200
Distributions	(737,275,900)
Monetary assets available for distribution	$31,933,700

[12] This schedule represents changes in monetary assets from August 1, 1997, when Executive Life's estate accounting was transferred to the CLO, to December 31, 2013.

ELIC Opt Out Trust

ASSETS AND LIABILITIES

As of December 31, 2012 and December 31, 2013

Assets	12/31/2012	12/31/2013
Cash and investments	$8,534,600	$8,415,800
Total assets	8,534,600	8,415,800

Liabilities	12/31/2012	12/31/2013
Secured claims	6,132,600	6,130,200
Unclaimed funds payable	2,240,200	2,238,500
Payable to Affiliates	571,460	571,500
Reserve for administrative expenses	(409,600)	(524,400)
Total liabilities	8,534,600	8,415,800

INCOME AND EXPENSES

For Year Ended December 31, 2012 and 2013

Income and Expenses	2012	2013
Investment income	$253,900	$53,500
Administrative expenses	194,900	163,200
Net income (loss)	$59,000	($109,700)

Fremont Indemnity Company
Conservation Order: June 04, 2003
Liquidation Order: July 02, 2003

2013 Report

Fremont was authorized as a multi-line Property & Casualty insurer, but at the time of liquidation operated as a "Monoline" Workers' Compensation insurer writing only Workers' Compensation and Employer Liability coverage in 48 states. Fremont is the successor by merger of six affiliate insurers that were under the common ownership of Fremont Compensation Insurance Group, Inc. ("FCIG"), Fremont's immediate parent company. FCIG was wholly-owned by a publicly traded holding company, Fremont General Corporation ("FGC"). Approximately 65% of Fremont's Workers' Compensation claims are attributable to business written in California. Most of the general liability business was assumed by a group of life insurance companies and administered through a third party administrator named Riverstone. The "Claims Bar Date", or the final date to submit a claim against the insolvent entity, was June 30, 2004.

All legal disputes with the exception of one Order to Show Cause proceeding associated with a toxic tort claim have been resolved and essentially all amounts due under the global settlement with the FGC bankruptcy estate have been collected. The liquidation court has entered a stipulation between the estate and the OSC claimant to allow the parties the opportunity to settle the dispute without litigating the issue. The estate hopes to have resolution in the first half of 2014. For federal tax purposes, the Estate has completed the deconsolidation process and is now a stand-alone taxpayer.

The Estate continues to bill and collect on active reinsurance treaties, as well as seeking commutations where advantageous. All on-going reinsurance processing is now being handled by the CLO San Francisco staff who will complete the balance of the run off of the reinsurance program.

The Estate released its ninth early access distribution in July 2013. The estate is planning a tenth early access distribution in 2014.

Fremont Indemnity Co

ASSETS AND LIABILITIES

As of December 31, 2012 and December 31, 2013

Assets	12/31/2012	12/31/2013
Cash and investments	$84,959,400	$80,007,800
Recoverable from reinsurers	110,543,100	40,365,200
Other assets	24,454,900	20,879,100
Total assets	219,957,400	141,252,100

Liabilities	12/31/2012	12/31/2013
Secured claims and accrued expenses	15,652,000	15,631,600
Claims against policies, before distributions	3,053,988,400	3,062,614,200
Less distributions to policyholders	(941,977,800)	(980,297,700)
All other claims	337,862,500	316,732,800
Total liabilities	2,465,525,100	2,414,680,900
Net assets (deficiency)	($2,245,567,700)	($2,273,428,800)

INCOME AND EXPENSES

For Year Ended December 31, 2012 and 2013

Income	2012	2013
Investment income	$2,681,300	$413,400
Salvage and other recoveries	7,035,600	6,754,300
Total income	9,716,900	7,167,700

Expenses	2012	2013
Loss and claims expenses	6,510,300	31,748,500
Administrative expenses	3,800,600	3,280,000
Total expenses	10,310,900	35,028,500
Net income (loss)	($594,000)	($27,860,800)

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

	-	-
Beginning monetary assets at takeover		$434,855,900
Recoveries, net of expenses		625,449,600
Distributions		(980,297,700)
Monetary assets available for distribution		$80,007,800

Fremont Life Insurance Company
Conservation Order: June 05, 2008

2013 Report

Fremont Life Insurance Company ("Fremont Life"), a California domiciled life insurance company was located in Costa Mesa, California and licensed in 13 states and Guam. Fremont Life is a wholly owned subsidiary of Fremont Compensation Insurance Group Inc., whose ultimate parent is Fremont General Corporation ("FGC"). FGC filed for protection under Chapter 11 of the U.S. Bankruptcy Code in June of 2008. On May 15, 2008, Fremont Life filed their March 31, 2008 quarterly statement with the California Department of Insurance reporting surplus of $1,967,289. The minimum required capital and surplus for Fremont Life was $4,500,000. With the subsequent bankruptcy filing by its parent FGC, the California insurance regulators opted to seek a conservation of Fremont Life.

All active insurance contracts have been transferred to successor insurance companies, and the operations of Fremont Life have been discontinued. The conserved estate has the responsibility to ensure all risk associated with the remaining policies and life products are properly assumed by the successor insurers.

The Estate was able to recover most protective deposits in 2010, and has documented that all risk has been transferred and novated.

The Estate is working with the Department of Revenue and Taxation in Guam to dismiss income liens placed on the company in order to complete a withdrawal from doing business in Guam and to secure release of the statutory deposit.

The Estate is also working with the California Department of Justice to resolve an outstanding restitution order in connection with the Alliance for Mature Americans Insurance Services, Inc. judgment.

Once these issues are resolved the Estate will be positioned to make a final distribution and the Conservation will be closed.

Fremont Life Ins Co

ASSETS AND LIABILITIES

As of December 31, 2012 and December 31, 2013

Assets	12/31/2012	12/31/2013
Cash and investments	$1,614,000	$1,569,300
Other assets	500	500
Total assets	1,614,500	1,569,800

Liabilities	12/31/2012	12/31/2013
Secured claims and accrued expenses	6,000	5,969
All other claims	1,609,200	1,609,200
Total liabilities	1,615,200	1,615,200
Net assets (deficiency)	(700)	($45,400)

INCOME AND EXPENSES

For Year Ended December 31, 2012 and 2013

Income	2012	2013
Investment income	$43,600	$9,600
Salvage and other recoveries	521,700	-
Total income	565,300	9,600

Expenses	2012	2013
Loss and claims expenses	47,900	-
Administrative expenses	118,500	54,300
Total expenses	166,400	54,300
Net income (loss)	$398,900	($44,700)

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	-	$1,443,100
Recoveries, net of expenses		126,200
Monetary assets available for distribution		$1,569,300

Frontier Pacific Insurance Company

Conservation Order: September 7, 2001
Liquidation Order: November 30, 2001

2013 Report

Frontier Pacific Insurance Company ("FPIC"), a California domiciled property and casualty insurer, was licensed in California, Nevada, New York and South Carolina. FPIC primarily wrote surety and private passenger auto liability. In August 2001, FPIC's parent company, Frontier Insurance Company ("FIC") of New York, voluntarily entered rehabilitation under the control of the New York Liquidation Bureau. As a result of the FIC rehabilitation, reinsurance recoverables due FPIC from FIC were never paid. A subsequent financial examination by the California regulators disallowed the FIC reinsurance receivable, resulting in a negative surplus by FPIC, and FPIC was placed into conservation on September 7, 2001. During conservation, the Commissioner determined that FPIC's financial condition was such that rehabilitation was futile and an Order of Liquidation was obtained on November 30, 2001. The "Claims Bar Date," or the final date to submit a claim against the Estate, was August 30, 2002. The FPIC claims operation was transferred to the CLO in October 2005.

FPIC and its agents (including its parent, FIC) held collateral in various forms as security for the issuance of surety bonds, including large numbers of bail bonds. The Liquidator has finalized and released security for those obligations which have expired. All items of collateral associated with bail bonds have been returned, except those associated with forfeited bonds. As for those outstanding unliquidated obligations, the Liquidator is making suitable arrangements to affect release to the appropriate parties, including escheatment. The Liquidator has reached an agreement with the New York Liquidation Bureau on a procedure for the disposition of collateral securing joint and several obligations of FPIC and FIC.

Since FPIC's liquidation in November 2001, the Liquidator continues to marshal FPIC's assets to pay approved claims. In 2011, an arbitration proceeding against NICO, the main reinsurer of FPIC, not only awarded FPIC approximately $18 million, but also preserved FPIC's right to pursue an Unallocated Loss Adjustment Expense (ULAE) claim of approximately $3.4 million.

The Estate has an estimated $15.5 million in current and future reinsurance recoveries as of December 31, 2013. These balances are due from approximately 24 reinsurers. As a result of the arbitration proceedings against National indemnity Company (NICO) in which FPIC was awarded approximately $18 million, FPIC in cooperation with its parent company, Frontier Insurance Company (FIC) has filed its ULAE claim against NICO for approximately $3.4 million which to date, remains unpaid. Concerning the unpaid ULAE, the Commissioner has again filed for arbitration to recover this amount from NICO. The arbitration proceeding is scheduled for January 2015. Frontier Pacific's remaining reinsurance programs are labor intensive to administer, but known case reserves are relatively small. In 2013, the Commissioner collected $555,033 from some of these reinsurers and collection efforts are continuing. The Estate completed an interim distribution in the third quarter of 2012 for approximately $22 million.

Frontier Pacific Ins Co

ASSETS AND LIABILITIES

As of December 31, 2012 and December 31, 2013

Assets	12/31/2012	12/31/2013
Cash and investments	$14,526,500	$12,089,100
Recoverable from reinsurers	16,110,600	15,493,500
Other assets	1,363,300	1,358,200
Total assets	32,000,400	28,940,800

Liabilities	12/31/2012	12/31/2013
Secured claims and accrued expenses	4,570,500	4,748,100
Claims against policies, before distributions	43,009,100	42,968,700
Less distributions to policyholders	(22,214,700)	(24,486,500)
All other claims	13,510,100	13,510,000
Total liabilities	38,875,000	36,740,300
Net assets (deficiency)	($6,874,600)	($7,799,500)

INCOME AND EXPENSES

For Year Ended December 31, 2012 and 2013

Income	2012	2013
Investment income	$585,200	$69,100
Salvage and other recoveries	30,100	28,200
Total income	615,300	97,300

Expenses	2012	2013
Loss and claims expenses	(2,035,500)	(6,900)
Post-liquidation Federal tax expense	326,800	-
Administrative expenses	1,330,500	1,029,100
Total expenses	(378,200)	1,022,200
Net income (loss)	$993,500	($924,900)

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	$18,531,900
Recoveries, net of expenses	18,043,800
Distributions	(24,486,600)
Monetary assets available for distribution	$12,089,100

Golden Eagle Insurance Company
Conservation Order: **January 31, 1997**
Rehab./Liquidation Plan Approved: **August 4, 1997**
Liquidation Order: **February 18, 1998**

2013 Report

Golden Eagle Insurance Company ("Golden Eagle") is the subject of a Plan of Rehabilitation and Liquidation ("Plan") approved by the Superior Court in 1997. Under the Plan, Golden Eagle's insurance operating assets and future business was sold to affiliates of Liberty Mutual Insurance Company. The Plan also provides for an orderly "run-off" of claims under Golden Eagle's pre-1997 insurance policies, a process which is ongoing.

Prior to December 2006, the majority of the administrative aspects of the Plan were administered by the Golden Eagle Insurance Company Liquidating Trust ("The Trust"), which was created under the Plan and approved by the Superior Court as a neutral mechanism to manage the liquidation of Golden Eagle. All of the Trust's duties were fully discharged by the end of November 2006, at which point the Trust was terminated and the residual liquidation duties were assumed by the Commissioner's Conservation & Liquidation Office ("CLO"). The Trust was officially terminated and closed on November 30, 2006.

As part of the process for terminating the Trust, the Trust purchased additional reinsurance coverage from Liberty Mutual affiliates to cover the remaining covered insurance policy exposures, including liabilities under both workers' compensation and other property and casualty policies. Because payment in full of Golden Eagle's insurance liabilities is provided for under the Plan, the Liquidation Order does not contain a formal finding of insolvency, and thus the claim payment obligations of the Insurance Guaranty Associations (IGAs) have not been triggered. As a result, no bar date has been set for the filing of insurance claims covered under a Golden Eagle policy. Such claims will continue to be received, adjusted and paid in the ordinary course of the run-off of Golden Eagle's policyholder liabilities. The IGAs remain as a back-up, in the unlikely event that the claims payment assets available under the Plan are exhausted prior to the final policyholder claim payment.

Prior to its termination, the Trust was responsible for the management of the third-party claim administrator and reinsurer (affiliates of Liberty Mutual Insurance Company) that were and continue to be responsible for the adjustment and payment of covered policyholder claims under the Plan. Those oversight duties now reside with the CLO. The Trust also managed the residual assets of the Estate and administered to resolution all proofs of claims filed by general creditors. The "Claims Bar Date," or the final date to submit general creditor claims (i.e., non-policyholder claims) against the Estate, was February 27, 1998. The adjustment and payment of non-policyholder claims was completed by the Trust shortly before the Trust termination near the end of 2006.

All remaining policyholder claims are being administered and paid under the Plan's indemnity reinsurance and excess of loss reinsurance agreements with Liberty Mutual

affiliates. Given the “long-tail” nature of the claims portfolio, completing the run-off process is expected to take many more years. Policyholder claims continue to run off within the range of expected cost and reinsurance coverage. Until the entire remaining exposure is paid, assumed or novated, the Estate must remain open to monitor the long-term claim run-off and to give policyholders access to appeal rights through the OSC process that is incorporated into the Rehabilitation Plan.

The only assets that remain in the Estate consist of a reserve to fund the administrative expenses that the CLO will incur for the duration of the run off process.

Golden Eagle Ins Co

ASSETS AND LIABILITIES

As of December 31, 2012 and December 31, 2013

Assets	12/31/2012	12/31/2013
Cash and investments	$1,921,000	$1,871,600
Total assets	1,921,000	1,871,600

Liabilities	12/31/2012	12/31/2013
Secured claims and accrued expenses	3,000	-
Total liabilities	3,000	-
Net assets (deficiency)	$1,918,000	$1,871,600

INCOME AND EXPENSES

For Year Ended December 31, 2012 and 2013

Income	2012	2013
Investment income	$55,400	$11,900
Salvage and other recoveries	3,300	-
Total income	58,700	11,900

Expenses	2012	2013
Post-liquidation Federal tax expense	-	-
Administrative expenses	98,900	58,300
Total expenses	98,900	58,300
Net income (loss)	($40,200)	($46,400)

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover [13]	$2,029,000
Recoveries, net of expenses	(157,400)
Monetary assets available for distribution	$1,871,600

[13] As of December 1, 2006, when Golden Eagle's estate accounting was transferred to the CLO.

Golden State Mutual Life Insurance Company
Conservation Order: September 30, 2009
Liquidation Order: January 28, 2011

2013 Report

Golden State Mutual Life Insurance Company (GSM), was a mutual life and health insurance company domiciled and incorporated in California, with its principal place of business and home office located at 1999 West Adams Boulevard in Los Angeles, California. Golden State's business focus has been to provide life insurance products to the minority middle-income marketplace with a geographic emphasis in California, Texas, North Carolina, Michigan and Illinois.

As of June 30, 2009, Golden State filed its Quarterly Statement reporting assets of $93,291,509 and liabilities of $91,640,816. Thus, Golden State's surplus was $1,650,693 or $3,349,307 less than the total aggregate of the minimum paid-in capital and minimum surplus required by the Insurance Code. Consequently, Golden State was deemed statutorily impaired and placed into conservation on September 30, 2009.

In November 2009, the Conservator conducted a national "request for proposal" process seeking a healthy successor insurer to purchase the mutual company or assume its book of business. IA American Life Insurance Company was the successful bidder and the Superior Court approved IA's assumption of all in-force GSM policies sale on June 24, 2010.

By December 2010, the Conservator had determined Golden State's estimated liabilities exceeded its estimated remaining assets by over $3 million. A hearing on the Liquidation Motion was held on January 28, 2011, and an order of insolvency was entered.

During 2011 Golden State obtained court approval and completed the transfer of the company's pension plan obligation and administration to the Pension Benefit Guaranty Corporation. After quantifying approximately $2 million in un-assumed Class 2 policy liability (convertible Group Life & LTD coverage for former employees and dependents), the estate negotiated an agreement with the National Association of Life and Health Insurance Guaranty Associations (NOLHGA) whereby all un-assumed policy liability will be honored by the respective state guaranty association subject to any statutory limitations.

Due to a continuing lack of available funds to distribute, the estate filed a request with the court and the court granted the request to suspend the formal proof of claim process and to extend the planned claims bar date.

The estate was successful in settling the ownership dispute over the two paintings currently located in the lobby of the former GSM building in Los Angeles. The landlord and owner of the building paid the estate $550,000, dismissed their quiet title case and released all claims against the estate. In addition the landlord agreed to leave the paintings in a publicly accessible location for 5.5 years. The remaining GSM art

collection (excluding the lobby paintings) remain on loan to the California African American Museum as part of their Places of Validation exhibit. The same pieces will remain at the museum through early 2014 as part of a GSM exhibit.

The estate is positioned to confirm sales contracts on the final two REO properties and seek bids on a limited basis for the remaining art collection. Once all three of these assets are resolved the estate will prepare pleadings seeking a closure order.

Golden State Mutual Life Ins Co

ASSETS AND LIABILITIES

As of December 31, 2012 and December 31, 2013

Assets	12/31/2012	12/31/2013
Cash and investments	$55,400	$317,600
Other assets	1,069,700	275,000
Total assets	1,125,100	592,600

Liabilities	12/31/2012	12/31/2013
Secured claims and accrued expenses	664,700	1,026,000
Policyholder claims	1,664,200	1,664,200
All other claims	7,571,800	7,571,900
Total liabilities	9,900,700	10,262,100
Net assets (deficiency)	($8,775,600	($9,669,500)

INCOME AND EXPENSES

For Year Ended December 31, 2012 and 2013

Income	2012	2013
Investment income (loss)	($900)	($3,700)
Cessions and premium income	34,500	-
Other income	7,600	7,900
Total income	41,200	4,200

Expenses	2012	2013
Loss and claims expenses	(633,700)	-
Administrative expenses	948,100	678,300
Total expenses	314,400	678,300
Net income (loss)	($273,200)	(674,100)

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	$72,139,200
Recoveries, net of expenses	(71,821,600)
Monetary assets available for distribution	$317,600

HIH America Comp. & Liability Insurance Company
Conservation Order: March 30, 2001
Liquidation Order: May 8, 2001

2013 Report

HIH America Compensation Liability Insurance Company (HIH) was domiciled in California and licensed to transact business in 31 states with California being the primary state accounting for 82% of the business written. HIH wrote only workers' compensation insurance. The "Claims Bar Date," or the final date to submit a claim against the Estate, was December 2, 2001.

Given the number of states in which HIH wrote business, a significant effort was required at the time of liquidation to properly transfer all open covered claims to the insurance guaranty community. The Estate had a significant amount of intercompany relationships with various affiliates that required a considerable amount of work to resolve such intercompany balances. Additionally, the Estate had a significant reinsurance program that was placed under a run off plan.

The balance of the reinsurance program has been essentially run-off to conclusion. All material assets have been collected or resolved. The Estate continues to collect periodic claim payments from the insolvency estate of its parent company and contingent on the reinsurance recovery status, will work to schedule a final distribution in 2014 and closing in 2015.

HIH America Comp & Liability Ins Co

ASSETS AND LIABILITIES

As of December 31, 2012 and December 31, 2013

Assets	12/31/2012	12/31/2013
Cash and investments	$12,957,600	$12,828,200
Recoverable from reinsurers	1,434,600	284,200
Other assets	500	-
Total assets	14,392,700	13,112,400

Liabilities	12/31/2012	12/31/2013
Secured claims and accrued expenses	67,700	68,200
Claims against policies, before distributions	773,238,900	777,903,700
Less distributions to policyholders	(328,499,900)	(328,499,900)
All other claims	927,500	1,990,432
Total liabilities	445,734,200	451,462,400
Net assets (deficiency)	($431,341,500	($438,350,000

INCOME AND EXPENSES

For Year Ended December 31, 2012 and 2013

Income	2012	2013
Investment income	$367,900	$80,200
Salvage and other recoveries	1,678,000	1,219,600
Total income	2,045,900	1,299,800

Expenses	2012	2013
Loss and claims expenses	11,036,800	6,010,800
Administrative expenses	223,500	217,800
Total expenses	11,260,300	6,228,600
Net income (loss)	($9,214,400)	($4,928,800)

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	$147,637,800
Recoveries, net of expenses	193,690,300
Distributions.....	(328,499,900)
Monetary assets available for distribution	$12,828,200

Great States Insurance Company
Conservation Order: March 30, 2001
Liquidation Order: May 8, 2001

2013 Report

Great States Insurance Company was domiciled in California and was licensed to transact business in 14 states. Great States wrote only workers' compensation insurance and concentrated in Arizona, Colorado, and Nevada. Great States wrote a minimal amount in California and Illinois. The "Claims Bar Date," or the final date to submit a claim against the Estate, was December 2, 2001.

A significant portion of the Estate's statutory deposits are held in the form of surety bonds and are released as claims arise and formal awards are issued. The entity that has issued the surety bond has off-set rights related to certain reinsurance recoveries by Great States. The process of reconciling these releases and offsets has been an on-going requirement of the Estate.

The Estate continues to seek a resolution of the surety bond issue with American Home Assurance. Absent an agreement on the development of loss reserves, the Estate will consider foregoing a settlement and seek agreeable arrangement with the California Guarantee Association to assign the surety bonds and prepare the Estate for a final distribution and closing in late 2014.

Great States Ins Co

ASSETS AND LIABILITIES

As of December 31, 2012 and December 31, 2013

Assets	12/31/2012	12/31/2013
Cash and investments	$6,908,500	$20,502,100
Recoverable from reinsurers	18,326,300	746,400
Total assets	25,234,800	21,248,500

Liabilities	12/31/2012	12/31/2013
Secured claims and accrued expenses	35,800	34,400
Claims against policies, before distributions	81,603,900	80,446,100
Less distributions to policyholders	(10,154,800)	(10,154,800)
All other claims	14,659,700	11,917,600
Total liabilities	86,144,600	82,243,300
Net assets (deficiency)	($60,909,800)	($60,994,800)

INCOME AND EXPENSES

For Year Ended December 31, 2012 and 2013

Income	2012	2013
Investment income	$203,200	$127,400
Salvage and other recoveries	6,222,600	2,752,400
Total income	6,425,800	2,879,800

Expenses	2012	2013
Loss and claims expenses	2,315,800	2,759,300
Administrative expenses	254,800	205,500
Total expenses	2,570,600	2,964,800
Net income (loss)	$3,855,200	($85,000)

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	$7,889,700
Recoveries, net of expenses	22,767,200
Distributions	(10,154,800)
Monetary assets available for distribution	$20,502,100

Majestic Insurance Company
Conservation Order: April 21, 2011

2013 Report

On April 21, 2011, an Order appointing Conservator and Restraining Orders ("Conservation Order") was entered by the Superior Court of the State of California with respect to Majestic Insurance Company, a California Corporation. The California Department of Insurance (CDI) conducted an examination of Majestic for the period January 1, 2005 through December 31, 2010. CDI found Majestic's recorded loss and loss adjustment expense reserves to be deficient by approximately $40.9 million. Also, due to the increase in reserves, a premium deficiency reserve was required in the amount of $5.5 million. After these examination adjustments, Majestic's Risk-Based Capital (RBC) fell within the Mandatory Control Level. The CDI Examination determined that Majestic was operating in a hazardous financial condition in accordance with California Insurance Code Section (CICS) 1011(d). These findings were incorporated into the Commissioner's application for the Conservation Order.

The Commissioner was appointed as Conservator and directed to conduct the business of Majestic. The Conservator is authorized, in his discretion, to operate the business of Majestic, or so much of the business as he deems appropriate, and to pay or defer payment of some or all proper claims, expenses, liabilities and obligations of Majestic, in whole or in part, accruing prior or subsequent to his appointment. The Conservator continued to operate Majestic's business in substantially the manner the company was operating prior to conservation, solely for the purpose of preserving Majestic's business assets and going-concern value in order to facilitate a Plan of Rehabilitation (the "Plan").

Immediately after the entry of the Conservation Order, the Conservator filed a motion seeking court approval of the Plan. Court approval of the Plan was granted on June 2, 2011 and the transaction contemplated by the Plan closed on July 1, 2011. The Plan provided for the assumption of 100% of Majestic's workers' compensation claim liabilities by an A-rated insurance company affiliate of AmTrust North America, Inc. ("AmTrust") via a Loss Portfolio Transfer and Quota Share Reinsurance Agreement (the "Reinsurance Agreement"). Under the Reinsurance Agreement, AmTrust (through an insurance company affiliate, Technology Insurance Company) assumed the majority of Majestic's assets and liabilities relating to its workers' compensation business. Majestic's in-force policies and expired policies with reported claims were novated to Technology Insurance Company. The Reinsurance Agreement also provides that all reinsurance contracts providing coverage for the business written by Majestic shall inure to the benefit of AmTrust.

Pursuant to the Conservation Order, continued prosecution of the lawsuits and the filing of any other claims, lawsuits or actions against the Company outside of the conservation proceedings pending in the Superior Court of the State of California, County of San Francisco (the "Conservation Court"), is enjoined. Alternative remedies for the assertion of any and all such claims are provided for under the Conservator's Rehabilitation Plan. The Rehabilitation Plan provides that the Conservator may request the Conservation Court to establish a claims bar date for filing proofs of claim against Majestic by non-policyholder creditors. The Rehabilitation Plan further provides that the

Conservator shall administer, investigate, adjust and determine all such proofs of claim in a manner consistent with California Insurance Code Sections 1010 through 1062. In accordance with these provisions of the Rehabilitation Plan, the Conservation Court has established a claims bar date of January 31, 2012 for filing non-policyholder proofs of claim with the Conservator. The Conservator received a total of 90 proofs of claim which set forth claims of non-policyholder creditors in the aggregate amount of $205 million.

Majestic solicited potential purchasers for the insurance company, together with certain residual assets and licenses, to be sold as a clean “shell”, free and clear of pre-acquisition liabilities. The request for proposal (RFP) required bids to be received by August 31, 2012. The request for proposal (RFP) process was completed shortly thereafter by selecting a winning bid. Agreements have been negotiated, signed, and approved by the court. The estate’s shell was transferred to purchaser as of May 31, 2013.

In 2013, the Conservator finalized all proofs of claims and received court approval in December 2013 to complete an interim distribution scheduled for January 2014.

Once all estate matters are completed, the Commissioner will petition the San Francisco Superior Court to the close the estate and any remaining funds will be sent to Embarcadero Holdings, the parent of Majestic Insurance Company.

Majestic Ins Co

ASSETS AND LIABILITIES

As of December 31, 2012 and December 31, 2013

Assets	12/31/2012	12/31/2013
Cash and investments	$12,936,80	$14,008,200
Other assets	1,877,700	27,600
Total assets	14,814,500	14,035,800

Liabilities	12/31/2012	12/31/2013
Secured claims and accrued expenses	1,203,300	2,028,300
All other claims	590,800	514,000
Total liabilities	1,794,100	2,542,300
Net assets (deficiency)	13,020,400	11,493,500

INCOME AND EXPENSES

For Year Ended December 31, 2012 and 2013

Income	2012	2013
Investment income	$650,200	$250,300
Other income	4,900	506,700
Total income	655,100	757,000

Expenses	2012	2013
Loss and claims expenses	1,940,200	633,600
Administrative expenses	-	940,500
Net loss from premium write-offs	(534,000)	-
Total expenses	1,406,200	1,574,100
Net income (loss)	($751,100)	(817,100)

Mission Insurance Company
Conservation Order: October 31, 1985
Liquidation Order: February 24, 1987

Mission National Insurance Company

Conservation Order: November 26, 1985
Liquidation Order: February 24, 1987

Enterprise Insurance Company

Conservation Order: November 26, 1985
Liquidation Order: February 24, 1987

2013 Report

The Mission Insurance Companies' insolvency proceedings began with a court-ordered conservation of the Mission entity on October 31, 1985 with the balance of the entities being conserved in November 1985. All were placed into conservation due to their hazardous financial condition. Efforts to rehabilitate the companies did not succeed, and on February 24, 1987, the companies were ordered into liquidation. Ancillary proceedings in California for Holland America Insurance Company and Mission Reinsurance Company were initiated concurrent with the Missouri Insurance Director's obtaining a receivership order as the domiciliary liquidator.

In accordance with a court approved closing plan, the Mission estates completed a final policyholder distribution in 2006 whereby all policyholder claimants for Mission, Mission National and Enterprise were paid 100% of their approved claim. As of year-end 2013, the general creditors of the Mission and Enterprise estates have unsatisfied portions remaining on their approved claims. The Enterprise estate will be positioned to complete a final distribution at year end 2014 and for a closing in 2015 while keeping the shell open for tax purposes.

The Mission estates participate as members of a consolidated tax group (Covanta being the parent) and, as such, are joint and severally liable for the tax exposure of the group. With guidance and advice from tax counsel, the estates have established proper tax reserves for certain open tax years. Covanta has commenced an audit with the IRS of the consolidated group returns for a number of tax years and is undergoing an administrative appeal process from the result. The Estate expects to hear the final resolution in 2014.

The Mission estates contacted the Department of Justice (DOJ) in late 2011 in an effort to obtain a Federal Claim waiver primarily to avoid any possibility of the Federal Government presenting any late claims for toxic tort clean-ups where a Mission policyholder may have had exposure. Given the Federal priority statute, obtaining a waiver that the companies had considered all the known potential policyholder liabilities prior to closure of the estate was of paramount importance. Enterprise was given the waiver because the nature of its business did not contain significant policyholder exposure for any government claims. Mission and Mission National have continued to

be engaged in a back and forth with the DOJ to give them all the necessary documentation for the DOJ to issue the waiver. Owing to the nature of the two remaining estates portfolio of policyholders, this has been a tedious, time consuming process which we foresee continuing into 2015.

Mission Ins Co

ASSETS AND LIABILITIES

As of December 31, 2012 and December 31, 2013

Assets	12/31/2012	12/31/2013
Cash and investments	$106,028,900	$110,234,400
Recoverable from reinsurers	21,586,400	21,066,600
Other assets	23,816,400	23,816,500
Total assets	151,431,700	155,117,500

Liabilities	12/31/2012	12/31/2013
Secured claims and accrued expenses	78,763,100	78,753,500
Claims against policies, before distributions	846,832,600	846,832,600
Less distributions to policyholders	(846,832,600)	(846,832,600)
All other claims	198,438,500	198,438,500
Total liabilities	277,201,600	277,192,000
Net assets (deficiency)	($125,769,900)	($122,074,500)

INCOME AND EXPENSES

For Year Ended December 31, 2012 and 2013

Income	2012	2013
Investment income	$3,049,100	$749,500
Salvage and other recoveries	98,400	3,662,500
Total income	3,147,500	4,412,000

Expenses	2012	2013
Loss and claims expenses	163,100	-
Administrative expenses	520,700	716,700
Total expenses	683,800	716,700
Net income (loss)	$2,463,700	$3,695,300

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	-
Recoveries, net of expenses	$133,667,000
Distributions	1,089,175,400
Monetary assets available for distribution	(1,112,608,000)
	$110,234,400

Mission National Ins Co

ASSETS AND LIABILITIES

As of December 31, 2012 and December 31, 2013

Assets	12/31/2012	12/31/2013
Cash and investments	$23,674,900	$25,355,300
Recoverable from reinsurers	5,119,900	3,542,300
Other assets	48,400	34,000
Total assets	28,843,200	28,931,600

Liabilities	12/31/2012	12/31/2013
Secured claims and accrued expenses	17,755,200	17,753,800
Claims against policies, before distributions	596,098,500	596,098,500
Less distributions to policyholders	(499,851,900)	(499,851,900)
All other claims	16,838,100	16,838,100
Total liabilities	130,839,900	130,838,500
Net assets (deficiency)	($101,996,700)	($101,906,900)

INCOME AND EXPENSES

For Year Ended December 31, 2012 and 2013

Income	2012	2013
Investment income	$679,800	$161,200
Salvage and other recoveries	100	41,100
Total income	679,900	202,300

Expenses	2012	2013
Loss and claims expenses	(14,600)	(40,400)
Administrative expenses	75,600	152,900
Total expenses	61,000	112,500
Net income (loss)	$618,900	$89,800

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	$18,289,000
Recoveries, net of expenses	533,995,500
Distributions	(526,929,200)
Monetary assets available for distribution	$25,355,300

Enterprise Ins Co

ASSETS AND LIABILITIES

As of December 31, 2012 and December 31, 2013

Assets	12/31/2012	12/31/2013
Cash and investments	$7,435,300	$7,475,500
Total assets	7,435,300	7,475,500

Liabilities	12/31/2012	12/31/2013
Secured claims and accrued expenses	1,240,600	1,240,500
Claims against policies, before distributions	120,573,400	120,573,400
Less distributions to policyholders	(120,573,400)	(120,573,400)
All other claims	30,780,900	30,780,900
Total liabilities	32,021,500	32,021,400
Net assets (deficiency)	($24,586,200)	($24,545,900)

INCOME AND EXPENSES

For Year Ended December 31, 2012 and 2013

Income	2012	2013
Investment income	$213,700	$47,500
Salvage and other recoveries	9,600	61,400
Total income	223,300	108,900

Expenses	2012	2013
Administrative expenses	33,600	68,800
Total expenses	33,600	68,800
Net income (loss)	$189,700	$40,100

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	$3,281,000
Recoveries, net of expenses	130,147,000
Distributions.....	(125,952,500)
Monetary assets available for distribution	$7,475,500

Pacific National Insurance Company
Conservation Order: May 14, 2003
Liquidation Order: August 5, 2003

2013 Report

Pacific National Insurance Company ("PNIC") is a subsidiary of the Highlands Insurance Group. PNIC's principal business lines include workers' compensation, commercial multiple-peril, general liability, and commercial automobile insurance. PNIC wrote business exclusively in California.

In October 2002, Highlands Insurance Group and five of its non-insurance subsidiaries commenced Chapter 11 bankruptcy proceedings in the U.S. Bankruptcy Court in the District of Delaware.

On May 14, 2003, the Commissioner was appointed as Conservator of PNIC and on August 5, 2003, the Superior Court appointed the Commissioner as Liquidator of PNIC. Upon liquidation, covered claims were transferred to the appropriate insurance guaranty associations. PNIC's assets consist primarily of cash and reinsurance receivables. The "Claims Bar Date," the final date to submit a claim against the Estate, was July 30, 2004.

Highlands Insurance Company ("HIC") in New Jersey, a subsidiary of Highlands Insurance Group, continues to handle routine administrative services for PNIC under an inter-company agreement. HIC was placed in conservation by the Texas Department of Insurance in November 2003. The CLO continues to work with the Texas Department of Insurance on data transfer/storage and reinsurance collections.

The Estate was successful in commuting a significant reinsurance treaty completing the transaction and recovery in time to prepare for and release a $19 million early access distribution to the California Insurance Guarantee Association in October 2011. The Estate team was successful in commuting the remaining reinsurance treaties and will work to collect the remaining reinsurance recoveries in 2014 to position the estate for a final distribution and closing in 2015.

Pacific National Ins Co

ASSETS AND LIABILITIES

As of December 31, 2012 and December 31, 2013

Assets	2012	2013
Cash and investments	$4,191,800	$4,657,600
Recoverable from reinsurers	2,604,900	885,700
Total assets	6,796,700	5,543,300

Liabilities	2012	2013
Secured claims and accrued expenses	1,559,900	1,550,600
Claims against policies, before distributions	107,777,300	107,777,300
Less distributions to policyholders	(52,416,400)	(52,416,400)
All other claims	246,500	246,700
Total liabilities	57,167,300	57,158,200
Net assets (deficiency)	($50,370,600)	($51,614,900)

INCOME AND EXPENSES

For Year Ended December 31, 2012 and 2013

Income	2012	2013
Investment income	$119,700	$26,800
Salvage and other recoveries	1,698,200	1,700
Total income	1,817,900	28,500

Expenses	2012	2013
Loss and claims expenses	(5,513,400)	1,073,400
Administrative expenses	192,800	199,300
Total expenses	(5,320,600)	1,272,700
Net income (loss)	$7,138,500	($1,244,200)

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	$36,519,100
Recoveries, net of expenses	20,554,900
Distributions	(52,416,400)
Monetary assets available for distribution	$4,657,600

Superior National Insurance Companies In Liquidation ("SNICIL")
(California Compensation Insurance Company, Combined Benefits Insurance Company, Commercial Compensation Casualty Company, Superior National Insurance Company, and Superior Pacific Casualty Company)

Conservation Order: **March 6, 2000**
Liquidation Order: **September 26, 2000**

2013 Report

On March 6, 2000, the Los Angeles County Superior Court (the "Court") ordered and appointed the Insurance Commissioner to serve as Conservator of four workers' compensation insurance companies: Superior National Insurance Company, Superior Pacific Casualty Company, California Compensation Insurance Company and Combined Benefits Insurance Company. On June 9, 2000, the Court ordered and appointed the Commissioner to serve as conservator of a fifth workers' compensation insurance company named Commercial Compensation Casualty Company. In his capacity as Conservator, the Insurance Commissioner obtained title to and possession of all the property and assets of the five estates, collectively identified as Superior National Insurance Companies in Liquidation ("Superior National Estates").

In September 26, 2000, the Court found that each of the Superior National Estates was insolvent and that it would be futile to proceed as Conservator. The Court terminated the Insurance Commissioner's status as conservator of the five insurers and ordered and appointed the Commissioner to serve as Liquidator of the insurers.

The charge in liquidating the Superior National Estates was to marshal assets, pay claims and resolve the vast business affairs as efficiently as possible. The Liquidator consolidated the Superior National Estates' operations into the Conservation and Liquidation Office (San Francisco) in September 2003.

In 2012, the Superior National Estates obtained court approval of an indemnity settlement agreement with the SNTL Litigation Trust and the Oversight Committee of the SNTL Litigation Trust.

In 2013 the Superior National Estates released its tenth early access distribution to guaranty associations. The Estates are planning an eleventh early access distribution in 2014.

Under the most optimistic estimates, SNICL has insufficient assets to fully pay the policyholder claims. Consequently, once all asset recoveries are fully monetized, the Estate will seek court approval not to review any claims below the policyholder class.

The largest remaining asset on the books of the estates are reinsurance recoverables of approximately $157,000,000 (includes IBNR). The Estates' continuing and ultimate goal is to fully resolve its reinsurance recoverables through treaty commutations since Workers Compensation claims are such long tailed claims that conceivably there could be reinsurance billing for the next 50 years. Once reinsurance has been resolved, there are no significant issues remaining and the Liquidator can seek closure.

California Compensation Ins Co

ASSETS AND LIABILITIES

As of December 31, 2012 and December 31, 2013

Assets	12/31/2012	12/31/2013
Cash and investments	$38,436,000	$18,503,400
Recoverable from reinsurers	74,356,200	75,933,000
Other assets	1,800	-
Total assets	112,794,000	94,436,400

Liabilities	12/31/2012	12/31/2013
Secured claims and accrued expenses	5,360,700	5,359,400
Claims against policies, before distributions	2,062,676,300	2,078,815,500
Less distributions to policyholders	(875,588,200)	(894,851,900)
All other claims	119,307,600	119,300,100
Total liabilities	1,311,756,400	1,308,623,100
Net assets (deficiency)	($1,198,962,400)	($1,214,186,700)

INCOME AND EXPENSES

For Year Ended December 31, 2012 and 2013

Income	2012	2013
Investment income	$1,874,700	$73,600
Litigation recoveries	2,386,300	-
Salvage and other recoveries	5,347,300	6,207,400
Total income	9,608,300	6,281,000

Expenses	2012	2013
Loss and claims expenses	21,331,500	20,512,300
Administrative expenses	1,253,700	993,000
Total expenses	22,585,200	21,505,300
Net income (loss)	($12,976,900)	($15,224,300)

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	$165,879,200
Recoveries, net of expenses	747,476,100
Distributions	(894,851,900)
Monetary assets available for distribution	$18,503,400

Combined Benefits Ins Co

ASSETS AND LIABILITIES
As of December 31, 2012 and December 31, 2013

Assets	12/31/2012	12/31/2013
Cash and investments	$12,969,400	$11,414,300
Recoverable from reinsurers	205,300	206,700
Total assets	13,174,700	11,621,000

Liabilities	12/31/2012	12/31/2013
Secured claims and accrued expenses	48,000	47,900
Claims against policies, before distributions	35,664,000	37,057,400
Less distributions to policyholders	(22,054,800)	(23,554,800)
All other claims	6,701,800	6,667,100
Total liabilities	20,359,000	20,217,600
Net assets (deficiency)	($7,184,300)	($8,596,600)

INCOME AND EXPENSES
For Year Ended December 31, 2012 and 2013

Income	2012	2013
Investment income	$379,500	$68,400
Salvage and other recoveries	4,100	4,500
Total income	383,600	72,900

Expenses	2012	2013
Loss and claims expenses	1,455,900	1,396,600
Administrative expenses	73,200	88,700
Total expenses	1,529,100	1,485,300
Net income (loss)	($1,145,500)	($1,412,400)

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	$11,115,400
Recoveries, net of expenses	23,853,700
Distributions.....	(23,554,800)
Monetary assets available for distribution	$11,414,300

Superior National Ins Co

ASSETS AND LIABILITIES
As of December 31, 2012 and December 31, 2013

Assets	12/31/2012	12/31/2013
Cash and investments	$29,402,100	$25,292,700
Recoverable from reinsurers	47,466,700	44,888,800
Other assets	19,400	-
Total assets	76,888,200	70,181,500

Liabilities	12/31/2012	12/31/2013
Secured claims and accrued expenses	1,240,500	1,236,600
Claims against policies, before distributions	887,194,000	888,170,600
Less distributions to policyholders	(394,312,000)	(400,114,400)
All other claims	28,724,300	28,723,600
Total liabilities	522,846,800	518,016,400
Net assets (deficiency)	($445,958,600)	($447,834,900)

INCOME AND EXPENSES
For Year Ended December 31, 2012 and 2013

Income	2012	2013
Investment income	$604,600	$250,000
Litigation recoveries	295,200	-
Salvage and other recoveries	4,186,400	3,142,600
Total income	5,086,200	3,392,600

Expenses	2012	2013
Loss and claims expenses	5,410,000	4,912,300
Administrative expenses	475,100	356,600
Total expenses	5,885,100	5,268,900
Net income (loss)	($798,900)	($1,876,300)

Superior Pacific Casualty Co

ASSETS AND LIABILITIES
As of December 31, 2012 and December 31, 2013

Assets	12/31/2012	12/31/2013
Cash and investments	$2,424,300	$6,888,300
Recoverable from reinsurers	34,222,800	28,753,600
Total assets	36,647,100	35,641,900

Liabilities	12/31/2012	12/31/2013
Secured claims and accrued expenses	17,900	17,200
Claims against policies, before distributions	225,574,800	231,295,900
Less distributions to policyholders	(39,969,700)	(40,969,700)
All other claims	62,503,300	62,365,700
Total liabilities	248,126,300	252,709,100
Net assets (deficiency)	($211,479,200)	($217,067,200)

INCOME AND EXPENSES
For Year Ended December 31, 2012 and 2013

Income	2012	2013
Investment income	$97,500	$42,200
Salvage and other recoveries	480,600	436,400
Total income	578,100	478,600

Expenses	2012	2013
Loss and claims expenses	4,042,600	5,844,100
Administrative expenses	280,000	222,400
Total expenses	4,322,600	6,066,500
Net income (loss)	($3,744,500)	($5,587,900)

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	$58,666,300
Recoveries, net of expenses	(10,808,300)
Distributions.....	(40,969,700)
Monetary assets available for distribution	$6,888,300

Commercial Compensation Casualty Co

ASSETS AND LIABILITIES

As of December 31, 2012 and December 31, 2013

Assets	12/31/2012	12/31/2013
Cash and investments	$12,969,000	$11,660,800
Recoverable from reinsurers	7,446,000	7,277,500
Total assets	20,415,000	18,938,300

Liabilities	12/31/2012	12/31/2013
Secured claims and accrued expenses	939,900	939,800
Claims against policies, before distributions	138,714,300	140,127,100
Less distributions to policyholders	(94,544,200)	(95,971,800)
All other claims	13,754,500	13,754,500
Total liabilities	58,864,500	58,849,600
Net assets (deficiency)	($38,449,500)	($39,911,300)

INCOME AND EXPENSES

For Year Ended December 31, 2012 and 2013

Income	2012	2013
Investment income	$369,500	$66,400
Salvage and other recoveries	189,300	350,500
Total income	558,800	416,900

Expenses	2012	2013
Loss and claims expenses	952,800	1,788,600
Administrative expenses	67,700	63,100
Total expenses	1,020,500	1,851,700
Net income (loss)	($461,700)	($1,434,800)

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

	-	-
Beginning monetary assets at takeover		$6,420,700
Recoveries, net of expenses		101,211,900
Distributions		(95,971,800)
Monetary assets available for distribution		$11,660,800

Western Employers Insurance Company

Conservation Order: **April 2, 1991**
Liquidation Order: **April 19, 1991**

2013 Report

Western Employers Insurance Company ("WEIC") began as a New York-domiciled insurer known as Leatherby Insurance Company and was re-domesticated to California in the late 1970's. The company was licensed in all 50 states and D.C. and wrote primarily workers' compensation and commercial multi-peril insurance. After four years of attempted self-liquidation, WEIC determined it could no longer continue to liquidate without the assistance of the California Department of Insurance. An order placing WEIC into liquidation was entered on April 19, 1991.

WEIC's primary objective will be to resolve all asset recoveries, principally reinsurance assets at this juncture, determine final estate liability and position the Estate for closure by 2017. A significant requirement to meet that objective is to determine how to quantify the remaining long-tail exposure.

In 2010 the San Francisco Superior Court set a deadline by which all holders of claims, other than workers' compensation claims, must submit detailed claim updates which set forth the facts regarding the further developments of those claims. Currently all claims that were submitted with the update continue to be reviewed.

Two distinct problems slow the claims determination process. First, is the fact that claims must be liquidated before they can be approved, and WEIC wrote a significant number of excess and umbrella policies for environmental type exposure, and the losses continue to accumulate but have not reached an attachment point yet. Secondly, in 2012, the CLO made an initial reporting to the Federal Department of Justice in an attempt to complete the Federal Claim Waiver process to insulate the estate from any potential of latent liability assessed by the Federal Government, however, the Department of Justice has requested more information before they can make a ruling.

Western Employers Ins Co

ASSETS AND LIABILITIES

As of December 31, 2012 and December 31, 2013

Assets	12/31/2012	12/31/2013
Cash and investments	$130,421,100	$134,020,600
Recoverable from reinsurers	16,598,300	16,439,500
Total assets	147,019,400	150,460,100

Liabilities	12/31/2012	12/31/2013
Secured claims and accrued expenses	351,400	350,000
Claims against policies, before distributions	181,628,500	167,914,800
Less distributions to policyholders	(68,190,000)	(68,190,000)
All other claims	3,040,100	2,971,800
Total liabilities	116,830,000	103,046,600
Net assets (deficiency)	$30,189,400	$47,413,500

INCOME AND EXPENSES

For Year Ended December 31, 2012 and 2013

Income	2012	2013
Investment income	$3,449,500	$872,100
Salvage and other recoveries	92,000	258,800
Total income	3,541,500	1,130,900

Expenses	2012	2013
Loss and claims expenses	(2,415,300)	(17,083,500)
Administrative expenses	1,024,300	990,300
Total expenses	(1,391,000)	(16,093,200)
Net income (loss)	$4,932,500	$17,224,100

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	$74,867,900
Recoveries, net of expenses	127,342,700
Distributions	(68,190,000)
Monetary assets available for distribution	$134,020,600

Section 3 – Cross Reference to California Insurance Code (CIC)

CIC Section 1060 - The Commissioner shall transmit all of the following to the Governor, the Legislature, and to the committees of the Senate and Assembly having jurisdiction over insurance in the annual report submitted pursuant to Section 12922:

Page

(a) The names of the persons proceeded against under this article..... 205

(b) Whether such persons have resumed business or have been liquidated or have been mutualized..... 205

(c) Such other facts on the operations of the Conservation & Liquidation Office as will acquaint the Governor, the policyholders, creditors, shareholders and the public with his or her proceedings under this article, including, but not limited to:

(1) An itemization of the number of staff, total salaries of staff, a description of the compensation methodology, and an organizational flowchart. 189, 195, 196

(2) Annual operating goals and results. 190, 192

(3) A summary of all Conservation and Liquidation Office costs, including an itemization of internal and external costs, and a description of the methodology used to allocate those costs among insurer estates. 193, 197

(4) A list of all current insolvencies not closed within ten years of a court ordered liquidation, and a narrative explaining why each insolvency remains open. .. 198-200

(5) An accounting of total claims by estate. 201

(6) A list of current year and cumulative distributions by class of creditor for each estate..... 204

(7) For each proceeding, the net value of the estate at the time of conservation or liquidation and the net value at the end of the preceding calendar year..... 206-246

(d) Other facts on the operations of the individual estates as will acquaint the Governor, Legislature, policyholders, creditors, shareholders, and the public with his or her proceedings under this article, including, but not limited to:

(1) The annual operating goals and results.....206-246

(2) The status of the conservation and liquidation process. 206-246

(3) Financial statements, including current and cumulative distributions, comparing current calendar year to prior year..... 206-246