

**STATE OF CALIFORNIA
DEPARTMENT OF INSURANCE
300 Capitol Mall, 17th Floor
Sacramento, CA 95814**

December 4, 2025

REG-2025-00031

**INVITATION TO PRENOTICE PUBLIC DISCUSSION ON
INSURANCE FRAUD GRANT STANDARDIZATION AND MODERNIZATION**

The California Department of Insurance (“Department”) will conduct a prenotice public discussion regarding contemplated amendment of California Code of Regulations, Title 10, Chapter 5, Subchapter 9, Article 3 (commencing with section 2698.51), Article 4 (commencing with section 2698.61), Article 5 (commencing with section 2698.70), and Article 8 (commencing with section 2698.95.11). The proposed regulations aim to standardize the management of grant programs administered by the Department to fund enhanced investigation and prosecution of various forms of insurance fraud by District Attorneys. The proposed regulations also update certain standards by which the Department and Commissioner objectively evaluate and more effectively distribute funds to participating District Attorneys that competitively apply for such funds.

The Department is charged with administering grant programs that fund enhanced investigation and prosecution of workers’ compensation, automobile, organized automobile, and health disability insurance fraud by California District Attorneys. Funding for these grants is primarily secured from annual assessments to employers and insurance policyholders. By statute, District Attorneys must competitively submit applications to the Department to participate in each program. Department staff, with ultimate approval by the Commissioner, review the applications and determine the grant awards for each applicant. In the case of the workers’ compensation program, the California Fraud Assessment Commission also reviews the awards. In recent years, the Department has made total annual grant distributions in the range of \$75-80 million to participating District Attorneys.

Over the past few years, the Department has identified instances of grant administration inconsistency and county performance noncompliance across the four grant programs arising in the ordinary course of administering the programs. In addition, the programs include statutory mandates for the Commissioner to distribute funds in an “effective” manner to District Attorneys who can demonstrate outcomes that meet core strategic goals and objectives. The Department and Commissioner have determined that the regulatory amendments proposed here will advance that goal.

You are invited to participate in the upcoming prenotice public discussion. This forum will provide interested and affected parties an opportunity to present their statements or comments regarding the proposed regulations.

Date, Time and Location

Date: January 15, 2026

Time: 10:30 a.m. The virtual workshop shall continue until all in attendance wishing to provide comments have commented, or 12:00 p.m., whichever is earlier.

Location: Link to Register for the Web-based Virtual Format:
https://us06web.zoom.us/webinar/register/WN_gWpMRBOzStyYbfQrbIq-6g

Attendance. To increase public participation and improve the quality of regulations, interested parties are invited to attend the virtual meeting and offer comment, if they so choose.

Please note that under the California Public Records Act (Government Code section 7920.000, et seq.), your written and oral comments, and associated contact information (e.g., your address, phone number, e-mail, etc.) become part of the public record and may be released to the public upon request.

The telephonic call-in line to be used for the public hearing is accessible to persons with hearing impairment. Persons with sight or hearing impairments are requested to notify the logistical contact person for these discussions (listed below) in order to review available accommodations, if necessary.

Please direct all other inquiries regarding this discussion to the substantive contact person named below.

Regulation Text. For purposes of promoting discussion, draft text of the proposed regulatory changes is attached. Participants should be prepared to present specific comments on the attached workshop draft regulation text during the public discussions. Participants are also invited to submit written statements and are encouraged to provide supporting documents and materials as well.

This is Not a Formal Public Hearing on Proposed Regulations. Please be advised that participation in this prenotice public discussion will be in addition to, and not in substitution for, any participation in any formal rulemaking process that may follow. This invitation to the prenotice public discussion does not constitute a Notice of Proposed Action. Consequently, comments (oral or written) received in connection with these prenotice public discussions will not be included in any record of rulemaking that may follow. Similarly, the Department is not required to respond to comments received in connection with the prenotice public discussion. For this reason, if you wish to have comments included in any rulemaking file that may follow, or if you wish for the Department to respond to your comments as part of the process by which it adopts this regulation, you must present your comments during the public comment period according to the procedures outlined in any Notice of Proposed Action.

Again, comments submitted in connection with these prenotice public discussions will not be considered in any subsequent rulemaking proceeding unless they are resubmitted after the Notice of Proposed Action is issued. However, the Commissioner will consider public comments

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received in this prenotice public discussion when contemplating regulatory changes that may be proposed in a Notice of Proposed Action.

Contact Persons. All substantive questions and concerns regarding the contemplated regulations and/or the public discussion should be directed to CDIRegulations@insurance.ca.gov. Please submit any written comments via electronic mail to CDIRegulations@insurance.ca.gov no later than the day of the workshop, January 15, 2026.

Logistical Inquiries

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Substantive Inquiries

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