

DEPARTMENT OF INSURANCE

STATISTICAL ANALYSIS DIVISION
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November 7, 2008

BULLETIN—Insurer Inspections of Vehicles (II) Data Call

TO: ALL INSURERS LICENSED TO ISSUE OR ISSUING PRIVATE PASSENGER AND COMMERCIAL AUTOMOBILE LIABILITY AND PHYSICAL DAMAGE POLICIES IN CALIFORNIA, RATING ORGANIZATIONS, AND OTHER INTERESTED PERSONS

**SUBJECT: Sections 1874.85-.86 of the California Insurance Code:
Inspection of Vehicles by Insurers**

This important **Bulletin** is being sent for the purpose of giving prenotification of specific changes to the II-2009 Data Call (for 2008 experience year data), which will be issued sometime in June or July of 2009.

The specific changes are as follows:

- 1) Clarification regarding the intent of Sections 1874.85-.86 of the California Insurance Code, regarding the reporting of the reinspection results.

The intent of the legislature was to track and report the information regarding **inconsistencies between the estimate and the actual work found during the repair process**. This is evident by the fact that the statute specifically allows for the reinspection to take place "during" the repair process. Moreover, the reporting of 1874.86(b) calls for *"The results of the inspections, including the nature of any fraud uncovered, and whether or not legal action was pursued."* **Mistakes or Inconsistencies found during the repair process are part of the results of these inspections**. Also, note that "criminal intent" is not a factor for considering these results, since the code specifically states, *"whether or not legal action was pursued"*.

- 2) In an effort to collect the correct data as specified above, we found the need to include an additional column for the requested information on both the *Results-Personal* and *Results-Commercial* worksheets on next year's II-2009 Data Workbook. In addition to the existing columns requesting the counts for **"Fraud"** and **"Legal Action Taken"**, we will include an additional column requesting the counts for "inconsistencies found and corrected during the repair process" entitled, ***"Inconsistencies Found/Corrected"*** (***New for II-2009***). This information will still be required to be broken down in the Common Categories as listed in Items a. through i. on the results-personal and results-commercial worksheets.

Question: How should these *"inconsistencies found and corrected"* during the inspection process be handled for this year's filing of the II-2008 (2007 experience year)?

Answer: Please report them under the “fraud” column of the II-2008 Data Workbook and list the counts in the categories provided in Items a. – i., on the results-personal and the results-commercial worksheets.

Important: *If your company/group of companies is not tracking this data as prescribed above, you must immediately take action to electronically monitor and tabulate this information for future reporting and must report to us in writing what methods are being implemented to begin tracking of this data for calendar year 2008 and future reporting years.*

Your continued cooperation is very much appreciated.

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