



January 29, 2009

CIRCULAR II-2009: Insurer Inspections of Vehicles Report

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: California Insurance Code Sections 1874.85-.86: Insurer Inspections of Vehicles Report
(**NEW ITEMS** below)

INSURANCE CODE SECTIONS 1874.85-1874.86

1874.85. An insurer that issues automobile liability or collision policies shall inspect vehicles for which it has approved a claim for the cost of auto body repairs, either during the repair process or after the work has been completed, and the number of vehicles inspected shall be a statistical sampling sufficient to demonstrate to the department the insurer's efforts to reduce fraudulent auto body work during a calendar year.

1874.86. Each insurer subject to this article shall report annually to the department on the following:

(a) The number of vehicles inspected pursuant to Section 1874.85 and the percentage that this number represents of the total number of vehicles for which it paid a claim for the cost of auto body repairs in the prior calendar year.

(b) The results of the inspections, including the nature of any fraud uncovered, and whether or not legal action was pursued.

The department shall make the information provided pursuant to this section available to the California Highway Patrol and the Bureau of Automotive Repair.

REPORTING REQUIREMENT:

Insurers that have a total premium of \$1 million or greater in the following lines (all lines combined) for experience year 2008, are **required** to submit this report.

- Line 19.2: Private Passenger Auto
- Line 19.4: Other Commercial Auto Liability
- Line 21.1: Private Passenger Auto Physical Damage
- Line 21.2: Commercial Auto Physical Damage

Total written premiums less than \$1M in these combined lines of business are **exempt** from submitting the II-2009 Data Workbook. However, the Acknowledgement Form needs to be completed by checking the box "Other". An explanation **MUST** be entered when choosing this box. You may put "volume < \$1M" as your explanation.

REPORTING DUE DATES:

All required forms and/or data must be submitted to the Department of Insurance by the specified due dates indicated below. Note that we are requiring companies to submit the II-2009 report early this year.

Acknowledgement Form:

February 13, 2009

Please complete the accompanied Acknowledgment Form and return it to the Department via e-mail, on or before February 13, 2009 to apprise the Department of your reporting status.

Data Workbook including Affidavit Form:

April 3, 2009

Insurers must submit the II-2009 Data Workbook with a signed and notarized Affidavit no later than April 3, 2009 to comply with the codes mentioned in this Circular.

INSTRUCTIONS ON HOW TO COMPLETE THIS REPORT:

For compliance with Sections 1874.85-.86 of the California Insurance Code, please follow the instructions below to retrieve the Acknowledgement Form and Data Workbook (Excel 97 or higher), as well as the Affidavit Form (PDF) and Statistical Plan from the California Department of Insurance's website.

- Go to the Department of Insurance web site at www.insurance.ca.gov.
- Click on the **INSURERS** link at the top portion of the webpage.
- Click on the **DATA & REPORTS** link, (located on the left-hand column of the page).
- Click on the **STATISTICAL PLANS** link and choose **REPORTING YEAR 2009 STATISTICAL PLANS**.
- A message will appear requesting the user name and password. Enter the following:

User Name: **GOTNUMBERS09** (case sensitive)
Password: **STAT2009** (case sensitive)

- Select II-2009.
- From the II-2009 site, you can retrieve the following:
 - Circular II-2009
 - Statistical Plan (**NEW**)
 - Acknowledgement Form (due 02-13-09)
 - Data Workbook (due 04-03-09)
 - Affidavit (due 04-03-09)
 - CIC Sections 1874.85-.86

NEW FOR II-2009

1) STATISTICAL PLAN: We have included a Statistical Plan for this year's Insurer Inspections of Vehicles report. Many of your questions may be answered by referring to the Statistical Plan, including:

- Exclusions from Claim Count
- Intent of CICS 1874.85 and 1874.86
- Changes to the II-2009 Data Workbook
- Further clarification/discussion regarding the *Calculated Field* and the Sufficient Sampling of data
- Consolidated Reporting of the II-2009
- Answers to commonly asked questions

2) E-MAIL SUBJECT HEADING: Please be sure to include, in all e-mail correspondence, the circular name and year, as well as your group/company name and corresponding NAIC group/company code in the subject line.

PROPRIETARY POLICY:

As a general rule all data submitted to the California Department of Insurance (CDI) Statistical Analysis Division is deemed to be proprietary in nature and treated as confidential. Data will only be released in the aggregate so no individual company experience is revealed, unless;

- Mandated by California Insurance Code or California Code of Regulations.
- Requested by other CDI Units for internal use, but continue to maintain confidentiality.
- Ordered by the Insurance Commissioner or Legislative Insurance Committee in the public interest, and does not conflict with proprietary protection under current law.

IMPORTANT NOTES:

Although the II-2009 Acknowledgement Form and Data Workbook can be completed and transmitted to this Department via the CDI Internet, it is advisable to save a copy of each to your local directory. There are macro buttons on both forms for saving and transmitting the data.

It is preferable that you send your Acknowledgement and Workbook via e-mail using the links/buttons contained in these forms.

DO NOT send the hardcopy of the Acknowledgement Form and/or Data Workbook. Also, if submitting the Data Workbook, a clear scanned copy of the notarized Affidavit Form can be e-mailed with the Data Workbook in electronic disk format, or you may mail the notarized original Affidavit Form.

CONTACT:

If you have any questions please contact:

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Sincerely,

Ben J. Gentile

Chief, Statistical Analysis Division
California Department of Insurance