



PCI TESTIFIES

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PCI testifies in California on workers compensation

PCI testified this week at the California Assembly Insurance Committee Oversight Hearing on Workers Compensation Fraud. The hearing took testimony from five panels responding to the California State Auditor's Office recent audit of the fraud prevention program.

PCI provided an insurer perspective on the audit recommendations as part of the insurer panel. PCI agreed with the recommendations that the California Department of Insurance (CDI) fraud division has vacancy problems caused by low salaries and lack of upward mobility for investigator positions. PCI participated in a workshop with CDI last year to seek solutions to this ongoing problem and to develop relationships between carriers and the department. PCI further supported the audit findings that the Fraud Assessment Commission retain unspent funds instead of reducing the assessment to employers to continue using the funds to fight fraud.

PCI supported the recommendation that the Department of Industrial Relations expand use of data analysis to detect fraud and data sharing among state agencies and insurers. The Drobot and Pacific Hospital fraud case is a prime example of the need for more data sharing across carriers and agencies to detect widespread fraudulent activity. PCI opposed the mandate of a report ranking carriers on their effectiveness fighting fraud saying it would be misleading and unproductive. However, PCI encouraged more communication among law enforcement, regulators, and carriers on how to submit quality fraud case referrals that will lead to more prosecutions and convictions.

For more on workers compensation issues, see the [PCI Industry Issues page](#).

PCI is composed of nearly 1,000 member companies, representing the broadest cross section of insurers of any national trade association. PCI members write \$220 billion in annual premium, 37 percent of the nation's property casualty insurance. Member companies write 44 percent of the U.S. automobile insurance market, 30 percent of the homeowners market, 35 percent of the commercial property and liability market and 37 percent of the private workers compensation market.

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