

STATE OF CALIFORNIA
DEPARTMENT OF INSURANCE
45 Fremont Street, 21st Floor
San Francisco, CA 94015

File No. RH05048846

Date: September 21, 2006

Regulations Re: Law Enforcement Access
to Insurance Claims Information

REVISED TEXT

§2698.80 Definitions.

(a) “Claims Analysis Bureau” (CAB) means a licensed, non-profit corporation, organized for the purpose of fraud prevention or is a corporation that has made the filings required by Section 1855.2 that receives, compiles and transmits insurance claims information pursuant to California Insurance Code (CIC) Sections 1875.10 et seq., and any regulations established pursuant thereto.

(b) “Commissioner” means the Commissioner of the Department of Insurance of the State of California.

(c) “Department” means the Department of Insurance of the State of California.

(d) “Fraud Division” means the Department of Insurance of the State of California Fraud Division, formerly known as the Bureau of Fraudulent Claims.

(e) “Insurance claims information” means any bodily injury, medical payment or uninsured motorist claim made under a policy of automobile insurance.

(f) “Insurer” shall have the same meaning as is given by CIC Section 1874.1.

(g) “Law Enforcement” shall have the same meaning as is given by Penal Code Section 830.1, 830.32, 830.3, 830.8, 830.37 and 830.39 and shall also include investigators for the Department of Consumer Affairs Bureau of Automotive Repair.

(h) “Match Report” or “Matched Claims Data Format” means the manner in which data is provided to insurers by the Claims Analysis Bureau as a result of a match between insurance claims information submitted by one insurer and information previously submitted by another insurer.

(i) “Supplemental Information” means any insurance claims information provided to the insurer after the initial insurance claims information is filed.

NOTE: Authority cited: Section 1875.18 (d) (2), Insurance Code.
Reference: Section 1875.18, Insurance Code.

2698.81 Prior Approval of Plan of Operation for Claims Analysis Bureau

(a) Every CAB shall obtain the prior approval of a plan of operation as a CAB from the Insurance Commissioner before it may perform any of the functions described in California Insurance Code Section 1875.11.

(b) Every plan of operation as a CAB submitted to the Insurance Commissioner for approval pursuant to Section 2698.81 shall:

- ~~(1) — expire two years from the initial date of approval by the Insurance Commissioner;~~
- (2)(1) set forth written procedures and physical controls to: prevent the unauthorized access to its system of records, to prevent unauthorized disclosure of records and to prevent physical damage to or destruction of records. At a minimum the administrative policies and procedures and physical controls shall fully comply with the requirements set forth at Section 2698.87(a) (1)-(5);
- (3)(2) set forth written procedures regarding the use of subcontractors to perform any function described in CIC 1875.11 (b). At a minimum, such administrative policies and procedures and physical controls shall fully comply with the requirements set forth at Section 2698.87(c) (1)-(2).

NOTE: Authority cited: Section 1875.18(d) (2), Insurance Code
Reference: Section.1875.18 (d), Insurance Code

2698.82 Deposit of Information to Claims Analysis Bureaus

(a) Insurers shall deposit insurance claims information to a licensed insurance CAB within twenty (20) calendar days of receipt of that insurance claims information.

(b) Any supplemental insurance claims information provided to the insurer during the life of the claim shall be reported within thirty (30) calendar days of receipt of that supplemental insurance claims information. Only supplemental insurance claims information regarding the categories set forth in CIC Section 1875.15 must be reported pursuant to this subsection.

(c) No Claims Analysis Bureau shall charge any fee to any insurer for depositing the information required by this section including supplemental insurance claim information.

(d) The Commissioner reserves the right to perform such audits as he or she may deem necessary to determine that appropriate insurance claims information is deposited within the time frames specified in these regulations.

NOTE: Authority cited: Sections 1875.18 (d) (2), Insurance Code Reference: Sections 1875.15 and 1875.18, Insurance Code.

§2698.83 Law Enforcement Access to Claims Analysis Bureau Insurance Claims Information.

(a) Access to insurance claims information shall be made available to law enforcement solely for the purpose of detection and investigation of insurance fraud.

(b) No claims analysis bureau shall charge any fee to any law enforcement agency for access to any insurance claims information as defined in these regulations.

(c) A claims analysis bureau shall provide insurance claims information in the form match report to law enforcement entities within 10 calendar days of receipt of a complete and properly executed written request for information.

(d) A written request by law enforcement entities for insurance claims information shall contain the following information:

- (1) the specific insurance claims information requested; and
- (2) the identity of the requesting party including contact information.

(e) If a claims analysis bureau receives a written request for information from a law enforcement agency that does not comply with the provisions of 2698.82 (d) (1)-(2) the Claims Analysis Bureau shall specify the manner of non-compliance and return the request to the law enforcement agency for correction amendment and re-submittal.

NOTE: Authority cited: Section 1875.18 (d) (2), Insurance Code
Reference: Section. 1875.18, Insurance Code

2698.84. Procedure for Correction of Incorrect Information Deposited In a Claims Analysis Bureau

~~(a) Any person who believes that any record deposited and maintained by a Claims Analysis Bureau contains information that is incorrect may proceed under the provisions of CIC 12929 and request, in writing, that the Commissioner investigate whether or not the information is correct.~~

~~(b) If after an investigation is conducted pursuant to subsection 2398.83(c) the Commissioner determines that information contained in any record of a Claims Analysis Bureau is incorrect, the Commissioner shall issue an order that requires the (CAB) claims analysis bureau to correct the information within a period specified by the order.~~

~~(c) Any Claims Analysis Bureau shall send a copy of any order issued by the Commissioner pursuant to subsection (b) to any person requesting verification that such an order has been issued within 10 days of receipt of such request.~~

(a) Any person who believes that any insurance claims information maintained by a Claims Analysis Bureau is incorrect may request in writing that the CAB investigate whether or not the information is correct.

(b) Within 30 days from the date of receipt of a written request pursuant to subsection 2698.84(a), a CAB shall either:

- (1) Correct, amend or delete the portion of the insurance claims information in dispute; or**
- (2) Notify the individual of:**
 - (A) The CAB's refusal to make such correction, amendment or deletion.**
 - (B) The reasons for the refusal.**
 - (C) The individual's right to file a statement as provided in subdivision (d).**

(c) If the CAB corrects, amends or deletes recorded insurance claims information in accordance with this subsection, the CAB shall notify the individual in writing and furnish the correction, amendment or fact of deletion to any person specifically designated by the individual who may have, within the preceding two years, received the incorrect information.

(d) Whenever an individual disagrees with a CAB's refusal to correct, amend or delete insurance claims information, the individual shall be permitted to file with the CAB:

- (1) A concise statement setting forth what the individual asserts is the correct, insurance claims information; and**
- (2) A concise statement of the reasons why the individual disagrees with the insurance claims information maintained by the CAB.**

(e) In the event an individual files either statement as described in subdivision (d), the CAB shall file the statement with the disputed insurance claims information and provide a means by which anyone reviewing the disputed insurance claims information will be made aware of the individual's statement and have access to it.

NOTE: Authority cited: Sections 1875.18(d) (2) Insurance Code.
Reference: Section ~~12929~~ 1875.18(d)(2), Insurance Code

2698.85 Examination by the Insurance Commissioner of Insurance Claims Information Transmitted to Claims Analysis Bureau

(a) The Commissioner may perform an examination of any insurance claims information transmitted to any CAB he or she may deem necessary and shall have access to all non-privileged reports, working papers, correspondence, or other documents, including audit reports and audit working papers relating to the insurer's receipt, compilation and transmission of insurance claims information.

(b) The expenses of any examination of insurance claims information conducted pursuant to subsection 2698.84 (a) shall be borne by the organization that is the subject of the examination.

NOTE Authority cited: CIC 701, 736, 1875.18(d) (2) Insurance Code
Reference: Sections 1875.18, Insurance Code.

2698.86 Public Records Act Requests and Subpoenas Seeking Insurance Claims Information from Claims Analysis Bureaus

(a) A Claims Analysis Bureau shall not release any insurance claims information in response to a Public Records Act Request.

(b) A Claims Analysis Bureau shall not release any insurance claims information received pursuant to the provisions of California Insurance Code 1875.18 to public inspection until: ~~(1) such time as the release of the information is required in connection with a criminal or civil proceeding; or,~~

~~(2) — is necessary to analyze and present information in a claims analysis bureau's annual report.~~

NOTE: Authority cited: Section 1875.16 and 1875.18 (d) (2), Insurance Code
Reference: Section. 1875.18, Insurance Code

2698.87 Security Procedures Applicable To Information Deposited To A Claims Analysis Bureau

(a) Every CAB shall establish and adopt administrative policies and procedures and physical controls to: prevent the unauthorized access to its system of records; to prevent unauthorized disclosure of records; and to prevent physical damage to or destruction of records. At a minimum the administrative policies and procedures and physical controls shall require that:

- (1) records are protected from public view;
- (2) the area in which records are kept is supervised during business hours to prevent unauthorized persons from having access to them;
- (3) records are inaccessible to unauthorized persons outside of business hours;
- (4) records are not disclosed to unauthorized persons or under unauthorized circumstances in either oral or written form; and,
- (5) direct access to records is restricted to only those individuals who must have direct access to records in order to perform their duties.

(b) Every Claims Analysis Bureau shall provide annual training regarding its administrative policies and procedures and physical controls to all employees to prevent:

unauthorized access to its system of records; unauthorized disclosure of records; and physical damage to or destruction of records.

(c) A CAB may delegate any functions described in CIC 1875.11 (b) to another entity providing:

- (1) the CAB provides annual training and instruction required by subsection 2698.87 (b) to all individuals performing any aspect of the function delegated by the CAB; and,
- (2) the CAB annually provides to the Insurance Commissioner a list of the names, addresses and the Taxpayer Identification Number (TIN) of the individuals that perform any aspect of the function delegated by the CAB to the entity.

(d) Every Claims Analysis Bureau shall maintain records establishing full compliance with the applicable provisions of Section 2698.87 and shall immediately provide any requested information regarding information deposited with the CAB to the Insurance Commissioner upon request.

NOTE: Authority: Sections 1875.15 and 18, Insurance Code
Reference: Sections 1875.15 and 1875.18, Insurance Code

2698.88 Immunity From Defamation, Invasion of Privacy Or Negligence

(a) A Claims Analysis Bureau or any person employed therein that provides insurance claims information to any other person or entity pursuant to California Insurance Code Section California Insurance Code Section 1875.18 shall have the same immunity provided under California Insurance Code Section 791.21 to any person that discloses personal or privileged information; however, this subsection does not provide immunity for disclosing or furnishing false information with malice or willful intent to injure any person.

NOTE: Authority cited: Sections 1875.18 (c) (2) and (d) (2), Insurance Code
Reference: Section. 1875.18, Insurance Code

2698.89 Penalties

a) The Commissioner may suspend or revoke the license of any CAB if the CAB fails to comply with any provisions of this subchapter.

(b) The Commissioner shall conduct any proceeding to suspend or revoke any license granted to a CAB in accordance with the Administrative Procedures Act, Chapter 5(commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code.

(c) Penalties for noncompliance are cumulative and shall be in addition to any other penalties or remedies provided by the Insurance Code.

NOTE: Authority cited: Sections 1875.18, 12921 and 12926, Insurance Code
Reference: Section. 1875.18, Insurance Code