

## Coverage Issue: Negligent Hiring Claim in Sexual Assault Incident

Credit to McCormick Barstow, Fresno, CA

***Liberty Surplus Ins. Corp., et al. v. Ledesma & Meyer Construction Co., Inc., et al.***  
(Cal. Sup. Ct. 2018) \_\_\_ Cal.5th \_\_\_, Case No. S236765

### UNDERLYING FACTS

Ledesma & Meyer ("L&M") contracted with a school district to manage a construction project at a middle school. L&M hired Hecht as an assistant superintendent and assigned him to the project. Jane Doe, a 13-year-old student, sued alleging Hecht had sexually assaulted her and claiming L&M had negligently hired, retained and supervised Hecht. L&M tendered its defense to Liberty Surplus Ins. Corp. and Liberty Insurance Underwriters, Inc. ("Liberty") which defended under a reservation of rights. Liberty also filed a declaratory relief action in federal district court. The commercial general liability policy at issue covered "bodily injury" caused by an "occurrence" defined as "an accident." The district court granted Liberty's motion for summary judgment, finding that the "alleged negligent hiring, retention and supervision were acts antecedent to the sexual molestation.... While they set in motion and created the potential for injury, they were too attenuated from the injury-causing conduct committed by Hecht." The district court also disagreed with L&M's contention that an intentional act of hiring, supervising and retaining can be an accident since the insured did not intend the injury to occur. On appeal, L&M argued that the district court misapplied California law. The Ninth Circuit sought the California Supreme Court's opinion regarding California law on the question of whether a lawsuit against an employer for negligently hiring and supervising an employee who intentionally injures a third party alleges an "occurrence" under a commercial general liability policy.

### CALIFORNIA SUPREME COURT'S DECISION

First, the California Supreme Court noted that it was undisputed that Hecht's conduct was willful and beyond the scope of insurance coverage. Citing *Minkler v. Safeco Ins. Co. of America* (2010) 49 Cal. 4th 315, the court observed that there is a distinction between the act of intentional molestation and mere negligent supervision. Thus, where the allegations involve an independent negligent tort, as opposed to mere vicarious or derivative liability for an intentional act, coverage will apply. The court further observed that "L&M's allegedly negligent hiring, retention, and supervision were independently tortious acts which form the basis of its claim against Liberty for defense and indemnity."

The Supreme Court next addressed the district court's causation analysis. The district court had found that the alleged negligence of L&M was too attenuated from the molestation to trigger coverage. In discussing this finding, the Supreme Court stated that coverage turns on whether the damages resulted, under tort law, from covered causes. That causation, under California tort law, is established where the defendant's conduct "is a 'substantial factor' in bringing about the plaintiff's injury. (Citation.)" The Supreme Court noted that the district court's finding that the molestation was "too attenuated" "runs counter to California cases expressly recognizing that negligent hiring, retention, or supervision may be a substantial factor in sexual molestation perpetrated by an employee, depending on the facts presented. (Citation.)" The district court relied on numerous cases, including *Delgado v. Interinsurance*  
Continued on page 4

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### Inside this issue.....

Negligent Hiring	Pg. 1
President's Message	Pg. 2
Save the Date	Pg. 3
Past President letter	Pg. 3
DOI Info	Pg. 3
Claims Handling	Pg. 5
Statute of Limitations	Pg.6
DOI Press Releases	Pg. 7
CCNC Registration	Pg. 8
On the Lighter Side	Pg. 9

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**President's Message**

July got here fast and hot with the fire season starting way too early. As of June 25, 2018, there were 22 active fires in California with 53 total, as listed on the CAL FIRE website. <http://www.fire.ca.gov/general/firemaps>.

We have already had several red flag warnings and now there is no dispute that anyone or any area is immune. We all need to be prepared to leave the place we dwell and call home when a major event occurs, and this is not limited to fire. What if you have no home or business to return to? It happens and if you look at the fires last year in the Santa Rosa and wine country areas, there is no quick resolution.

Do you have an out of area place you can go? Do you have an out of area contact where you or family members or friends can check in? Do you have your important documents scanned into a file with cloud storage? Do you have your passwords and accounts saved in a secure format? The list seems endless and you can be ready with some preparation ahead of time. [http://calfire.ca.gov/communications/communications\\_firesafety](http://calfire.ca.gov/communications/communications_firesafety)

As you watch the news, you will see the straggler who decided to rough it out and then must be rescued *or not*.... **The bottom line is, sometimes you must get out when you can.** Set the example so you and your family or friends can start over. Will you be sad that you lost items you cannot replace? Absolutely, but to quote a retired monsignor; "You don't see a U-Haul at the back of the hearse."

**Please mark your calendars for the CAIIA Annual meeting to be held September 21, 2018 in Berkeley, CA.** More details will follow.

Our certification classes for Fair Claim Settlement Practices and Evaluation of Earthquake Practices are completed. I hope you were able to take advantage of this training. The lessons were not just in the material presented, but in the participant interaction.

Each month I am asking a past CAIIA President to share their observations of this organization and their views of change. This month I have asked Tanya Gonder, who was the CAIIA president in 2013-2014, to write this month's President's message. Tanya has continued to stay involved in the CAIIA and is also our Social Networks Committee chairperson. She started her career in 1979, with Allstate Insurance Company and on from there before becoming an independent adjuster in 2006. Tanya has written an article that you will find interesting, so I will find my special place on the couch and not feel guilty.

Please take the time to reach out to our past presidents to reconnect if you have lost touch. Stay tuned to see who is next!

See you next month!

**Paul R. Camacho, ARM, RPA**  
**CAIIA President 2017-2018**  
**Mission Adjusters**



**Paul Camacho**  
**CAIIA President**



NEWS FROM AND FOR OUR MEMBERS

SAVE THE DATE

The CAIIA is proud to be exhibiting at or sponsoring the following upcoming events:

August 28-30 Claims Conference of Northern Ca., Squaw Valley

September 21 CAIIA Annual Meeting, Berkeley, CA

IMPORTANT Info from the DOI:

STATE OF CALIFORNIA Dave Jones, Insurance Commissioner
DEPARTMENT OF INSURANCE
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NOTICE

TO: Admitted Insurers, Business Entities, Education Providers, and Other Interested Parties

DATE: May 31, 2018

SUBJECT: Individual Tax Identification Numbers Are Now Accepted

Background

California Insurance Code (CIC) section 1666.5(a) requires the California Department of Insurance (CDI) to collect a social security number if the license applicant or licensee is an individual applying for or renewing an insurance license. Senate Bill (SB) 788 (Lara, Chapter 487, Statutes of 2017) was signed by Governor Brown on October 4, 2017 and will take effect on July 1, 2018. This bill amends CIC section 1666.5, adding (a)(2) to require CDI to also accept Individual tax identification numbers (ITIN) that are issued by the Internal Revenue Service on individual license applications and license renewals.

ITINs Are Now Accepted

As a result of the passage of SB 788, CDI has updated the programming of its online examination registration and online licensing systems to now accept an applicant's or a licensee's ITIN. Effective May 31, 2018, an applicant can complete their precensing education and register to take a qualifying license examination using his or her ITIN. After passing the license examination, the applicant can submit a CDI FLASH online license application using his or her ITIN. However, please note that the license cannot be issued until on or after July 1, 2018, when the new law becomes effective. In addition, insurance licensees' continuing education courses will now be uploaded into their license records using their ITINs and the licensees can submit their license renewals using their ITINs through CDI's online renewal service.

Issuance of Social Security Number\*

Once an individual that holds an ITIN qualifies for and is issued a social security number, the applicant or licensee shall immediately notify CDI by providing the appropriate documentation from the Social Security Administration.

Questions

For specific questions regarding this Notice, please e-mail the Producer Licensing Bureau or call CDI's Licensing Hotline at (800) 967-9331. Please include your name, telephone number, application identification number or insurance license number and e-mail address in all correspondence with CDI.

\*Disclosure of your U.S. social security number is mandatory pursuant to: Cal. Family Code, § 17520(d); the Federal Tax Reform Act of 1976 (42 U.S.C. §405(c)(2)(C)(i)) and the Federal Welfare Reform Act of 1996 (42 U.S.C. §606).

Producer Licensing (800) 967-9331

Take Care of Yourself.

In recent weeks we have seen talented successful people decide tomorrow isn't worth waiting around for. We know about them because they are celebrities. Unfortunately, there are thousands more we don't know. Statistics show more than half of the people who end their lives don't have a documented history of mental health issues.

Life can be challenging but at the same time it is an amazing thing. As I look around there's turmoil and negativity but that is minute when you think about the opportunities life holds and the beauty of nature that surrounds us.

We must take the time to remove ourselves from the daily routine and walk in the park, take in the view, watch the waves as they renew the shore and just breathe. It's perfectly okay to spend a day doing nothing productive.



Tanya Gonder, CAIIA Past President

We must remove ourselves from situations which cause us unnecessary stress. We don't owe anyone our well-being. It's okay to say no if we really don't want to say yes. If we are overwhelmed there is nothing wrong with talking to a professional. It's not a sign of weakness. It exhibits strength.

Life has proven "more" doesn't means things are better. It's not the quantity, it's the quality. Your life belongs to You. Meditate, talk to your higher power, embrace those you love, extend yourself to others with a kind word or deed.

There is only so much time----LIVE!

Take care,

Tanya

Continued from page 1

Exchange of Automobile Club of Southern California (2009) 47 Cal.4th 302, wherein the Supreme Court held that, in determining whether there is an "accident," the court must look to the injury-causing act, not the perspective of the injured party. Further, the insured's contention in Delgado that an assault and battery was an "accident" because he unreasonably believed he was required to act in self-defense was found to be without merit. The California Supreme Court concluded in Delgado that, in an assault and battery case, "it is the use of force on another that is closely connected to the resulting injury. To look to acts within the causal chain that are antecedent to and more remote from the assaultive conduct would render legal responsibilities too uncertain. (Citation.)" The Delgado court also recognized that an injury can result from more than one cause. Applied to the present case, the California Supreme Court determined that the Delgado court's decision actually supported the arguments of L&M in that "a finder of fact could conclude that the causal connection between L&M's alleged negligence and the injury inflicted by Hecht was close enough to justify the imposition of liability on L&M" and that the "occurrence resulting in injury" began with L&M's negligence and ended with Hecht's act of molestation. (Citation.)"

The California Supreme Court next addressed the district court's reliance on *Merced Mutual Ins. Co. v. Mendez* (1989) 213 Cal. App.3d 41 in which the insured argued that a sexual assault he committed was an "accident" because he mistakenly believed there was consent. The district court found that a deliberate act is never an "accident" unless "some additional, unexpected, independent, and unforeseen happening occurs that produces the damage." (citation.) The California Supreme Court found that the district court's reliance on the *Merced Mutual Ins. Co.* case was misplaced as that case did not involve a claim of negligent hiring, retaining or supervision. Furthermore, the insured in that case acknowledged his acts were intended, although the injury was not. L&M contended that Hecht's acts were neither intended nor expected from its perspective. And although the hiring, retention and supervision may have been intentional, the molestation "could be considered an 'additional, unexpected, independent, and unforeseen happening...that produce[d] the damage.' (Citation.)"

The California Supreme Court also addressed and distinguished other cases relied on by the district court, including *Foremost Insurance Co. v. Eanes* (1982) 134 Cal. App.3d 566 [dealing with the meaning of "accident" within a territorial limitation], *American Empire Surplus Lines Ins. Co. v. Bay Area Cab Lease* (N.D. Cal. 1991) 756 F. Supp. 1287 [involving a narrower premises liability policy and an assault exclusion], *State Farm Mut. Auto. Ins. Co. v. Longden* (1987) 197 Cal. App.3d 226 [addressing meaning of "accident" for trigger of coverage purposes], and *Maples v. Aetna Cas. & Surety Co.* (1978) 83 Cal. App.3d 641 [same]. In finding that these cases did not support the district court's decision, the California Supreme Court stated that a "focus on the immediate cause of injury was appropriate for purposes of the territorial limitation in *Foremost* and the trigger-of-coverage issue in *Longden* and *Maples*. (Citations.) However, we have long recognized that '[n]o all-inclusive definition of the word "accident" can be given.' (Citations.) Context matters in this area of the law. (Citation.) Factors relevant to the application of a territorial limitation clause or the resolution of a dispute over whether an accident occurred during the policy period are not necessarily pertinent to all coverage questions."

Finally, the California Supreme Court addressed the public policy argument that society has an interest in encouraging employers to take precautions against sexual abuse by employees and that allowing insurance for failure to do so defeats this purpose. The Supreme Court disagreed, determining that the threat of liability for negligence in hiring, retention and supervision "is a sufficient deterrent even when insurance coverage is available." The court further noted that leaving employers without coverage for negligence in hiring, retaining, and supervising when an employee acts deliberately "would be inconsistent with California law, which recognizes the cause of action even when the employee acted intentionally." The court concluded that "[a]bsent an applicable exclusion, employers may legitimately expect coverage for such claims under comprehensive general liability insurance policies, just as they do for other claims of negligence."

#### EFFECTS OF THE COURT'S RULING

This case is significant as it effectively resolves in the affirmative the long-outstanding question of whether, under California law, claims of negligent hiring, retention and supervision of an employee who commits an intentional act can be covered under a commercial general liability policy covering "accidents." Although there was authority in California that supported Liberty's position, the California Supreme Court distinguished or discredited those decisions. However, it can still be argued that coverage may not apply to such claims under narrower coverage, such as a premises liability policy as in *American Empire Surplus Lines Ins. Co.*, supra. Under the present decision, insurers providing commercial general liability policies which include coverage for "accidents," and without applicable exclusions, will owe a duty of defense unless the particular facts at issue establish that the negligent hiring, retention or supervision was not a substantial cause of the injury. Because of this ruling, commercial general liability insurers that do not wish to cover such claims will need to add an applicable exclusion to their policies for such claims.



**Happy 4th of July!**



## The Anatomy of the Perfectly Handled Claim

By Douglas Jackson, RPA

Having handled claims for over 40 years, commercial, industrial, & residential, I can attest there is no such thing as a perfectly handled claim. We are dealing with people and things that are not perfect. We can only strive to do the best job of responding to a loss that we can. At times, we are in the midst of the loss, almost a part of it. When you are dealing with fires, the victims are often uncertain as to what they should do, who they should consult, and who they can trust. Most importantly, every claim is unique and the adjuster must “adjust” to every individual claim and circumstance.

When I first started in this industry, I believe...as I do now...in the Golden Rule. I would often say that I am handling the claim as though it was my Mother's loss...someone who knew little about insurance or construction. Later, I upgraded the rule to say I was handling the claim as though it was my Mother-in-

Law's loss...a significantly hire duty that anyone married knows all too, well!

By doing the right thing and treating people fairly and guiding them in their hour of crisis, we all make it through the event with as little discomfort as possible.

When I handle a claim or review claims handled by my subordinates, there are certain things that we, as claims agents, also known as adjusters, do to handle the claim promptly and professionally. And understand, adjusters and insureds/claimants are all different. Some adjusters are more seasoned with the years and some insureds handle the losses better than others. For instance, when dealing with a million-dollar loss, you are normally dealing with business people that are professionals and not emotionally stricken by the loss. On the other hand, a fire or water loss at someone's home, their castle, react much differently. When you first speak or meet with the insured, you must discover who they are and adjust accordingly.

When the claim is received by the adjuster, here is what happens (in the perfect world):

- 1) Review the loss notice (called the Acord in the industry) to find out basic information like the insured name and location, phone #'s of the insured and/or their agent, policy dates and possibly basic coverage information, the date of loss and the initial report claim details. Note, the information may or may not be accurate and you must constantly be reevaluating the information you have received.
- 2) Contact with the insured. This may have been started with a call center or telephone claims handlers. Now the adjuster must make contact with the insured as soon as possible and try to set up an inspection at the loss location as soon as possible...usually within 24 hours or less. Sometimes you will find insureds have other priorities and you try to work with them so they understand it is important that they meet with the adjuster as soon as possible.
- 3) Communication and documenting files is critical. Calling someone without logging discussions and understandings can lead to misunderstandings and the inability for someone to jump into a “file” should the original adjuster become unavailable for whatever reason. The communication should continue throughout the file and there should be activity and a plan to move the file to conclusion.
- 4) When meeting with the insured, you should constantly be evaluating and reevaluating what is needed on the file. Should experts be considered on the file? Will there be a benefit in hiring one? Not always. Sometimes evidence has been destroyed and hiring someone will only cause additional costs for no benefit. Remember, unnecessary costs will eventually be borne by the insured in increased premiums. However, if an expert will help identify the origin and cause of a loss, by all means, they should be consulted.
- 5) Contractors and Emergency Services companies. Although we are prohibited by Code to recommend contractors to do work on an insured's property (unless you want to guarantee their work and you let the insured know that the choice of who to hire is theirs), sometimes guiding an insured who isn't familiar with whom to call, is beneficial to all. Remember, if they ask for a referral, offer them a list of companies you know do the type of work that is required and remind them that they should do their own due diligence before they hire anyone.
- 6) At the point you have gotten well into the investigation part of the claim, you will want to secure and review any coverages available to the insured. The policy often has many endorsements that change the main coverage form by either increasing coverages or limiting/excluding them. Although you have a duty to the insured to make them aware of coverages applicable to the loss at hand, you don't need to overwhelm them by quoting their entire policy...especially when it has nothing to do with the loss.
- 7) All claims personnel know it is easier to pay a claim than deny it. Unfortunately, not every loss is covered. With an all-risk policy, everything is covered unless it is excluded. If you cannot find coverage for the loss, then you should notify the insured as soon as possible that coverage may not apply. The worst thing you can do is to lead an insured to believe that their claim is covered and then throw a denial letter at them. Sometimes a “ROR” letter (known as a reservation of rights letter) can be sent to the insured while you are completing your investigation or having the claim reviewed by management. When you are sincere with the insured, they know it. I have had been in the uncomfortable position to having denied a claim and then have the insured thank me for trying to help them. Just remember to be sure before denying a claim and when you do, you won't be faulted by reasonable people.
- 8) Oversight. No matter how long or short a career in the claims industry, it is important to have files looked at or discussed with management or peers. There is nothing wrong when you play devil's advocate when you are trying to come up with the right claim resolution. Oversight is how we learn. It helps us create the best outcome for our customers.

**Statute of Limitations Under Scrutiny: A Review of *Lederer v. Schneider* 22 Cal.App.5th 508****Credit to: Tyson & Mendes, La Jolla, CA**

Plaintiff, Joyce Lederer, employed defendants, Gursev Schneider LLP and its employee, Spencer Inada (collectively “defendants”), to manage her finances. Mrs. Lederer requested defendants purchase uninsured/underinsured insurance with a policy limit of \$5,000,000, and Defendants purchased insurance for Mrs. Lederer and her family as part of the arrangement.

In February 2010, Mrs. Lederer’s adult son, Jonathan, was involved in a motorcycle accident resulting in serious injuries. In early 2010, following the accident, Mrs. Lederer and Jonathan learned defendants only purchased uninsured/underinsured insurance with a policy limit of \$1,500,000.

In January 2012, the insurance company for the other driver involved in the accident tendered its policy limits: \$15,000. Thereafter, in June 2012, the insurance company for the uninsured/underinsured policy procured by defendants tendered its policy limits:

\$1,500,000. In March 2013, Mrs. Lederer and Jonathan sued defendants alleging damages resulting from defendants’ failure to procure insurance with the policy limit requested by Mrs. Lederer.<sup>[1]</sup>

During the course of the lawsuit, defendants moved for summary adjudication, asserting the lawsuit was untimely, as the cause of action accrued shortly after the accident, when it was discovered defendants only purchased insurance with a policy limit of \$1,500,000. In response, Mrs. Lederer and Jonathan argued the cause of action did not accrue until they collected the insufficient policy benefits.

Ultimately, the Trial Court agreed with defendants and found Mrs. Lederer and Jonathan’s claims were time-barred. The Trial Court also held Mrs. Lederer did not demonstrate a triable issue of fact that she was required to financially support Jonathan. As a result of these findings, the Trial Court entered judgement for defendants. Mrs. Lederer and Jonathan appealed.

On April 19, 2018, the California Court of Appeal issued its holding in *Lederer v. Schneider*. (*Lederer v. Schneider* (2018) 22 Cal.App.5th 508.) The Court stated the aforementioned factual account and dates were not in dispute, so the application of the statute of limitations could be decided as a question of law. (*Jordache Enterprises, Inc. v. Brobeck, Phleger & Harrison* (1998) 18 Cal.4th 739, 764; *International Engine Parts, Inc. v. Fedderson & Co.* (1995) 9 Cal.4th 606, 611.) The Court reasoned a cause of action generally accrues at “the time when the cause of action is complete with all of its elements.” (*Fox v. Ethicon Endo-Surgery, Inc.* (2005) 35 Cal.4th 797, 806.) More specifically, “[t]he statute begins to run when (1) the aggrieved party discovers the negligent conduct causing the loss or damage and (2) the aggrieved party has suffered actual injury as a result of the negligent conduct.” (*Apple Valley Unified School District v. Vavrinek, Trine, Day & Co.* (2002) 98 Cal.App.4th 934, 942.)

In *Budd v. Nixon*, the Supreme Court held actual harm was required prior to the accrual of a cause of action, stating “[i]f the allegedly negligent conduct does not cause damage, it generates no cause of action in tort. The mere breach of a professional duty, causing only nominal damages, speculative harm, or the threat of future harm – not yet realized – does not suffice to create a cause of action.” (*Budd v. Nixon* (1971) 6 Cal.3d 195, 200.) Moreover, in *Adams v. Paul*, the Supreme Court again noted “the fact of damage rather than the amount is the relevant consideration. In addition, the character or quality of the injury must be manifest and palpable.” (*Adams v. Paul* (1995) 11 Cal.4th 583, 589.)

In *Lederer*, Jonathan was involved in the motorcycle accident in February 2010 and concurrently suffered damages. Then, in early 2010, it was discovered defendants failed to procure the levels of insurance coverage requested by Mrs. Lederer. However, while defendants’ negligent acts were already discovered, the Court noted the resulting damages had not yet been realized, as Jonathan had not yet received the diminished benefit payments from the uninsured/underinsured insurance policy procured by defendants. In this regard, California [Insurance Code](#) section 11580.2(p)(3) provides uninsured motorist coverage “does not apply to any bodily injury until the limits of bodily injury liability policies applicable to all insured motor vehicles causing the injury have been exhausted by payment of judgments or settlements, and proof of the payment is submitted to the insurer providing the underinsured motorist coverage.” (See also, *Quintano v. Mercury Casualty Co.* (1995) 11 Cal.4th 1049, 1057 [“[S]ection 11580.2(p)(3) established a condition precedent to the accrual of the insured’s right of coverage.”]) Thus, Jonathan was not entitled to coverage from the uninsured/underinsured motorist policy procured by defendants until after he settled with the other driver in January 2012.

Distinguishing this matter from delayed discovery cases, the Court held the Trial Court erred in granting summary adjudication on the basis that Mrs. Lederer and Jonathan’s claims were time barred, as “[a] cause of actions accrues when it is complete with all of its elements.” (*Lederer*, supra, 22 Cal.App.5th at 537.) Since damages were an element of the torts alleged, Jonathan’s causes of action did not accrue until after he recovered the \$1,500,000 from the uninsured/underinsured motorist policy, instead of the higher amount he would have received in the absence of defendants’ negligence.<sup>[2]</sup> As a result, the matter was remanded with instructions the Trial Court should vacate its order granting summary adjudication of plaintiffs’ claims, enter a new order denying the motion as to the statute of limitations, and grant the motion as to Mrs. Lederer’s damages.

<sup>[1]</sup> Jonathan alleged he was entitled to additional insurance benefits due to his injuries. Moreover, Mrs. Lederer alleged she was damaged by the diminished benefits Jonathan received, as she now had to support him financially.

<sup>[2]</sup> In addition, the Court held that the Trial Court did not err by finding that Mrs. Lederer failed to demonstrate triable issues of fact with regard her need to financially support Jonathan.

**DOI Press Releases****Southland auto insurance appraiser gets 10 years  
for involvement in staged collision ring**

*Case leads to 25 additional arrests, investigation is ongoing in \$1.7 million rip-off of insurers*

**LOS ANGELES, Calif.** - Erwin Raul Mejia, 42, of Van Nuys, was sentenced to 10 years in state prison following his conviction on 10 felony counts of insurance fraud for his role in a staged auto collision ring that bilked insurers out of more than \$700,000. Mejia was also ordered to pay \$699,784 in restitution to six auto insurers, including over \$420,000 to Nationwide Mutual Insurance Company.

"This is a significant conviction and sentence on an insurance fraud case and it sends an important message to those who commit fraud—we will find you and you will be prosecuted," said Insurance Commissioner Dave Jones. "Thanks to the excellent work of department detectives and aggressive prosecution by the Los Angeles District Attorney's office, we were able to take down this organized ring of fraudsters and put them out of business."

Erwin Mejia played an integral role in a staged auto collision ring involving hundreds of suspects. Since October 2017, 25 additional arrests were made in connection with this organized ring, which in total has resulted in \$1.7 million in losses to insurers. The department's investigation is ongoing and more arrests are likely to follow.

Mejia worked as a Material Damage Appraiser for Nationwide where he inspected damaged vehicles, prepared repair estimates, and issued checks to claimants for their damaged cars. An investigation by the California Department of Insurance, which led to Mejia's arrest in October 2017, revealed Mejia and additional suspects orchestrated an elaborate scheme to defraud insurers with paper collisions that never occurred or by intentionally damaging vehicles to submit fraudulent claims. Mejia often inflated the damages to the cars in his estimates and even wrote estimates for cars that were not actually damaged. He and a capper recruited people to insure vehicles and make fraudulent claims resulting in 70 fraudulent claims.

After leaving Nationwide, Mejia worked as a claims adjuster at MetLife Insurance in Nevada where he continued his scheme adjusting known fraudulent claims. Mejia issued settlement checks to the claimants that were redirected to a friend in Los Angeles who was cashing the checks. After leaving MetLife, Mejia went to Fred Loya Insurance and then on to Kemper Insurance. Additional victim insurers include State Farm, Wawanesa, and Mercury who were affected by the fraudulent claims generally as the second party involved, for example the claimant party.

The Los Angeles County District Attorney's Office prosecuted this case. The same office convicted Mejia on a prior insurance fraud charge in January 2005.

**Lodi doctor indicted in \$700,000 insurance fraud scheme**

*Arraignment today for doctor who provided unnecessary treatments for his own financial gain*

**SAN JOAQUIN, Calif.** - Dr. Gary Royce Wisner, 61, of Lodi, is scheduled for arraignment today at 1:30 p.m. in Department 8B at the San Joaquin County Superior Court on 11 felony counts of insurance fraud for bilking insurers out of more than \$700,000 for allegedly providing unnecessary and excessive medical treatment for orthopedic patients.

"Dr. Wisner violated his Hippocratic Oath when he allegedly abused his patients and the workers' compensation system to line his pockets with illegal profits," said Insurance Commissioner Dave Jones. "When medical providers scam the system, everybody loses, including the injured workers, their employers and consumers when the losses are passed along to them through higher prices for goods and services."

The California Department of Insurance, the San Joaquin County District Attorney's Office, the California Department of Justice Bureau of Medi-Cal Fraud and Elder Abuse, and the U.S. Department of Health & Human Services launched a multi-agency investigation, which revealed Dr. Wisner was providing unnecessary treatments, including exposing his patients to excessive X-rays—all for the purpose of committing insurance fraud. Dr. Wisner's fraud resulted in a loss of over \$700,000 to four insurers including State Compensation Insurance Fund, Zenith Insurance, Hartford and Tristar, the federal insurance system.

Health insurance fraud is a multi-billion dollar drain on California's economy and results in higher insurance premiums for business and consumers. Over the last two years, the Department of Insurance has made arrests in health care fraud cases totaling more than \$2 billion dollars.

On May 30, 2018, a San Joaquin County criminal grand jury indicted Dr. Wisner on 11 felony counts of insurance fraud. The San Joaquin County District Attorney's Office is prosecuting this case.

Come join us in Lake Tahoe, CA for the 25th Anniversary of the **Claims Conference of Northern California, August 28-30, 2018**. CCNC is one of the largest and most diverse educational conferences in our industry. You'll network with top claim professionals from insurance companies, brokerages and agencies along with service providers from all over the western region of the United States.

**This year celebrates 25 years CCNC has been brought to you by the joint efforts of representatives of the following sponsoring associations:**

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Go to <http://claimsconference.org/attend-2018/> for more information and to register.



**Online Registration is now OPEN!!**

The Villages at Squaw Valley  
Lake Tahoe, CA

This year we will start the conference off with a short cocktail hour on Tuesday night at 5pm. The Villages at Squaw Valley offer so much entertainment and many wonderful restaurants, so we encourage you to set up those client dinners and do some great networking!

Wednesday night will be very special. CCNC will be proudly celebrating 25 years of bringing you dynamic, entertaining, educational conferences! Join us for a magical evening at the top of the mountain at High Camp. We promise great food, great music and lots of opportunity to catch up and talk to your peers.

Buy your tickets now!

Claims Personnel	Ticket Cost	
	1 Day Pass	2 Day Pass
Carrier Personnel	\$75.00	Same price for one day or both days
Independent Adjuster	\$110.00	\$185.00
Risk Manager	\$120.00	\$195.00
Third Party	\$120.00	\$195.00
Agent/Broker	\$120.00	\$195.00
Property Manager	\$120.00	\$195.00
<b>All Others</b>		
Vendor	\$270.00	\$495.00
Attorney	\$270.00	\$495.00
Other Service Partner	\$270.00	\$495.00

*\* Tickets for the events are included with each attendee and exhibitor registration.*

Just want to attend the 25th Anniversary Silver Party? Click on Register to Join below, choose the \$80.00 option and we will add you to the list! It is going to be a night to remember!

**Register to join the 2018 Conference**



## On The Lighter Side...

Lexophile is a word used to describe those people that have a love for words, such as "you can tune a piano, but you can't tuna fish", or "to write with a broken pencil is pointless." A competition to see who can come up with the best lexophiles is held every year in an undisclosed location. Here are the winning submissions in 2017.

... A thief who stole a calendar got twelve months.

... When the smoglifts in Los Angeles U.C.L.A.

... The batteries were given out free of charge.

.. A dentist and a manicurist married. They fought tooth and nail.

... A will is a dead giveaway.

... With her marriage, she got a new name and a dress.

... A boiled egg is hard to beat.

... When you've seen one shopping centre you've seen a mall.

.. Police were summoned to a daycare center where a 3-year-old was resisting a rest.

... Did you hear about the guy whose entire left side was cut off? He's all right now.

... A bicycle can't stand alone; it's just two tired.

... When a clock is hungry it goes back four seconds.

... The guy who fell onto an upholstery machine is now fully recovered.

... He had a photographic memory which was never developed.

... When she saw her first strands of grey hair she thought she'd dye.

... Acupuncture is a jab well done. That's the point of it.

And finally:

... Those who get too big for their britches will be totally exposed in the end.