

**California Department of Industrial Relations
Division of Workers' Compensation**

**2005 Audits of Workers' Compensation Insurers, Self-Insured Employers,
and Third-Party Administrators**

April 2006

Pursuant to Labor Code Section 129(e) the Administrative Director of the Division of Workers' Compensation submits this sixteenth annual workers' compensation report summarizing the results of audits conducted by the Audit Unit.

2005 Audit Results

Profile Audit Review (PAR) Standard - 1.76445 / Full Compliance Audit (FCA) Standard - 2.47631

The Audit Unit of the Division of Workers' Compensation completed a total of 46 audits which began in 2005. Of these, 42 were routinely selected PAR audits, 3 were target PAR/FCA audits and the remaining one audit was a target based on a return agreement in a previous stipulation of civil penalty in year 2000. Target audits for 2005 were selected based upon either results from prior audits of calendar year 2002 and 2003 or return audits by stipulated agreement to a prior civil penalty. The total number of audit subjects included 12 insurance companies, 9 self-administered, self-insured employers, 20 third-party administrators (TPA), 4 insurance company / third-party administrator combined claims adjusting locations, and 1 self-insured employer / third-party administrator combined claims adjusting location.

At all audits, claim files were selected for audit on a random basis, with the number of indemnity and denied cases being selected based on the numbers of claims in each of those populations for the audit subject. Medical-only claims were selected for audit in the one 2005 target audit that was the return by stipulated agreement to a prior civil penalty. In addition, if any complaints were received regarding possible violations of the Labor Code or regulations of the Administrative Director, each respective claim file related to a complaint may have been part of the audit pursuant to Title 8 CCR 10107.1(c)(2), (d)(2), and (e)(2).

The number of claims audited is based upon the total number of claims at the adjusting location and the number of complaints received by the Division of Workers' Compensation related to claims handling practices. Pursuant to Title 8, California Code of Regulations, Section 10107.1(c) and (d), either a "PAR sample" of up to 59 or a "FCA sample" of up to 138 of indemnity claims is audited, depending on the claims administrator's performance as measured in certain key areas after the PAR sample is audited. Pursuant to Title 8, California Code of Regulations, Section 10107.1(e), a "sample" of up to 67 denied claims may be audited,

depending on the claims administrator's performance as measured in certain key areas after the review of the indemnity claims in the "FCA stage 1 sample" are audited.

In 2005, compliance officers audited 3,168 claim files, of which 2,896 were randomly selected claims in which some form of indemnity benefits were paid. Two audits included 129 randomly selected claims in which the employer or insurer denied all liability. Targeted claims audited included 113 based on complaints received by the Division of Workers' Compensation. Thirty claims were designated as "additional" files. "Additional" files include:

- Claims chosen based on criteria relevant to a target audit but for which no specific complaints had been received.
- Claims audited in excess of the number of claims in the random sample that were audited because the files selected were incorrectly designated on the log.

Violations of Administrative Director's Regulations

As a result of audits conducted during the calendar year 2005, the Audit Unit issued 6,312 administrative penalties assessable to claims administrators totaling \$1,948,278. However, the Audit Unit waived \$696,125 of the assessable penalties pursuant to Labor Code Section 129.5(c) and regulatory authority. These waivers occurred within 35 of the audits that met or exceeded the PAR performance standard, 8 audits that met or exceeded the FCA-1 performance standard and 2 audits that failed the FCA-2 standard. The total penalties subject to collection from claims administrators were \$1,252,153.

Unpaid Compensation Due To Employees

There were 480 randomly selected claims and 18 claims selected by target in which injured workers were owed unpaid compensation totaling \$623,346.08, an average of \$1,251.70 per file in which there was unpaid compensation. The unpaid compensation is broken down as follows: \$215,072.70 in temporary disability indemnity and salary continuation in lieu of temporary disability (34.5% of the unpaid compensation), \$255,082.66 in permanent disability indemnity (40.9% of the unpaid compensation), \$75,585.96 in vocational rehabilitation maintenance allowance (12.1% of the unpaid compensation), \$72,460.56 in 10% self-imposed increases for late indemnity payments (11.6% of the unpaid compensation), \$0 in death benefits (0% of the unpaid compensation), and \$5,144.20 in interest and penalty and/or unreimbursed medical expenses (0.8% of the unpaid compensation).

The claims administrator is required to pay these employees within 15 days after receipt of a notice advising the claims administrator of the amount due, unless a written request for a conference is filed within 7 days of receipt of the audit report.

When employees due unpaid compensation cannot be located, the unpaid compensation is payable by the claims administrator to the *Workers' Compensation Administration Revolving Fund*. In these instances, application by an employee can be made to the Division of Workers' Compensation for payment of moneys deposited by claims administrators into this fund. In 2005, \$659.94 was paid into this fund because the injured workers could not be located.

Frequency of Violations

A statewide frequency of the 5 key areas under review for violations used in determining the PAR and FCA performance standards was calculated after combining the individual audit findings (Individual Exhibits 1A, 1B, and 1C). The frequency noted in each area is actually the ratio of files in which there is an assessment for a specific type of violation to the total number of randomly selected files in which the possibility of that type of violation exists. Statewide Exhibits 1A through 1C provide a breakdown of performance for audit subjects in 2005.

Unpaid Indemnity

Of the randomly selected audited claims in which indemnity was accrued and payable, the percentage for assessable penalties for unpaid indemnity is:

- 2005 35 Audits passing the PAR standard: 12.83%
- 2005 8 Audits passing the FCA standard: 19.20%
- 2005 2 Audits failing all standards: 32.60%

Late First Payment of Temporary Disability or First Salary Continuation Notice when Salary Continuation is paid in lieu of Temporary Disability

Of the randomly selected audited claims with temporary disability payments or first notice of salary continuation, the following percentage for assessable penalties for late paid first payment of temporary disability or late first notice of salary continuation is:

- 2005 35 Audits passing the PAR standard: 26.31%
- 2005 8 Audits passing the FCA standard: 32.36%
- 2005 2 Audits failing all standards: 46.99%

Late First Payment of Permanent Disability, Vocational Rehabilitation Maintenance Allowance, and Death Benefits

Of the randomly selected audited claims with permanent disability, vocational rehabilitation maintenance allowance, and death benefits payments, the following percentage for assessable penalties for late paid first payment of permanent disability, vocational rehabilitation maintenance allowance, and death benefits is:

- 2005 35 Audits passing the PAR standard: 15.83%
- 2005 8 Audits passing the FCA standard: 23.88%
- 2005 2 Audits failing all standards: 26.15%

Late Subsequent Indemnity Payments

Of the randomly selected audited claims with subsequent indemnity payments, the following percentage for assessable penalties for late subsequent indemnity payments is:

- 2005 35 Audits passing the PAR standard: 21.82%
- 2005 8 Audits passing the FCA standard: 35.84%
- 2005 2 Audits failing all standards: 27.42%

Failure or Late Provision of AME/QME Notices and Notices of Potential Eligibility for Vocational Rehabilitation

Of the randomly selected audited claims with requirement to issue the AME/QME notice and/or the notice of potential eligibility for vocational rehabilitation, the following percentage for assessable penalties for failure or late issuance is:

- 2005 35 Audits passing the PAR standard: 29.53%
- 2005 8 Audits passing the FCA standard: 32.31%
- 2005 2 Audits failing all standards: 51.83%

Performance Ratings of Audit Subjects

Of the 45 PAR/FCA audits conducted in 2005:

- 35 audit subjects (77.8%) met or exceeded the PAR 2005 performance standard thereby having all penalty citations waived in accordance with Labor Code Section 129.5(c) and Title 8, California Code of Regulations Section 10107.1(c)(3)(B). These audit subjects were ordered to pay all unpaid compensation due found within the audit.
- Ten audit subjects (22.2%) failed to meet or exceed the PAR standard with the audit expanding into the FCA-1 pursuant to Labor Code Section 129.5(c) and Title 8, California Code of Regulations Section 10107.1(d). Eight of these audit subjects (17.8%) then met or exceeded the FCA-1 2005 standard. For these 8 audits, the Audit Unit issued Notices of Compensation Due and assessed administrative penalties for late and unpaid indemnity in accordance with Labor Code Section 129.5(c) and Title 8, California Code of Regulations Section 10107.1(d)(3)(B).
- Two of the 45 audit subjects (4.4%) that failed the PAR also failed the FCA-1 and the FCA-2 performance standards thereby demonstrating poor performance and these claims administrators will be subject to a return target audit within 2 years. These audits expanded into the FCA-2 pursuant to Labor Code Section 129.5(c) and Title 8, California

Code of Regulations Section 10107.1(e) and the audit subjects were assessed all penalty citations in accordance with Labor Code Section 129.5(c) and Title 8, California Code of Regulations Section 10107.1(e).

The **DWC Administrative Director's 2005 Audit Results Ranking Report** is part of this Annual Report and the complete list of the performance standard scores for the 45 audit subjects can be reviewed in order, from the best to worst performer.

PAR and FCA Standards Comparison

A look at the PAR and FCA performance standards combining all individual audit findings within the group that met or exceeded the PAR standard with the group that failed the PAR, but met or exceeded the FCA standard and the group that failed both standards. (Individual Exhibits 860 1A, 1B, and 1C) beginning with calendar year 2005 shows:

PAR Standard (1.76445)

- 2005 Average score of the 35 audit subjects passing PAR: 1.07818
- 2005 Average score of the 10 audit subjects failing PAR: 2.67201

FCA-1 Standard (2.47631)

- 2005 Average score of the 8 audit subjects passing FCA Stage-1: 1.91784
- 2005 Average score of the 2 audit subjects failing FCA Stage-1: 4.63995

FCA-2 Standard (2.47631)

- 2005 Average score of the 2 audit subjects failing FCA Stage-2: 3.88163

Appeals

In 2005, there were no appeals to the PAR/FCA findings.

Civil Penalty Issues

Civil Penalty under pre-2003 Labor Code Section 129.5(d)

For 1990 through 2002 California Labor Code Section 129.5(d) states, in part:

"In addition to the penalty assessments permitted by subdivision (a), the administrative director may assess a civil penalty, not to exceed one hundred thousand dollars (\$100,000), upon finding, after hearing, that an employer, insurer, or third-party administrator for an employer has knowingly committed and has performed with a frequency as to indicate a general business practice any of the following:

- (1) Induced employees to accept less than compensation due, or made it necessary for employees to resort to proceedings against the employer to secure compensation due.
- (2) Refused to comply with known and legally indisputable compensation obligations.
- (3) Discharged or administered compensation obligations in a dishonest manner.
- (4) Discharged or administered compensation obligations in a manner as to cause injury the public or those dealing with the employer or insurer...."

As a result of investigations and audits conducted by the Audit Unit under Labor Code Section 129.5(d), the Administrative Director assessed five separate civil penalties between calendar years 2000 and 2003. The claims administrators were National RV, Inc., Crawford & Company, Cambridge Integrated Services, Inc., City of Los Angeles, and 99 Cents Only Stores, Inc.

The status of the return target audits to the previous stipulation of agreement to a civil penalty on the above administrators is as follows:

National RV, Inc

This target audit is a return audit to the previous agreement of stipulation to a civil penalty. The audit commenced and was finalized in 2005. National RV, Inc was found to have met the requirements of the remedial actions that were part of the stipulated agreement.

Crawford & Company

The target audit that is the return audit to the previous agreement of stipulation to a civil penalty commenced in 2005. The audit continues to progress in 2006. The findings and resolution will publish in the April 2007 Annual Report for the 2006 audit results.

Cambridge Integrated Services, Inc.

The target audit that is the return audit to the previous agreement of stipulation to a civil penalty was to commence in 2005. However, due to other considerations the Audit Unit had to delay the audit by agreement until 2006.

City of Los Angeles

The return target audit for this administrator is scheduled to commence in 2006.

99 Cents Only Stores, Inc.

The return target audit for this administrator is scheduled to commence in 2006.

The status of the return target audits of other claims administrators because of failure of a previous audit thereby possibly making those adjusting locations subject to a civil penalty under Labor Code Section 129.5(d) is as follows:

Gulf Insurance Company

As noted in last year's annual report, Gulf Insurance failed a random audit in 1999. A return target audit conducted under the amended Labor Code Section 129 and closed in 2004, also resulted in failure. Gulf Insurance is scheduled for a return target audit to commence in 2006. At the conclusion of the 2006 audit, the findings of the 3 audits will be reviewed to determine whether civil penalty charges will be filed with the Administrative Director pursuant to Labor Code Section 129.5(e) and Title 8 California Code of Regulations Section 10114(c).

Kaiser Permanente Medical Care Program

Kaiser Foundation Hospitals failed a random audit in 2001. A subsequent target audit for Kaiser, conducted under the amended Labor Code Section 129 and closed in 2004, also resulted in failure. Kaiser is scheduled for a return target audit to commence in 2006. At the conclusion of the 2006 audit, the findings of the 3 audits will be reviewed to determine whether civil penalty charges will be filed with the Administrative Director pursuant to Labor Code Section 129.5(e) and Title 8 California Code of Regulations Section 10114(c).

Civil Penalty under 2003 Labor Code Section 129.5(e)

Under AB 749, effective January 1, 2003, California Labor Code Section 129.5(e) was modified and states, in part:

"In addition to the penalty assessments permitted by subdivision (a), the administrative director may assess a civil penalty, not to exceed one hundred thousand dollars (\$100,000), upon finding, after hearing, that an employer, insurer, or third-party administrator for an employer has knowingly committed **or** has performed with sufficient frequency so as to indicate a general business practice any of the following:

- (1) Induced employees to accept less than compensation due, or made it necessary for employees to resort to proceedings against the employer to secure compensation due.
- (2) Refused to comply with known and legally indisputable compensation obligations.
- (3) Discharged or administered compensation obligations in a dishonest manner.
- (4) Discharged or administered compensation obligations in a manner as to cause injury the public or those dealing with the employer or insurer....

Any employer, insurer, or third party administrator that fails to meet the full compliance audit performance standards in two consecutive full compliance audits shall be rebuttably presumed to have engaged in a general business practice of discharging and administering its compensation obligations in a manner causing injury to those dealing with it.”

Other than as noted above, no civil penalty investigations and target audits specific to this amended Labor Code occurred in 2005.

Other Violations and Penalties

In addition to the penalty assessments totaling \$1,252,153 that were assessed as a result of audits, an additional 2 penalties totaling \$75,945 were assessed: one based on the failure of the claims administrator either to timely file an appeal or timely pay administrative penalty assessments; and the other for the failure of the claims administrator to either timely file an appeal or timely pay a notice of compensation due an injured worker. These penalty assessments are not included as part of the audit data within this report, but are summarized below.

Title 8, California Code of Regulations Section 10111.5.1 reads in pertinent part:

“(a) Within 7 days after receiving a Notice of Penalty Assessment issued under Labor Code Section 129.5(a) and (c), the claims administrator may appeal all or a portion of the penalty assessments in the Notice by filing with the Administrative Director and serving the Audit Unit with a request for an appeals conference or a request for a written decision without a conference.

(b) If a request for a written decision or request for appeals conference is not timely filed and served, the Notice of Penalty Assessment will become final 7 days after the claims administrator received it, and must be paid in accordance with Labor Code Section 129.5(c) within 15 days of receipt.”

Title 8, California Code of Regulations Section 10111.2(a)(12) reads in pertinent part:

“Notwithstanding Labor Code Section 129.5(c)(2) and whether or not the audit subject has met or exceeded performance standards calculated pursuant to Section 10107.1(d)(3), additional penalties will be assessed for late payment or failure of the audit subject to pay any administrative penalties assessed pursuant to this Section that are not timely appealed pursuant to Section 10115.1. Penalties will be assessed as follows:

An additional penalty of 50% of the amount of each late paid penalty will be assessed for each penalty paid more than 30 but not more than 60 days from receipt of the Notice of Penalty Assessments;”

Based on these regulations, the audit subject, following receipt of the final audit report that includes the Notice of Penalty Assessments must either appeal or pay the assessment.

One of the 45 audit subjects failed to either appeal or make the required payment of an administrative penalty assessment timely:

- Santa Ana Unified School District did not file an appeal to the Notice of Penalty Assessments. The Notice of Penalty Assessments was received by the administrator on May 17, 2005. Assessments were paid on August 26, 2005, more than 60 days after the receipt of the Notice. Additional penalties of \$75,645 were assessed and paid for late compliance.

One of the 45 audit subjects failed to either appeal or make the required payment of the notice of compensation due to an injured worker timely:

Title 8, California Code of Regulations Section 10111.2(a)(11) reads in pertinent part:

“11) Notwithstanding Labor Code Section 129.5(c)(1) and whether or not the audit subject has met or exceeded performance standards calculated pursuant to Section 10107.1(c)(3), penalties will be assessed for failure to pay, or late or partial payment of, a Notice of Compensation Due issued as a result of an audit. Penalties will be assessed as follows:

A penalty in the same amount as the total of the penalties applicable under subsections (a)(1) through (a)(4) and (a)(10) will be assessed for any compensation paid more than 15 but not more than 30 days after receipt of the Notice of Compensation Due;

A penalty in the amount of 200% of the total of the penalties applicable under subsections (a)(1) through (a)(4) and (a)(10) will be assessed for any compensation paid more than 30 but not more than 60 days late;

A penalty in the amount of 300% of the total of the penalties applicable under subsections (a)(1) through (a)(4) and (a)(10) will be assessed for any compensation not paid within 60 days.

- Keenan & Associates did not file an appeal to the Notice of Compensation Due. The Final Audit Report and Notices of Compensation Due were received by the claims administrator on October 3, 2005. One of the Notices of Compensation Due was not fully paid until January 12, 2006, more than 60 days after receipt of the Notice. Additional penalties of \$300 have been assessed for late compliance.

The Annual Report of Inventory

In addition to the penalty assessments totaling \$1,252,153 that were assessed as a result of audits, and the penalty assessments above, an additional 33 penalties totaling \$13,580 were assessed in 2005 based on the failure of claims administrators either to timely file or having filed an inaccurate Annual Report of Inventory of Claims with the Audit Unit, as required by Title 8, California Code of Regulations Section 10104. The penalty assessments are pursuant to Title 8, California Code of Regulations, Sections 10111.1(b)(11) and 10111.2(b)(25). These penalties are not included as part of the audit data within this report, but were assessed and mitigated as follows:

Failure to Timely File a Report

Claims Administrator	Location	Amount Assessed \$\$	Amount Collected \$\$	Unpaid Balance \$\$
Federated Insurance	Kansas City, MO	500	100	0
Gulf Insurance Company	Irving TX	500	500	0
JT2 Integrated Resources	San Ramon	500	500	0
JT2 Integrated Resources	Oakland	500	500	0
JT2 Integrated Resources	Modesto	500	500	0
Rexhall Industries, Inc.	Lancaster	500	500	0
CNA Insurance	Brea	500	500	0
CNA Insurance	San Francisco	500	500	0
Ward North America –LP	Santa Clara	500	500	0
Ward North America –LP	Sacramento	500	100	0
Ward North America –LP	Riverside	500	100	0
Ward North America –LP	Concord	500	100	0
Pinnacle Risk Management Services	Roseville	500	500	0
Fontana U S D	Fontana	500	400	0
City of Simi Valley	Simi Valley	500	100	0
California Fair Services	Sacramento	500	400	0
Prudential Insurance (Liberty Mutual)	Roseville	500	500	0
Fresno U S D	Fresno	500	500	0
City of Pasadena	Pasadena	500	400	0
Cannon Cochran Mgmt Services, Inc.	Concord	500	400	0
Los Angeles M T A	Los Angeles	500	500	0

Marriott International, Inc.	Santa Ana	500	500	0
Macy's West, Inc.	Pasadena	500	500	0
Vanliner Insurance Company	St. Louis, MO	500	500	0
Employers Direct Insurance Company	Agoura Hills	500	400	0
North Bay Schools Insurance Auth	Fairfield	500	500	0
Monterey County Schools W/C	Salinas	500	400	0
Clougherty Packing Company	Los Angeles	500	500	0
Chevron Corporation	San Ramon	500	400	0
Republic Western Insurance Company	Phoenix, AZ	500	500	0
Ross & Castillo	Fresno	500	500	0
Alternative Services Concepts, L.L.C.	Citrus Heights	500	500	0
Century Nation Insurance Company	North Hollywood	400	280	0
TOTALS:		\$16,400	\$13,580	\$0

Failure to File an Accurate Report

No assessments were issued in 2005 for an inaccurate Annual Report of Inventory.

DWC Profile Audit Performance Standards and Full Compliance Audit Standards for 2006

The PAR and FCA performance standards have been updated pursuant to Labor Code Section 129(b) and Title 8, California Code of Regulations, Section 10107.1(c), (d), and (e). This is accomplished by taking the 2004 audit results and using data for the 5 major keys subject to the profile audit review program. The results are then combined with the 2003 and 2002 performance rating scores to develop the 2006 profile audit review (PAR) and full compliance audit (FCA) standards. **The PAR standard for 2006 is 1.83856 and the FCA standard is 2.51920.** Profile audit review audits (PAR audits) for 2006 commenced early 2006 using the new standards. The Audit Unit continues to work to ensure that injured workers receive their workers' compensation benefits and to act as a deterrent to poor claims handling.

Description of Statewide Analyses

Ranking Report is the DWC Administrative Director's 2005 Audit Ranking Report issued in accordance with Labor Code Section 129(e). The report ranks all insurers, self-insured employers, and third-party administrators audited during 2005 according to their performance measured by the profile audit review and full compliance audit performance standards.

Statewide Summary of Files Audited is a synopsis of all files audited by type, the numbers and amounts of penalties, amounts collected, balance due, and the number of appeals for Northern California and Southern California. **Statewide Summaries of the same data are provided for Northern California and Southern California.**

A **Statewide Summary** is provided for analysis of the audit results for routinely selected and targeted audit subjects. Finally, there is a Statewide Summary analyzing the same data for insurers, self-insured employers, and third-party administrators as separate groupings.

Statewide Exhibit 1 is a summary of the statewide final performance for the 45 audits conducted in 2005. It includes the expanded number of indemnity files and denied claim files with subsequent acceptance and requirements to pay indemnity audited for each of the 5 major areas of key violations and the number of those files wherein one or more of the key violations were found.

Statewide Exhibit 1A is a summary of the individual 1A exhibits used in determining the **PAR** performance standard factor for each audit subject. It includes the number of indemnity files audited for each of the 5 major areas of key violations and the number of those files wherein one or more of the key violations were found.

Statewide Exhibit 1B is a summary of the individual 1A exhibits used in determining the **FCA-1** performance standard factor for each audit subject. It includes the number of indemnity files audited for each of the 5 major areas of key violations and the number of those files wherein one or more of the key violations were found.

Statewide Exhibit 1C is a summary of the individual exhibits used in determining the **FCA-2** performance standard factor for each audit subject. It includes the expanded number of indemnity files and denied claim files with subsequent acceptance and requirements to pay indemnity audited for each of the 5 major areas of key violations and the number of those files wherein one or more of the key violations were found.

Statewide Exhibit 2 summarizes by type of indemnity the amounts of unpaid compensation found in the 504 audited claims for which Notices of Compensation Due were issued.

Statewide Exhibit 3 provide an synopsis of penalties cited pursuant to the Schedule of Administrative Penalties in Title 8, California Code of Regulations, Section 10111.2. The **Key to Exhibit 3** describes each penalty.

Description of Individual Audit Exhibits

Individual Exhibit 1A is the worksheet to calculate the audit findings to a score that determines the **PAR** performance standard factor for this audit subject. It includes the number of indemnity files audited for each of the 5 major areas of key violations and the number of those files wherein one or more of the key violations were found.

Individual Exhibit 1B is the worksheet to calculate the audit findings to a score that determines the **FCA-1** performance standard factor for this audit subject. It includes the expanded number of indemnity files audited for each of the 5 major areas of key violations and the number of those files wherein one or more of the key violations were found.

Individual Exhibit 1C is the worksheet to calculate the audit findings to a score that determines the **FCA-2** performance standard factor for this audit subject. It includes the number of indemnity files and denied claim files with subsequent acceptance and requirements to pay indemnity audited for each of the 5 major areas of key violations and the number of those files wherein one or more of the key violations were found.

Individual Exhibit 2 summarizes by type of indemnity the amounts of unpaid compensation found in the audited claims in this individual audit for which Notices of Compensation Due were issued.

Individual Exhibit 3 separates the Schedule of Administrative Penalties in Title 8, California Code of Regulations Section 10111.2 into various categories showing totals and amounts of assessable administrative penalties for this individual audit finding. There is a **Key to Individual Exhibit 3** describing the nature of each category.

2005 Statewide Analyses

DWC Administrative Director's 2005 Audit Ranking Report

Statewide Summaries of Penalty Assessments and Collections

- Statewide Summary
- Northern Summary
- Southern Summary
- Summary by Audit Type
- Summary by Administrator Type

Statewide Performance Ratings of Randomly Selected Claims

- | | | |
|------------------|--------------------------------------|-----------|
| ➤ Exhibit 1 | Statewide Performance | 45 Audits |
| ➤ Exhibit 1A - 1 | Pass Profile Audit Review | 35 Audits |
| ➤ Exhibit 1A - 2 | Fail Profile Audit Review | 10 Audits |
| ➤ Exhibit 1B - 1 | Pass Full Compliance Audit - Stage 1 | 8 Audits |
| ➤ Exhibit 1B - 2 | Fail Full Compliance Audit - Stage 1 | 2 Audits |
| ➤ Exhibit 1C | Full Compliance Audit - Stage 2 | 2 Audits |

Statewide Exhibit of Notices of Compensation Due

Statewide Exhibit of Penalties Cited

- Exhibit 3 Key Administrative Penalties
- Exhibit 3 Statewide Summary of Penalties Cited by Type

DWC ADMINISTRATIVE DIRECTOR'S 2005 AUDIT RANKING REPORT

Issued in accordance with Labor Code Section 129(e)
and Title 8, California Code of Regulations, Section 10107.1(c)(3)]

Rank	Routine and Target Audits conducted pursuant to Labor Code Sections 129(b)(1)(2)(3), and 129.5(c)(1)(2)(3) (Rankings from best to worst performers) AUDIT SUBJECT / LOCATION	Unpaid Compensation All Selections # Notices / \$ Value	PAR Standard 1.76445	FCA Stage 1 Standard 2.47631	FCA Stage 2 Standard 2.47631
	2005				
	<i>The following audit subjects under the Profile Audit Review (LC 129) met or exceed the PAR standard (less than 1.76446). All administrative penalties were waived pursuant to Labor Code Section 129.5(c)(1). The unpaid compensation found due injured workers within each claim file was ordered paid.</i>				
1	SCIF- Management Services/Sacramento	5 / \$517.07	0.33481	n/a	n/a
2	State Compensation Insurance Fund/San Francisco	0 / \$0	0.34136	n/a	n/a
3	Octagon Risk Management/Oakland	3 / \$8,207.05	0.51124	n/a	n/a
4	Schools Insurance Authority/Sacramento	0 / \$0	0.53462	n/a	n/a
5	Athens Administrators/Concord	3 / \$308.82	0.69631	n/a	n/a
6	St. Paul/Travelers/Walnut Creek	7 / \$6,416.21	0.79038	n/a	n/a
7	Republic American Insurance Group/San Francisco	11 / \$1,836.68	0.82965	n/a	n/a
8	Octagon Risk Management/Stockton	11 / \$4,441.42	0.88291	n/a	n/a
9	State Compensation Insurance Fund/San Jose	5 / \$9,495.53	0.89817	n/a	n/a
10	Alaska Insurance Company/Seattle, WA	3 / \$185.67	0.90958	n/a	n/a
11	TIG Specialty Insurance/Martinez	3 / \$167.63	0.94647	n/a	n/a
12	Fireman's Fund Insurance/Novato	4 / \$363.53	1.00567	n/a	n/a
13	Intercare Insurance Services/Roseville	8 / \$3,490.21	1.06866	n/a	n/a
14	Crawford & Company/Colton	2 / \$237.93	1.07802	n/a	n/a
15	County of Sacramento/Sacramento	6 / \$5,794.89	1.08890	n/a	n/a
16	Majestic Insurance Company/San Francisco	10 / \$7,417.35	1.13787	n/a	n/a
17	Crawford & Company/San Mateo	2 / \$392.86	1.14298	n/a	n/a
18	SCIF- State Contract Claims/Sacramento	6 / \$6,454.19	1.16690	n/a	n/a
19	Alternative Service Concepts/Citrus Heights	6 / \$4,877.93	1.17101	n/a	n/a
20	Foster Farms/Livingston	6 / \$6,224.75	1.17150	n/a	n/a
21	State Compensation Insurance Fund/Santa Rosa	9 / \$9,651.80	1.17439	n/a	n/a
22	SCIF - State Contract/Commerce	9 / \$2,224.04	1.22859	n/a	n/a
23	Macy's West/Pasadena	10 / \$2,609.60	1.23798	n/a	n/a
24	Tokio Marine/Pasadena	7 / \$8,600.98	1.27202	n/a	n/a
25	ESIS (An ACE Group Company)/Fremont	7 / \$21,117.48	1.30541	n/a	n/a
26	Pinnacle Risk Management/Roseville	11 / \$6,698.25	1.31217	n/a	n/a
27	Golden State Risk Management/Willows	6 / \$2,958.08	1.35108	n/a	n/a
28	California State Fair Services/Sacramento	9 / \$4,334.52	1.37847	n/a	n/a

DWC ADMINISTRATIVE DIRECTOR'S 2005 AUDIT RANKING REPORT

Issued in accordance with Labor Code Section 129(e)
and Title 8, California Code of Regulations, Section 10107.1(c)(3)]

Rank	Routine and Target Audits conducted pursuant to Labor Code Sections 129(b)(1)(2)(3), and 129.5(c)(1)(2)(3) (Rankings from best to worst performers) AUDIT SUBJECT / LOCATION	Unpaid Compensation All Selections # Notices / \$ Value	PAR Standard 1.76445	FCA Stage 1 Standard 2.47631	FCA Stage 2 Standard 2.47631
29	Frye Claims Consultation/Hayward	1 / \$145.60	1.41811	n/a	n/a
30	State Compensation Insurance Fund/Santa Ana	12 / \$12,044.99	1.42959	n/a	n/a
31	State Compensation Insurance Fund/Glendale	11 / \$8,331.77	1.46921	n/a	n/a
32	Church Mutual Insurance Company/Merrill, WI	5 / \$1,643.09	1.52720	n/a	n/a
33	CNA Insurance/Brea	13 / \$8,665.60	1.53754	n/a	n/a
34	Keenan & Associates/Rancho Cordova	9 / \$14,299.59	1.64801	n/a	n/a
35	GAB Robins North/Rancho Cordova	15 / \$3,143.56	1.68943	n/a	n/a
<p>The following audit subjects under the Profile Audit Review (LC 129) failed to meet or exceed the PAR standard (1.76445 or less). The audit proceeded to the Full Compliance Audit Stage 1 [LC 129(b)(2)] and met or exceeded the FCA standard (2.47631 or less). Administrative penalties pursuant to Labor Code 129.5(c)(2) were assessed and unpaid compensation found due injured workers within each claim file was ordered paid.</p>					
36	Liberty Mutual Insurance & Helmsman/Sacramento	36 / \$46,340.26	1.76693	1.84836	n/a
37	Vons Companies/Arcadia	31 / \$34,358.72	1.81795	2.03929	n/a
38	Southern CA Risk Management/Valencia	15 / \$31,476.48	2.21500	1.57170	n/a
39	Matrix Absence Management/San Jose	24 / \$34,855.92	2.29164	2.20094	n/a
40	Liberty Mutual Insurance & Helmsman/Orange	24 / \$52,844.38	2.33635	1.76132	n/a
41	ESIS (An ACE Group Compnay)/Portland, OR	7 / \$18,474.04	2.36354	2.13923	n/a
42	Ford Motor Company/Manteca	9 / \$6,126.44	2.37953	2.13701	n/a
43	Self-Insured Schools of California/Bakersfield	18 / \$33,453.06	2.59414	1.97264	n/a
<p>The following audit subjects under the Profile Audit Review (LC 129) failed to meet or exceed the PAR standard (1.76445 or less). The audit proceeded to the Full Compliance Audit Stage 1 [LC 129(b)(2)] and failed to meet or exceed the FCA standard (2.47631 or less). The audit then extended to the Full Compliance Audit Stage 2 [LC 129(b)(2)] for a comprehensive and detailed review of the audit subject's performance. Administrative penalties pursuant to Labor Code 129.5(c)(3) were assessed and unpaid compensation found due injured workers within each claim file was ordered paid.</p>					
44	AIG Claims Service/San Ramon	47 / \$80,147.56	2.55387	2.82263	2.72581
45	PTSC/MTA Management Authority/Los Angeles	52 / \$111,970.55	7.93279	7.12698	5.33237

Calendar Year 2005

Statewide Summary

Penalty Assessments and Collections

	# of Audits	Number of Files Audited					# of Times Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed
		I	D	C	A	Total						
No. California	34	2,007	66	95	27	2,195	2,898	\$1,076,994	\$469,165	\$607,829	\$0	0
So. California	11	889	63	18	3	973	3,414	\$871,284	\$226,960	\$644,324	\$0	0
TOTAL	45	2,896	129	113	30	3,168	6,312	\$1,948,278	\$696,125	\$1,252,153	\$0	0

File type: I - Indemnity; D - Denied; C - Complaint; A - Additional

Penalty Assessments and Collections

Audit Subject & Location	R / T	INS/ SI/ TPA	Number of Files Audited					# of AP's Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appeals	
			I	D	C	A	Total						Y	N
AIG Claims Services / San Ramon	R	TPA	136	66	51	27	280	772	\$ 419,899	\$ 595	\$ 419,304	\$0		x
Alaska National Insurance Co / Seattle WA	R	INS	53	0	0	0	53	52	\$ 9,020	\$ 9,020	\$0	\$0		x
Alternative Services Concepts / Citrus Heights	R	TPA	50	0	0	0	50	48	\$ 8,540	\$ 8,540	\$0	\$0		x
Athen Administrators / Concord	R	TPA	58	0	1	0	59	35	\$ 11,095	\$ 11,095	\$0	\$0		x
California Fair Services Authority / Sacramento	R	SI	49	0	0	0	49	56	\$ 17,930	\$ 17,930	\$0	\$0		x
Church Mutual Insurance Co / Merrill WI	R	INS	49	0	0	0	49	72	\$ 31,340	\$ 31,340	\$0	\$0		x
County of Sacramento / Sacramento	R	SI	56	0	0	0	56	40	\$ 13,935	\$ 13,935	\$0	\$0		x
Crawford & Company / San Mateo	R	TPA	15	0	0	0	15	27	\$ 11,790	\$ 11,790	\$0	\$0		x
ESIS (An ACE Group Co) / Fremont	T	TPA	58	0	5	0	63	44	\$ 18,160	\$ 18,160	\$0	\$0		x
ESIS (An ACE Group Co) / Portland OR	R	TPA	42	0	0	0	42	64	\$ 30,920	\$ 5,200	\$ 25,720	\$0		x
Fireman's Fund Insurance Co / Novato	R	INS	56	0	2	0	58	47	\$ 15,845	\$ 15,845	\$0	\$0		x
Ford Motor Company / Manteca	R	SI	28	0	0	0	28	94	\$ 13,345	\$ 3,000	\$ 10,345	\$0		x
Foster Farms / Livingston	R	SI	55	0	0	0	55	60	\$ 22,330	\$ 22,330	\$0	\$0		x
Frye Claims Consultation / Hayward	R	TPA	15	0	0	0	15	54	\$ 6,175	\$ 6,175	\$0	\$0		x
GAB Robins North America / Rancho Cordova	R	TPA	57	0	2	0	59	114	\$ 19,435	\$ 19,435	\$0	\$0		x
Golden Gate Risk Mgmt Auth / Willows	R	SI	36	0	0	0	36	47	\$ 11,660	\$ 11,660	\$0	\$0		x
Intercare Insurance Services / Roseville	R	TPA	48	0	1	0	49	47	\$ 17,285	\$ 17,285	\$0	\$0		x
Keenan & Associates / Rancho Cordova	R	TPA	58	0	1	0	59	84	\$ 25,760	\$ 25,760	\$0	\$0		x
Liberty Mutual Helmsman / Sacramento	R	I&T	137	0	17	0	154	212	\$ 72,325	\$ 16,790	\$55,535	\$0		x
Majestic Insurance Company / San Francisco	R	INS	55	0	0	0	55	61	\$ 16,130	\$ 16,130	\$0	\$0		x
Matrix Absence Management / San Jose	R	TPA	116	0	0	0	116	190	\$ 74,825	\$ 17,830	\$ 56,995	\$0		x
Octagon Risk Services / Oakland	R	TPA	57	0	0	0	57	23	\$ 13,600	\$ 13,600	\$0	\$0		x
Octagon Risk Services / Stockton	R	TPA	45	0	0	0	45	47	\$ 19,955	\$ 19,955	\$0	\$0		x
Pinnacle Risk Management Svcs / Roseville	R	TPA	46	0	0	0	46	49	\$ 24,770	\$ 24,770	\$0	\$0		x

Penalty Assessments and Collections

Audit Subject & Location	R / T	INS/ SI/ TPA	Number of Files Audited					# of AP's Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appeals	
			I	D	C	A	Total						Y	N
Republic American Insurance Grp/ San Francisco	R	INS	58	0	0	0	58	64	\$ 13,110	\$ 13,110	\$0	\$0		x
Schools Insurance Authority / Rancho Cordova	R	SI	53	0	0	0	53	24	\$ 3,505	\$ 3,505	\$0	\$0		x
Self-Insured Schools of CA / Bakersfield	R	S&T	123	0	0	0	123	177	\$ 54,185	\$ 14,255	\$ 39,930	\$0		x
St Paul Travelers / Walnut Creek	R	I&T	58	0	5	0	63	43	\$ 18,465	\$ 18,465	\$0	\$0		x
State Compensation Ins Fund / San Francisco	R	INS	59	0	1	0	60	17	\$ 5,825	\$ 5,825	\$0	\$0		x
State Compensation Ins Fund / San Jose	R	INS	59	0	3	0	62	42	\$ 14,370	\$ 14,370	\$0	\$0		x
State Compensation Ins Fund / Santa Rosa	R	INS	59	0	1	0	60	59	\$ 13,565	\$ 13,565	\$0	\$0		x
State Compensation (Contract) / Sacramento	R	TPA	58	0	2	0	60	72	\$ 12,885	\$ 12,885	\$0	\$0		x
State Compensation (Mgmt Svcs) / Sacramento	R	TPA	51	0	0	0	51	20	\$ 3,975	\$ 3,975	\$0	\$0		x
TIG Specialty Insurance / Martinez	R	INS	54	0	3	0	57	41	\$ 11,040	\$ 11,040	\$0	\$0		x
TOTAL			2,007	66	95	27	2,195	2,898	\$1,076,994	\$469,165	\$607,829	\$0		

File type: I - Indemnity; D - Denied; C - Compliant; A - Additional

R - Routine	33
T - Target	1
TOTAL	34

INS - Insurer	9
SI - Self-Insured Employer	6
TPA - Third Party Administrator	16
I&T - Insurer & Third Party Administrator	2
S&T - Self-Insured & Third Party Administrator	1
TOTAL	34

Calendar Year 2005

Southern Summary

Penalty Assessments and Collections

Audit Subject & Location	R / T	INS/ SI/ TPA	Number of Files Audited					# of AP's Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appeals	
			I	D	C	A	Total						Y	N
CNA Insurance / Brea	R	I&T	59	0	1	0	60	111	\$ 34,470	\$ 34,470	\$0	\$0		x
Crawford & Company / Colton	T	TPA	33	0	0	0	33	50	\$ 6,680	\$ 6,680	\$0	\$0		x
Liberty Mutual Helmsman / Orange	R	I&T	133	0	7	0	140	195	\$ 85,995	\$ 16,150	\$ 69,845	\$0		x
Macy's / Pasadena	R	SI	56	0	0	0	56	75	\$ 24,740	\$ 24,740	\$0	\$0		x
PTSC/MTA Risk Management / Los Angeles	R	SI	127	63	3	0	193	2283	\$ 476,409	\$ 3,025	\$473,384	\$0		x
Southern CA Risk Mgmt Assoc / Valencia	R	TPA	118	0	0	0	118	117	\$ 58,205	\$ 9,390	\$ 48,815	\$0		x
State Compensation Ins Fund / Glendale	R	INS	59	0	5	0	64	120	\$ 35,320	\$ 35,320	\$0	\$0		x
State Compensation Ins Fund / Santa Ana	R	INS	59	0	1	0	60	81	\$ 30,480	\$ 30,480	\$0	\$0		x
State Compensation (Contract) / Commerce	R	TPA	58	0	0	3	61	72	\$ 13,100	\$ 13,100	\$0	\$0		x
Tokio Marine Management, Inc / Pasadena	R	INS	56	0	0	0	56	70	\$ 31,045	\$ 31,045	\$0	\$0		x
Vons Companies / Arcadia	T	SI	131	0	1	0	132	240	\$ 74,840	\$ 22,560	\$ 52,280	\$0		x
TOTAL			889	63	18	3	973	3,414	\$ 871,284	\$ 226,960	\$ 644,324	\$0		

File type: I - Indemnity; D - Denied; C - Compliant; A - Additional

R - Routine	9
T - Target	2
TOTAL	11

INS - Insurer	3
SI - Self-Insured Employer	3
TPA - Third Party Administrator	3
I&T - Insurer & Third Party Administrator	2
TOTAL	11

Calendar Year 2005

Summary by Type of Audit

Penalty Assessments and Collections

ROUTINE AUDIT (by type of administrator)	# of Audits	Number of Files Audited					# of AP's Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
		I	D	C	A	Total						Y	N
Insurer	12	676	0	16	0	692	726	\$227,090	\$227,090	\$0	\$0		0
Self-insured Employer	8	460	63	3	0	526	2,679	\$583,854	\$100,125	\$483,729	\$0		0
Third-party Administrator	17	1,028	66	58	30	1,182	1,835	\$772,214	\$221,380	\$550,834	\$0		0
Insurer & TPA	4	387	0	30	0	417	561	\$211,255	\$85,875	\$125,380	\$0		0
Self-insured & TPA	1	123	0	0	0	123	177	\$54,185	\$14,255	\$39,930	\$0		0
TOTAL	42	2,674	129	107	30	2,940	5,978	1,848,598	648,725	1,199,873	0	0	0

TARGET AUDIT (by type of administrator)	# of Audits	Number of Files Audited					# of AP's Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
		I	D	C	A	Total						Y	N
Insurer	0	0	0	0	0	0	0	\$0	\$0	\$0	\$0		0
Self-insured Employer	1	131	0	1	0	132	240	\$74,840	\$22,560	\$52,280	\$0		0
Third-party Administrator	2	91	0	5	0	96	94	\$24,840	\$24,840	\$0	\$0		0
Insurer & TPA	0	0	0	0	0	0	0	\$0	\$0	\$0	\$0		0
Self-insured & TPA	0	0	0	0	0	0	0	\$0	\$0	\$0	\$0		0
TOTAL	3	222	0	6	0	228	334	\$99,680	\$47,400	\$52,280	\$0	0	0

TYPE OF AUDIT	# of Audits	Number of Files Audited					# of AP's Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
		I	D	C	A	Total						Y	N
Total Routine	42	2,674	129	107	30	2,940	5,978	\$1,848,598	\$648,725	\$1,199,873	\$0	0	0
Total Target	3	222	0	6	0	228	334	\$99,680	\$47,400	\$52,280	\$0	0	0
TOTAL	45	2,896	129	113	30	3,168	6,312	\$1,948,278	\$696,125	\$1,252,153	\$0	0	0

File type: I - Indemnity; D - Denied; C - Complaint; A - Additional

Penalty Assessments and Collections

INSURER	# of Audits	Number of Files Audited					# of AP's Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Audits Appealed	
		I	D	C	A	Total						Y	N
		Routine	12	676	0	16						0	692
Target	0	0	0	0	0	0	0	\$0	\$0	\$0	\$0		0
TOTAL	12	676	0	16	0	692	726	\$227,090	\$227,090	\$0	\$0	0	0

SELF-INSURED EMPLOYER	# of Audits	Number of Files Audited					# of AP's Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Audits Appealed	
		I	D	C	A	Total						Y	N
		Routine	8	460	63	3						0	526
Target	1	131	0	1	0	132	240	\$74,840	\$22,560	\$52,280	\$0		0
TOTAL	9	591	63	4	0	658	2,919	\$658,694	\$122,685	\$536,009	\$0	0	0

THIRD PARTY ADMINISTRATOR	# of Audits	Number of Files Audited					# of AP's Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Audits Appealed	
		I	D	C	A	Total						Y	N
		Routine	17	1,028	66	58						30	1,182
Target	2	91	0	5	0	96	94	\$24,840	\$24,840	\$0	\$0		0
TOTAL	19	1,119	66	63	30	1,278	1,929	\$797,054	\$246,220	\$550,834	\$0	0	0

File type: I - Indemnity; D - Denied; C - Complaint; A - Additional

Penalty Assessments and Collections

INSURER & THIRD PARTY ADMINISTRATOR	# of Audits	Number of Files Audited					# of AP's Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Audits Appealed	
		I	D	C	A	Total						Y	N
		Routine	4	387	0	30						0	417
Target	0	0	0	0	0	0	0	\$0	\$0	\$0	\$0		0
TOTAL	4	387	0	30	0	417	561	\$211,255	\$85,875	\$125,380	\$0	0	0

SELF-INSURED & THIRD PARTY ADMINISTRATOR	# of Audits	Number of Files Audited					# of AP's Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Audits Appealed	
		I	D	C	A	Total						Y	N
		Routine	1	123	0	0						0	123
Target	0	0	0	0	0	0	0	\$0	\$0	\$0	\$0		0
TOTAL	1	123	0	0	0	123	177	\$54,185	\$14,255	\$39,930	\$0	0	0

CLAIMS ADMINISTRATOR	# of Audits	Number of Files Audited					# of AP's Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Audits Appealed	
		I	D	C	A	Total						Y	N
		Insurer	12	676	0	16						0	692
Self-insured Employer	9	591	63	4	0	658	2919	\$658,694	\$122,685	\$536,009	\$0	0	0
Third-party Administrator	19	1119	66	63	30	1278	1929	\$797,054	\$246,220	\$550,834	\$0	0	0
Insurer & TPA	4	387	0	30	0	417	561	\$211,255	\$85,875	\$125,380	\$0		
Self-insured & TPA	1	123	0	0	0	123	177	\$54,185	\$14,255	\$39,930	\$0		
TOTAL	45	2896	129	113	30	3168	6312	\$1,948,278	\$696,125	\$1,252,153	\$0	0	0

File type: I - Indemnity; D - Denied; C - Complaint; A - Additional

Statewide Final Performance Rating of Randomly Selected Claims

45 Audits

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 480 divide by # claims with payable indem 2,909 = 0.16501

B. Average Amount of Unpaid Indemnity per Claim with Obligation to Pay Indemnity

Total unpd indem. = \$ 584,243.58 divide by # of claims with obligation to pay indem. 2,909
Avg Unpd Ind = \$ 200.84

C. Severity Rate

Avg Unpd Indem \$ 200.84 divide by avg unpd indem 2001-2003 of \$ 169.34 = 1.18602

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.16501 X Severity rate 1.18602 X modifier of 2
= 0.39140

2. FACTOR FOR LATE FIRST PAYMENT OF TEMPORARY DISABILITY OR FIRST NOTICE

# claims with late 1st TD	620	divide by # with TD payments	2,198	
# claims with late first SC notice	194	divide by # with salary continuation	520	
Totals	814	divide by	Totals 2,718	=
				0.29948

3. FACTOR FOR LATE FIRST PAYMENT OF PERMANENT DISABILITY, VRMA, AND DEATH BENEFITS

# claims with late first PD	234	divide by # with first PD	1,098	
# claims with late first VRMA	31	divide by # with first VRMA	283	
# claims with late first DB	0	divide by # with first DB paid	4	
Totals	265	divide by	Totals 1,385	=
				0.19134

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 498 divide by # with subsequent payments 1,892 = 0.26321

5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION

# claims with AME/QME notice violations	557	divide by # requiring notices	2,110	
# claims with VR potential eligibility notice violations	308	divide by # requiring notices	542	
Totals	865		Totals 2,652	
				=
				0.32617

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2005 1.47160

Profile Audit Review Performance Rating of 1.76446 or greater is a failing score.

Statewide Final Performance Rating of Randomly Selected Claims

Findings for the 35 Audits that

Met or Exceeded the PAR Performance Rating of 1.76446

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY					
<u>A. Frequency Rate</u>					
# claims with unpd indem	232	divide by # claims with payable indem	1,808	=	0.12832
<u>B. Average Amount of Unpaid Indemnity per Claim with Obligation to Pay Indemnity</u>					
Total unpd indem. =	\$ 170,997.49	divide by	# of claims with obligation to pay indem.		1,808
			Avg Unpd Ind =		\$ 94.58
<u>C. Severity Rate</u>					
Avg Unpd Indem	\$ 94.58	divide by avg unpd indem 2001-2003 of	\$ 169.34	=	0.55851
<u>D. Factor for Failure to pay Undisputed Accrued Indemnity</u>					
Frequency rate	0.12832	X	Severity rate	0.55851	X
			modifier of	2	
			=		0.14333
2. FACTOR FOR LATE FIRST PAYMENT OF TEMPORARY DISABILITY OR FIRST NOTICE					
# claims with late 1st TD	341	divide by # with TD payments	1,372		
# claims with late first SC notice	102	divide by # with salary continuation	312		
Totals	443	divide by	Totals	1,684	=
					0.26306
3. FACTOR FOR LATE FIRST PAYMENT OF PERMANENT DISABILITY, VRMA, AND DEATH BENEFITS					
# claims with late first PD	119	divide by # with first PD	680		
# claims with late first VRMA	16	divide by # with first VRMA	169		
# claims with late first DB	0	divide by # with first DB paid	4		
Totals	135	divide by	Totals	853	=
					0.15826
4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS					
# claims with late subsequent payments	256	divide by # with subsequent payments	1,173	=	
					0.21824
5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION					
# claims with AME/QME notice violations	315	divide by # requiring notices	1,305		
# claims with VR potential eligibility notice violations	166	divide by # requiring notices	324		
Totals	481		Totals	1,629	
				=	0.29527
PROFILE AUDIT REVIEW PERFORMANCE RATING - 2005					1.07818
Profile Audit Review Performance Rating of 1.76446 or greater is a failing score.					

Full Compliance Audit Performance Rating of Randomly Selected Claims

Findings for the 8 Audits that

Met or Exceeded the FCA-Stage 1 Performance Rating of 2.47632

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY									
<u>A. Frequency Rate</u>									
# claims with unpd indem	159	divide by # claims with payable indem	828	=	0.19203				
<u>B. Average Amount of Unpaid Indemnity per Claim with Obligation to Pay Indemnity</u>									
Total unpd indem =	\$ 246,072.85	divide by	# of claims with obligation to pay indem.	828					
			Avg Unpd Ind =	\$ 297.19					
<u>C. Severity Rate</u>									
Avg Unpd Ind.	\$ 297.19	divide by avg unpd indem 2001-2003 of	\$ 169.34	=	1.75499				
<u>D. Factor for Failure to pay Undisputed Accrued Indemnity</u>									
Frequency rate	0.19203	X	Severity rate	1.75499	X	modifier of	2	=	0.67402
2. FACTOR FOR LATE FIRST PAYMENT OF TEMPORARY DISABILITY OR FIRST NOTICE									
# claims with late 1st TD	167	divide by # with TD payments	587						
# claims with late first SC notice	87	divide by # with salary continuation	198						
Totals	254	divide by	Totals	785	=				0.32357
3. FACTOR FOR LATE FIRST PAYMENT OF PERMANENT DISABILITY, VRMA, AND DEATH BENEFITS									
# claims with late first PD	84	divide by # with first PD	316						
# claims with late first VRMA	12	divide by # with first VRMA	86						
# claims/late first death benefits	0	divide by # with first death ben paid	0						
Totals	96	divide by	Totals	402	=				0.23881
4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS									
# claims with late subseq payments	191	divide by # with subseq payments	533	=					0.35835
5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION									
# claims with AME/QME notice violations	150	divide by # requiring notices	601						
# claims with VR potential eligibilty notice violations	92	divide by # requiring notices	148						
Totals	242		Totals	749	=				0.32310
FULL COMPLIANCE AUDIT PERFORMANCE RATING - 2005									1.91784
Full Compliance Audit Performance Rating of indemnity files of 2.47632 or greater is a failing score.									

Full Compliance Audit Performance Rating of Randomly Selected Claims

Findings for the 2 Audits that Failed to

Meet or Exceed the FCA-Stage 1 Performance Rating of 2.47632

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

<u>A. Frequency Rate</u>							
# claims with unpd indem	92	divide by	# claims with payable indem	263	=		0.34981
<u>B. Average Amount of Unpaid Indemnity per Claim with Obligation to Pay Indemnity</u>							
Total unpd indem =	\$ 195,214.96	divide by	# of claims with obligation to pay indem.	263			
			Avg Unpd Ind =	\$ 742.26			
<u>C. Severity Rate</u>							
Avg Unpd Ind.	\$ 742.26	divide by	avg unpd indem 2001-2003 of	\$ 169.34	=		4.38327
<u>D. Factor for Failure to pay Undisputed Accrued Indemnity</u>							
Frequency rate	0.34981	X	Severity rate	4.38327	X	modifier of	2
					=		3.06662

2. FACTOR FOR LATE FIRST PAYMENT OF TEMPORARY DISABILITY OR FIRST NOTICE

# claims with late 1st TD	114	divide by	# with TD payments	234			
# claims with late first SC notice	5	divide by	# with salary continuation	10			
Totals	119	divide by	Totals	244	=		0.48770

3. FACTOR FOR LATE FIRST PAYMENT OF PERMANENT DISABILITY, VRMA, AND DEATH BENEFITS

# claims with late first PD	31	divide by	# with first PD	95			
# claims with late first VRMA	2	divide by	# with first VRMA	24			
# claims/late first death benefits	0	divide by	# with first death ben paid	0			
Totals	33	divide by	Totals	119	=		0.27731

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

# claims with late subseq payments	50	divide by	# with subseq payments	180	=		0.27778
------------------------------------	----	-----------	------------------------	-----	---	--	----------------

5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION

# claims with AME/QME notice violations	90	divide by	# requiring notices	196			
# claims with VR potential eligibilty notice violations	49	divide by	# requiring notices	66			
Totals	139		Totals	262	=		0.53053

FULL COMPLIANCE AUDIT PERFORMANCE RATING - 2005 **4.63995**

Full Compliance Audit Performance Rating of indemnity files of 2.47632 or greater is a failing score.

Full Compliance Audit Performance Rating of Randomly Selected Claims

2 Audits

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate
 # claims with unpd indem: 89 divide by # claims with payable indem 273 = 0.32601

B. Average Amount of Unpaid Indemnity per Claim with Obligation to Pay Indemnity
 Total unpd indem = \$ 167,173.24 divide by # of claims with obligation to pay indem. 273
 Avg Unpd Ind = \$ 612.36

C. Severity Rate
 Avg Unpd Ind. \$ 612.36 divide by avg unpd indem 2001-2003 of \$ 169.34 = 3.61613

D. Factor for Failure to pay Undisputed Accrued Indemnity
 Frequency rate 0.32601 X Severity rate 3.61613 X modifier of 2
 = 2.35777

2. FACTOR FOR LATE FIRST PAYMENT OF TEMPORARY DISABILITY OR FIRST NOTICE

# claims with late 1st TD	112	divide by # with TD payments	239	
# claims with late first SC notice	5	divide by # with salary continuation	10	
Totals	117	divide by	Totals 249	=
				0.46988

3. FACTOR FOR LATE FIRST PAYMENT OF PERMANENT DISABILITY, VRMA, AND DEATH BENEFITS

# claims with late first PD	31	divide by # with first PD	102	
# claims with late first VRMA	3	divide by # with first VRMA	28	
# claims/late first death benefits	0	divide by # with first death ben paid	0	
Totals	34	divide by	Totals 130	=
				0.26154

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subseq payments 51 divide by # with subseq payments 186 = 0.27419

5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION

# claims with AME/QME notice violations	92	divide by # requiring notices	204	
# claims with VR potential eligibilty notice violations	50	divide by # requiring notices	70	
Totals	142		Totals 274	
				= 0.51825

FULL COMPLIANCE AUDIT PERFORMANCE RATING - 2005 3.88163

Full Compliance Audit Performance Rating for indemnity and denied files of 2.47632 or greater is a failing score.

Calendar Year 2005

Statewide Exhibit 2

**Notices of Compensation Due
Statewide Summary**

	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty interest, or other	Total	# of Notices
No. California	\$101,847.29	\$159,009.32	\$39,819.59	\$44,225.02	\$0.00	\$5,079.82	\$349,981.04	312
So. California	\$113,225.41	\$96,073.34	\$35,766.37	\$28,235.54	\$0.00	\$64.38	\$273,365.04	186
TOTAL	\$215,072.70	\$255,082.66	\$75,585.96	\$72,460.56	\$0.00	\$5,144.20	\$623,346.08	498

Type of Administrative Penalty Cited

Item #	Nature of Violation by Category
• 1	Late first payment of temporary disability indemnity benefits.
• 2	Late first payment of permanent disability indemnity benefits.
• 3	Late first payment of vocational rehabilitation indemnity benefits.
• 4	Late subsequent payment of indemnity benefits.
• 5	Late first payment of death benefits indemnity benefits.
6	Failure to issue benefit notices other than specific notices for vocational rehabilitation and for denial of injury.
• 7	Late provision of benefit notices other than specific notices for vocational rehabilitation and notices for denial of injury.
8	Failure to pay or object to medical expenses within specific timeframe including payment of interest and increase.
9	Failure to pay or object to medical-legal expenses within specific time frame including payment of interest and increase.
10	Failure to pay or object to vocational rehabilitation expenses within specific time frame.
11	Failure to timely assign a qualified rehabilitation representative to an employee after 90 aggregate days of total temporary disability for injuries prior to 1/1/94.
12	Failure to notify an injured employee in a timely manner of vocational rehabilitation information as required after 90 aggregate days of total temporary disability for injuries 1/1/94 through 12/31/03.
13	Failure to notify an injured employee in a timely manner of potential eligibility for vocational rehabilitation as required for injuries through 12/31/03.
14	Failure to notify an injured employee in a timely manner of non-eligibility for vocational rehabilitation as required.
15	Failure to notify an injured employee in a timely manner of the procedure to evaluate permanent disability as required.
16	Failure to provide notices denying all liability or death benefits as required.
17	Failure to timely respond to a request to provide or authorize medical treatment.
• 18a	Failure to pay any temporary disability indemnity benefit or salary continuation in lieu of temporary disability indemnity.
• 18b	Failure to pay any permanent disability indemnity benefit.
• 18c	Failure to pay any vocational rehabilitation indemnity benefit.
• 18d	Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.
• 18e	Failure to pay any indemnity as ordered by the Workers' Compensation Appeals Board (WCAB) or as ordered by the Rehabilitation Unit.
• 18f	Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay any death benefits.
19	Failure to include specific items or properly designate entries on a claim log.
20a	Materially incomplete or inaccurate benefit notices including denial for all liability, other than specific vocational rehabilitation notices.
20b	Failure to investigate.
20c	Late payment of WCAB Orders or Awards or Rehabilitation Unit Orders for late payment of attorney fees and issues other than late payment of indemnity.
20d	Other penalties for failure to comply with any regulation of the Administrative Director not otherwise assessed.
21	Unsupported denial of all liability for a claim.

- Items audited during Profile Audit Review and Full Compliance Audit – Stage 1.

Statewide Summary of Penalties

Cited by Type of Penalty

Item	# Times Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due
1	687	\$ 263,143	\$ 122,660	\$ 140,483	\$ -
2	250	\$ 106,197	\$ 47,330	\$ 58,867	\$ -
3	31	\$ 14,145	\$ 4,525	\$ 9,620	\$ -
4	1,078	\$ 219,306	\$ 110,295	\$ 109,011	\$ -
5	0	\$ -	\$ -	\$ -	\$ -
6	230	\$ 33,200	\$ 200	\$ 33,000	\$ -
7	388	\$ 23,780	\$ 9,670	\$ 14,110	\$ -
8	1,465	\$ 325,100	\$ -	\$ 325,100	\$ -
9	30	\$ 8,730	\$ -	\$ 8,730	\$ -
10	6	\$ 375	\$ -	\$ 375	\$ -
11	0	\$ -	\$ -	\$ -	\$ -
12	33	\$ 16,045	\$ -	\$ 16,045	\$ -
13	332	\$ 120,252	\$ 90,200	\$ 30,052	\$ -
14	5	\$ 2,060	\$ -	\$ 2,060	\$ -
15	569	\$ 227,360	\$ 172,300	\$ 55,060	\$ -
16	5	\$ 1,220	\$ -	\$ 1,220	\$ -
17	0	\$ -	\$ -	\$ -	\$ -
18a	299	\$ 214,090	\$ 62,450	\$ 151,640	\$ -
18b	99	\$ 97,580	\$ 26,320	\$ 71,260	\$ -
18c	18	\$ 41,300	\$ 10,500	\$ 30,800	\$ -
18d	396	\$ 60,695	\$ 21,475	\$ 39,220	\$ -
18e	14	\$ 20,000	\$ 16,700	\$ 3,300	\$ -
18f	10	\$ 5,600	\$ 1,500	\$ 4,100	\$ -
19	30	\$ 2,590	\$ -	\$ 2,590	\$ -
20a	34	\$ 1,280	\$ -	\$ 1,280	\$ -
20b	4	\$ 9,400	\$ -	\$ 9,400	\$ -
20c	11	\$ 42,000	\$ -	\$ 42,000	\$ -
20d	282	\$ 38,230	\$ -	\$ 38,230	\$ -
21	6	\$ 54,600	\$ -	\$ 54,600	\$ -
TOTAL	6,312	\$ 1,948,278	\$ 696,125	\$ 1,252,153	\$ -

Administrative penalties waived pursuant to Labor Code Section 129.5 (c) and regulatory authority.

2005 Individual Exhibits
by Audit Subject

Individual Performance Ratings of Randomly Selected Claims

- | | | |
|--------------|---------------------------------|-------|
| ➤ Exhibit 1A | Profile Audit Review | PAR |
| ➤ Exhibit 1B | Full Compliance Audit – Stage 1 | FCA-1 |
| ➤ Exhibit 1C | Full Compliance Audit – Stage 2 | FCA-2 |

Exhibit 2 Individual Notices of Compensation Due

Individual Exhibits of Penalties Cited

- | | |
|-----------------|---|
| ➤ Exhibit 3 Key | Explanation of Administrative Penalty Cited - See Narrative for Statewide Exhibit 3 Key |
| ➤ Exhibit 3 | Individual Summary of Penalties Cited by Type |

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: SFO-03-05-R3-5

Subject: AIG Domestic Claims, Inc

Location: San Ramon

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 15 divide by # claims with payable indem 59 = 0.25424

B. Average Amount of Unpaid Indemnity per Claim with Obligation to Pay Indemnity

Total unpd indem. = \$ 24,967.55 divide by # of claims with obligation to pay indem. 59
Avg Unpd Ind = \$ 423.18

C. Severity Rate

Avg Unpd Indem \$ 423.18 divide by avg unpd indem 2001-2003 of \$169.34 = 2.49899

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.25424 X Severity rate 2.49899 X modifier of 2
= 1.27067

2. FACTOR FOR LATE FIRST PAYMENT OF TEMPORARY DISABILITY OR FIRST NOTICE

# claims with late 1st TD	31	divide by # with TD payments	55	
# claims with late first SC notice	2	divide by # with salary continuation	2	
Totals	33	divide by	Totals 57	=

0.57895

3. FACTOR FOR LATE FIRST PAYMENT OF PERMANENT DISABILITY, VRMA, AND DEATH BENEFITS

# claims with late first PD	2	divide by # with first PD	11	
# claims with late first VRMA	1	divide by # with first VRMA	6	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	3	divide by	Totals 17	=

0.17647

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 4 divide by # with subsequent payments 36 =
0.11111

5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION

# claims with AME/QME notice violations	13	divide by # requiring notices	39	
# claims with VR potential eligibility notice violations	7	divide by # requiring notices	9	
Totals	20		Totals 48	

= 0.41667

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2005 2.55387

Profile Audit Review Performance Rating of 1.76446 or greater is a failing score.

Full Compliance Audit Performance Rating of Randomly Selected Claims

Audit No: SFO-03-05-R3-5

Subject: AIG Domestic Claims, Inc.

Location: San Ramon

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd inden 37 divide by # claims with payable indem 136 = 0.27206

B. Average Amount of Unpaid Indemnity per Claim with Obligation to Pay Indemnity

Total unpd indem = \$ 62,680.73 divide by # of claims with obligation to pay indem. 136
Avg Unpd Ind = \$ 460.89

C. Severity Rate

Avg Unpd Ind. \$ 460.89 divide by avg unpd indem 2001-2003 of \$169.34 = 2.72167

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.27206 X Severity rate 2.72167 X modifier of 2
= 1.48091

2. FACTOR FOR LATE FIRST PAYMENT OF TEMPORARY DISABILITY OR FIRST NOTICE

# claims with late 1st TD	59	divide by # with TD payments	119	
# claims with late first SC notice	5	divide by # with salary continuation	10	
Totals	64	divide by	Totals 129	=
				0.49612

3. FACTOR FOR LATE FIRST PAYMENT OF PERMANENT DISABILITY, VRMA, AND DEATH BENEFITS

# claims with late first PD	12	divide by # with first PD	37	
# claims with late first VRMA	1	divide by # with first VRMA	15	
# claims/late first death benefits	0	divide by # with first death ben paid	0	
Totals	13	divide by	Totals 52	=
				0.25000

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subseq payments 11 divide by # with subseq payments 89 = 0.12360

5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION

# claims with AME/QME notice violations	34	divide by # requiring notices	95	
# claims with VR potential eligibilty notice violations	25	divide by # requiring notices	30	
Totals	59		Totals 125	
				= 0.47200

FULL COMPLIANCE AUDIT PERFORMANCE RATING - 2005 2.82263

Full Compliance Audit Performance Rating of indemnity files of 2.47632 or greater is a failing score.

Full Compliance Audit Performance Rating of Randomly Selected Claims

Audit No: SFO-03-05-R3-5

Subject: AIG Domestic Claims, Inc.

Location: San Ramon

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 38 divide by # claims with payable indem 140 = 0.27143

B. Average Amount of Unpaid Indemnity per Claim with Obligation to Pay Indemnity

Total unpd indem = \$ 59,981.90 divide by # of claims with obligation to pay indem. 140
 Avg Unpd Ind = \$ 428.44

C. Severity Rate

Avg Unpd Ind. \$ 428.44 divide by avg unpd indem 2001-2003 of \$ 169.34 = 2.53007

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.27143 X Severity rate 2.53007 X modifier of 2
 = 1.37347

2. FACTOR FOR LATE FIRST PAYMENT OF TEMPORARY DISABILITY OR FIRST NOTICE

# claims with late 1st TD	61	divide by # with TD payments	120	
# claims with late first SC notice	5	divide by # with salary continuation	10	
Totals	66	divide by	Totals	130
				=
				0.50769

3. FACTOR FOR LATE FIRST PAYMENT OF PERMANENT DISABILITY, VRMA, AND DEATH BENEFITS

# claims with late first PD	12	divide by # with first PD	38	
# claims with late first VRMA	2	divide by # with first VRMA	15	
# claims/late first death benefits	0	divide by # with first death ben paid	0	
Totals	14	divide by	Totals	53
				=
				0.26415

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subseq payments 11 divide by # with subseq payments 92 = 0.11957

5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION

# claims with AME/QME notice violations	34	divide by # requiring notices	97	
# claims with VR potential eligibilty notice violations	25	divide by # requiring notices	31	
Totals	59		Totals	128
				=
				0.46094

FULL COMPLIANCE AUDIT PERFORMANCE RATING - 2005 2.72581

Full Compliance Audit Performance Rating for indemnity and denied files of 2.47632 or greater is a failing score

Calendar Year: 2005
Notices of Compensation Due

Audit No: SFO-03-05-R3-5

Subject: AIG Domestic Claims, Inc.

Location: San Ramon

Type: TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$550.28						\$550.28
2	\$6,411.75						\$6,411.75
3	\$210.00			\$70.00			\$280.00
4	\$137.13						\$137.13
5				\$467.34			\$467.34
6	\$312.00			\$31.20			\$343.20
7	\$657.37						\$657.37
8				\$327.15			\$327.15
9			\$7,333.12				\$7,333.12
10	\$1,364.22			\$125.13			\$1,489.35
11	\$77.28						\$77.28
12				\$98.00			\$98.00
13				\$133.67			\$133.67
14		\$2,520.00		\$252.00			\$2,772.00
15	\$1,062.90					\$106.91	\$1,169.81
16		\$72.76					\$72.76
17		\$851.01		\$85.10			\$936.11
18				\$128.00			\$128.00
19				\$280.66			\$280.66
20				\$226.82			\$226.82
21				\$683.49			\$683.49
SUBTOTAL	\$10,782.93	\$3,443.77	\$7,333.12	\$2,908.56	\$0.00	\$106.91	\$24,575.29

Calendar Year: 2005
Notices of Compensation Due

Audit No: SFO-03-05-R3-5

Subject: AIG Domestic Claims, Inc.

Location: San Ramon

Type: TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty interest, or other	Total
22		\$400.40	\$3,690.00	\$40.04			\$4,130.44
23	\$20.25						\$20.25
24	\$86.37						\$86.37
25	\$278.40						\$278.40
26	\$266.21	\$4,757.14		\$502.33			\$5,525.68
27	\$3,430.00		\$8,080.00				\$11,510.00
28	\$154.42						\$154.42
29		\$3,265.72					\$3,265.72
30	\$1,247.99			\$131.10			\$1,379.09
31				\$236.40			\$236.40
32		\$3,300.00					\$3,300.00
33			\$530.29				\$530.29
34	\$946.38			\$94.64			\$1,041.02
35		\$158.57		\$15.86			\$174.43
36	\$276.05	\$40.07		\$2.17			\$318.29
37	\$107.67			\$10.77			\$118.44
38	\$172.00	\$2,907.15		\$365.13			\$3,444.28
39	\$35.51						\$35.51
40						\$531.94	\$531.94
41	\$6,670.77	\$194.26		\$399.31			\$7,264.34
42	\$95.40					\$3.63	\$99.03
Page 2 SUBTOTAL	\$13,787.42	\$15,023.31	\$12,300.29	\$1,797.75	\$0.00	\$535.57	\$43,444.34
Page 1 SUBTOTAL	\$10,782.93	\$3,443.77	\$7,333.12	\$2,908.56	\$0.00	\$106.91	\$24,575.29
Pages 1 & 2 SUBTOTAL	\$24,570.35	\$18,467.08	\$19,633.41	\$4,706.31	\$0.00	\$642.48	\$68,019.63

Calendar Year: 2005
Notices of Compensation Due

Individual Exhibit 2
Page 3 of 3

Audit No: SFO-03-05-R3-5

Subject: AIG Domestic Claims, Inc.

Location: San Ramon

Type: TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty interest, or other	Total
43				\$1,126.00			\$1,126.00
44	\$87.76			\$8.78			\$96.54
45	\$880.20	\$6,654.29	\$575.57	\$932.57			\$9,042.63
46	\$58.55						\$58.55
47		\$1,475.42				\$328.79	\$1,804.21
Page 3 SUBTOTAL	\$1,026.51	\$8,129.71	\$575.57	\$2,067.35	\$0.00	\$328.79	\$12,127.93
Pages 1 & 2 SUBTOTAL	\$24,570.35	\$18,467.08	\$19,633.41	\$4,706.31	\$0.00	\$642.48	\$68,019.63
TOTAL	\$25,596.86	\$26,596.79	\$20,208.98	\$6,773.66	\$0.00	\$971.27	\$80,147.56

Calendar Year: 2005

Individual Exhibit 3

Penalty Assessments and Collections

Files Audited:	280
Indemnity	136
Medical Only	0
Denied	66
Complaints	51
Additional	27

Audit No: SFO-03-05-R3-5

Subject: AIG Domestic Claims, Inc.

Location: San Ramon

Type: TPA

Item #	# of Times Cited	Total \$ Penalties Assessable	Total Penalties Waived	Total \$ Amount Collected*	Balance \$ Due	Appealed	
						Yes	No
1	67	\$49,369	\$0	\$49,369	\$0		x
2	17	\$9,395	\$0	\$9,395	\$0		x
3	3	\$1,920	\$0	\$1,920	\$0		x
4	38	\$13,672	\$595	\$13,077	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	78	\$15,360	\$0	\$15,360	\$0		x
7	90	\$7,513	\$0	\$7,513	\$0		x
8	225	\$92,445	\$0	\$92,445	\$0		x
9	12	\$5,260	\$0	\$5,260	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	15	\$7,985	\$0	\$7,985	\$0		x
13	37	\$20,300	\$0	\$20,300	\$0		x
14	1	\$500	\$0	\$500	\$0		x
15	42	\$24,300	\$0	\$24,300	\$0		x
16	3	\$840	\$0	\$840	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	30	\$22,920	\$0	\$22,920	\$0		x
18 b	12	\$21,790	\$0	\$21,790	\$0		x
18 c	3	\$16,000	\$0	\$16,000	\$0		x
18 d	24	\$6,075	\$0	\$6,075	\$0		x
18 e	2	\$600	\$0	\$600	\$0		x
18 f	3	\$1,100	\$0	\$1,100	\$0		x
19	29	\$2,450	\$0	\$2,450	\$0		x
20 a	9	\$525	\$0	\$525	\$0		x
20 b	1	\$1,000	\$0	\$1,000	\$0		x
20 c	10	\$41,500	\$0	\$41,500	\$0		x
20 d	16	\$6,680	\$0	\$6,680	\$0		x
21	5	\$50,400	\$0	\$50,400	\$0		x
TOTAL	772	\$419,899	\$595	\$419,304	\$0		

Administrative penalties waived pursuant to Labor Code Section 129.5(c) and regulatory authority.

*Administrative penalties modified by factor of X.X pursuant to Labor Code§129.5(c) and 8CCR§10111.2(c)(7).

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: OAK-02-05-R1-1

Subject: Alaska National Insurance Company

Location: Seattle, WA

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 3 divide by # claims with payable indem 53 = 0.05660

B. Average Amount of Unpaid Indemnity per Claim with Obligation to Pay Indemnity

Total unpd indem. = \$ 185.67 divide by # of claims with obligation to pay indem. 53
Avg Unpd Ind = \$ 3.50

C. Severity Rate

Avg Unpd Indem \$ 3.50 divide by avg unpd indem 2001-2003 of \$ 169.34 = 0.02069

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.05660 X Severity rate 0.02069 X modifier of 2
= 0.00234

2. FACTOR FOR LATE FIRST PAYMENT OF TEMPORARY DISABILITY OR FIRST NOTICE

# claims with late 1st TD	11	divide by # with TD payments	52	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	11	divide by	Totals 52	=
				0.21154

3. FACTOR FOR LATE FIRST PAYMENT OF PERMANENT DISABILITY, VRMA, AND DEATH BENEFITS

# claims with late first PD	4	divide by # with first PD	20	
# claims with late first VRMA	1	divide by # with first VRMA	9	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	5	divide by	Totals 29	=
				0.17241

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 10 divide by # with subsequent payments 34 = 0.29412

5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION

# claims with AME/QME notice violations	8	divide by # requiring notices	38	
# claims with VR potential eligibility notice violations	3	divide by # requiring notices	10	
Totals	11	Totals	48	
				= 0.22917

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2005 0.90958

Profile Audit Review Performance Rating of 1.76446 or greater is a failing score.

Calendar Year: 2005
Notices of Compensation Due

Individual Exhibit 2

Audit No: OAK-02-05-R1-1

Subject: Alaska National Insurance Company

Location: Seattle, WA

Type: INS

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1				\$57.18			\$57.18
2	\$27.72			\$2.77			\$30.49
3				\$98.00			\$98.00
TOTAL	\$27.72	\$0.00	\$0.00	\$157.95	\$0.00	\$0.00	\$185.67

Calendar Year: 2005

Individual Exhibit 3

Penalty Assessments and Collections

Files Audited:	53
Indemnity	53
Medical Only	0
Denied	0
Complaints	0
Additional	0

Audit No: OAK-02-05-R1-1

Subject: Alaska National Insurance Company

Location: Seattle, WA

Type: INS

Item #	# of Times Cited	Total \$ Penalties Assessable	Total Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	11	\$675	\$675	\$0	\$0		x
2	4	\$2,675	\$2,675	\$0	\$0		x
3	1	\$75	\$75	\$0	\$0		x
4	22	\$2,220	\$2,220	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	0	\$0	\$0	\$0	\$0		x
8	0	\$0	\$0	\$0	\$0		x
9	0	\$0	\$0	\$0	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	0	\$0	\$0	\$0	\$0		x
13	3	\$1,000	\$1,000	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	8	\$2,200	\$2,200	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	1	\$100	\$100	\$0	\$0		x
18 b	0	\$0	\$0	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	2	\$75	\$75	\$0	\$0		x
18 e	0	\$0	\$0	\$0	\$0		x
18 f	0	\$0	\$0	\$0	\$0		x
19	0	\$0	\$0	\$0	\$0		x
20 a	0	\$0	\$0	\$0	\$0		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	0	\$0	\$0	\$0	\$0		x
20 d	0	\$0	\$0	\$0	\$0		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	52	\$9,020	\$9,020	\$0	\$0		

Administrative penalties waived pursuant to Labor Code Section 129.5(c) and regulatory authority.

Calendar Year: 2005
Notices of Compensation Due

Individual Exhibit 2

Audit No: SAC-14-05-R1-5

Subject: Alternative Services Concepts

Location: Citrus Heights

Type: TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$11.56						\$11.56
2	\$247.82			\$24.78			\$272.60
3	\$118.51						\$118.51
4	\$52.63			\$2.63			\$55.26
5		\$1,560.00					\$1,560.00
6		\$2,600.00		\$260.00			\$2,860.00
TOTAL	\$430.52	\$4,160.00	\$0.00	\$287.41	\$0.00	\$0.00	\$4,877.93

Calendar Year: 2005

Individual Exhibit 3

Penalty Assessments and Collections

Files Audited:	50
Indemnity	50
Medical Only	0
Denied	0
Complaints	0
Additional	0

Audit No: SAC-14-05-R1-5

Subject: Alternative Services Concepts

Location: Citrus Heights Type: TPA

Item #	# of Times Cited	Total \$ Penalties Assessable	Total Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	13	\$1,250	\$1,250	\$0	\$0		x
2	4	\$510	\$510	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	11	\$925	\$925	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	7	\$355	\$355	\$0	\$0		x
8	0	\$0	\$0	\$0	\$0		x
9	0	\$0	\$0	\$0	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	0	\$0	\$0	\$0	\$0		x
13	3	\$900	\$900	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	4	\$1,600	\$1,600	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	4	\$1,400	\$1,400	\$0	\$0		x
18 b	2	\$1,600	\$1,600	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	0	\$0	\$0	\$0	\$0		x
18 e	0	\$0	\$0	\$0	\$0		x
18 f	0	\$0	\$0	\$0	\$0		x
19	0	\$0	\$0	\$0	\$0		x
20 a	0	\$0	\$0	\$0	\$0		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	0	\$0	\$0	\$0	\$0		x
20 d	0	\$0	\$0	\$0	\$0		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	48	\$8,540	\$8,540	\$0	\$0		

Administrative penalties waived pursuant to Labor Code Section 129.5(c) and regulatory authority.

Calendar Year: 2005
Notices of Compensation Due

Individual Exhibit 2

Audit No: SFO-11-05-R1-5

Subject: Athens Administrators

Location: Concord

Type: TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1		\$131.10					\$131.10
2	\$62.95			\$6.29			\$69.24
3				\$108.48			\$108.48
TOTAL	\$62.95	\$131.10	\$0.00	\$114.77	\$0.00	\$0.00	\$308.82

Calendar Year: 2005

Individual Exhibit 3

Penalty Assessments and Collections

Files Audited:	59
Indemnity	58
Medical Only	0
Denied	0
Complaints	1
Additional	0

Audit No: SFO-11-05-R1-5

Subject: Athens Administrators

Location: Concord

Type: TPA

Item #	# of Times Cited	Total \$ Penalties Assessable	Total Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	8	\$3,500	\$3,500	\$0	\$0		x
2	1	\$1,200	\$1,200	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	5	\$1,150	\$1,150	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	3	\$125	\$125	\$0	\$0		x
8	0	\$0	\$0	\$0	\$0		x
9	0	\$0	\$0	\$0	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	0	\$0	\$0	\$0	\$0		x
13	4	\$1,400	\$1,400	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	11	\$3,100	\$3,100	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	1	\$100	\$100	\$0	\$0		x
18 b	1	\$320	\$320	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	1	\$200	\$200	\$0	\$0		x
18 e	0	\$0	\$0	\$0	\$0		x
18 f	0	\$0	\$0	\$0	\$0		x
19	0	\$0	\$0	\$0	\$0		x
20 a	0	\$0	\$0	\$0	\$0		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	0	\$0	\$0	\$0	\$0		x
20 d	0	\$0	\$0	\$0	\$0		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	35	\$11,095	\$11,095	\$0	\$0		

Administrative penalties waived pursuant to Labor Code Section 129.5(c) and regulatory authority.

Calendar Year: 2005
Notices of Compensation Due

Individual Exhibit 2

Audit No: SAC-17-05-R1-6

Subject: California Fair Services Authority

Location: Sacramento

Type: SI

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$133.34						\$133.34
2				\$54.00			\$54.00
3	\$119.16						\$119.16
4	\$360.00			\$15.42			\$375.42
5	\$205.72			\$0.82			\$206.54
6	\$113.67			\$11.37			\$125.04
7	\$65.03			\$6.50			\$71.53
8	\$46.01						\$46.01
9	\$2,912.25			\$291.23			\$3,203.48
TOTAL	\$3,955.18	\$0.00	\$0.00	\$379.34	\$0.00	\$0.00	\$4,334.52

Calendar Year: 2005

Individual Exhibit 3

Penalty Assessments and Collections

Files Audited:	49
Indemnity	49
Medical Only	0
Denied	0
Complaints	0
Additional	0

Audit No: SAC-17-05-R1-6

Subject: California Fair Services Authority

Location: Sacramento

Type: SI

Item #	# of Times Cited	Total \$ Penalties Assessable	Total Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	8	\$1,525	\$1,525	\$0	\$0		x
2	5	\$1,090	\$1,090	\$0	\$0		x
3	1	\$100	\$100	\$0	\$0		x
4	15	\$6,265	\$6,265	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	3	\$100	\$100	\$0	\$0		x
8	0	\$0	\$0	\$0	\$0		x
9	0	\$0	\$0	\$0	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	0	\$0	\$0	\$0	\$0		x
13	3	\$1,300	\$1,300	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	11	\$3,700	\$3,700	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	8	\$3,500	\$3,500	\$0	\$0		x
18 b	0	\$0	\$0	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	2	\$350	\$350	\$0	\$0		x
18 e	0	\$0	\$0	\$0	\$0		x
18 f	0	\$0	\$0	\$0	\$0		x
19	0	\$0	\$0	\$0	\$0		x
20 a	0	\$0	\$0	\$0	\$0		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	0	\$0	\$0	\$0	\$0		x
20 d	0	\$0	\$0	\$0	\$0		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	56	\$17,930	\$17,930	\$0	\$0		

Administrative penalties waived pursuant to Labor Code Section 129.5(c) and regulatory authority.

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: OAK-04-05-R1-1

Subject: Church Mutual Insurance Company

Location: Merrill, WI

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 5 divide by # claims with payable indem 49 = 0.10204

B. Average Amount of Unpaid Indemnity per Claim with Obligation to Pay Indemnity

Total unpd indem. = \$ 1,543.74 divide by # of claims with obligation to pay indem. 49
 Avg Unpd Ind = \$ 31.50

C. Severity Rate

Avg Unpd Indem \$ 31.50 divide by avg unpd indem 2001-2003 of \$ 169.34 = 0.18605

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.10204 X Severity rate 0.18605 X modifier of 2
 = 0.03797

2. FACTOR FOR LATE FIRST PAYMENT OF TEMPORARY DISABILITY OR FIRST NOTICE

# claims with late 1st TD	17	divide by # with TD payments	37	
# claims with late first SC notice	2	divide by # with salary continuation	3	
Totals	19	divide by	Totals 40	=
				0.47500

3. FACTOR FOR LATE FIRST PAYMENT OF PERMANENT DISABILITY, VRMA, AND DEATH BENEFITS

# claims with late first PD	4	divide by # with first PD	23	
# claims with late first VRMA	1	divide by # with first VRMA	1	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	5	divide by	Totals 24	=
				0.20833

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 13 divide by # with subsequent payments 37 = 0.35135

5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION

# claims with AME/QME notice violations	13	divide by # requiring notices	28	
# claims with VR potential eligibility notice violations	2	divide by # requiring notices	5	
Totals	15	Totals	33	
				= 0.45455

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2005 1.52720

Profile Audit Review Performance Rating of 1.76446 or greater is a failing score.

Calendar Year: 2005
Notices of Compensation Due

Individual Exhibit 2

Audit No: OAK-04-05-R1-1

Subject: Church Mutual Insurance Company

Location: Merrill, WI

Type: INS

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$30.46						\$30.46
2	\$12.32			\$1.23			\$13.55
3	\$56.98			\$43.79			\$100.77
4	\$103.96						\$103.96
5		\$1,295.00				\$99.35	\$1,394.35
TOTAL	\$203.72	\$1,295.00	\$0.00	\$45.02	\$0.00	\$99.35	\$1,643.09

Calendar Year: 2005

Individual Exhibit 3

Penalty Assessments and Collections

Files Audited:	49
Indemnity	49
Medical Only	0
Denied	0
Complaints	0
Additional	0

Audit No: OAK-04-05-R1-1

Subject: Church Mutual Insurance Company

Location: Merrill, WI

Type: INS

Item #	# of Times Cited	Total \$ Penalties Assessable	Total Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	18	\$12,480	\$12,480	\$0	\$0		x
2	3	\$2,240	\$2,240	\$0	\$0		x
3	1	\$25	\$25	\$0	\$0		x
4	27	\$3,265	\$3,265	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	2	\$105	\$105	\$0	\$0		x
8	0	\$0	\$0	\$0	\$0		x
9	0	\$0	\$0	\$0	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	0	\$0	\$0	\$0	\$0		x
13	1	\$400	\$400	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	13	\$5,400	\$5,400	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	4	\$2,200	\$2,200	\$0	\$0		x
18 b	0	\$0	\$0	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	2	\$225	\$225	\$0	\$0		x
18 e	1	\$5,000	\$5,000	\$0	\$0		x
18 f	0	\$0	\$0	\$0	\$0		x
19	0	\$0	\$0	\$0	\$0		x
20 a	0	\$0	\$0	\$0	\$0		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	0	\$0	\$0	\$0	\$0		x
20 d	0	\$0	\$0	\$0	\$0		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	72	\$31,340	\$31,340	\$0	\$0		

Administrative penalties waived pursuant to Labor Code Section 129.5(c) and regulatory authority.

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: LAO-03-05-R1-3

Subject: CNA Insurance

Location: Brea

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 12 divide by # claims with payable indem 59 = 0.20339

B. Average Amount of Unpaid Indemnity per Claim with Obligation to Pay Indemnity

Total unpd indem. = \$ 6,672.73 divide by # of claims with obligation to pay indem. 59
 Avg Unpd Ind = \$ 113.10

C. Severity Rate

Avg Unpd Indem \$ 113.10 divide by avg unpd indem 2001-2003 of \$ 169.34 = 0.66787

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.20339 X Severity rate 0.66787 X modifier of 2
 = 0.27168

2. FACTOR FOR LATE FIRST PAYMENT OF TEMPORARY DISABILITY OR FIRST NOTICE

# claims with late 1st TD	21	divide by # with TD payments	55	
# claims with late first SC notice	1	divide by # with salary continuation	1	
Totals	22	divide by	Totals 56	=

0.39286

3. FACTOR FOR LATE FIRST PAYMENT OF PERMANENT DISABILITY, VRMA, AND DEATH BENEFITS

# claims with late first PD	6	divide by # with first PD	30	
# claims with late first VRMA	3	divide by # with first VRMA	11	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	9	divide by	Totals 41	=

0.21951

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 15 divide by # with subsequent payments 51 =
 0.29412

5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION

# claims with AME/QME notice violations	13	divide by # requiring notices	48	
# claims with VR potential eligibility notice violations	10	divide by # requiring notices	16	
Totals	23	Totals	64	

0.35938

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2005 1.53754

Profile Audit Review Performance Rating of 1.76446 or greater is a failing score.

Calendar Year: 2005
Notices of Compensation Due

Individual Exhibit 2

Audit No: LAO-03-05-R1-3

Subject: CNA Insurance

Location: Brea

Type: INS & TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$442.74			\$86.59			\$529.33
2	\$155.43			\$15.54			\$170.97
3	\$41.52			\$29.79			\$71.31
4			\$1,943.03				\$1,943.03
5				\$21.08			\$21.08
6	\$191.77			\$19.18			\$210.95
7	\$495.14						\$495.14
8				\$50.40			\$50.40
9		\$1,652.79		\$340.08			\$1,992.87
10	\$312.00			\$31.20			\$343.20
11			\$2,307.65				\$2,307.65
12				\$108.36			\$108.36
13	\$383.01			\$38.30			\$421.31
TOTAL	\$2,021.61	\$1,652.79	\$4,250.68	\$740.52	\$0.00	\$0.00	\$8,665.60

Calendar Year: 2005

Individual Exhibit 3

Penalty Assessments and Collections

Files Audited:	60
Indemnity	59
Medical Only	0
Denied	0
Complaints	1
Additional	0

Audit No: LAO-03-05-R1-3

Subject: CNA Insurance

Location: Brea

Type: INS & TPA

Item #	# of Times Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	23	\$3,865	\$3,865	\$0	\$0		x
2	6	\$2,680	\$2,680	\$0	\$0		x
3	3	\$2,625	\$2,625	\$0	\$0		x
4	32	\$5,625	\$5,625	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	1	\$50	\$50	\$0	\$0		x
8	0	\$0	\$0	\$0	\$0		x
9	0	\$0	\$0	\$0	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	0	\$0	\$0	\$0	\$0		x
13	11	\$4,200	\$4,200	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	14	\$6,400	\$6,400	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	7	\$3,300	\$3,300	\$0	\$0		x
18 b	1	\$200	\$200	\$0	\$0		x
18 c	2	\$4,000	\$4,000	\$0	\$0		x
18 d	11	\$1,525	\$1,525	\$0	\$0		x
18 e	0	\$0	\$0	\$0	\$0		x
18 f	0	\$0	\$0	\$0	\$0		x
19	0	\$0	\$0	\$0	\$0		x
20 a	0	\$0	\$0	\$0	\$0		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	0	\$0	\$0	\$0	\$0		x
20 d	0	\$0	\$0	\$0	\$0		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	111	\$34,470	\$34,470	\$0	\$0		

Administrative penalties waived pursuant to Labor Code Section 129.5(c) and regulatory authority.

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: SAC-02-05-R1-6

Subject: County of Sacramento

Location: Sacramento

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 6 divide by # claims with payable indem 56 = 0.10714

B. Average Amount of Unpaid Indemnity per Claim with Obligation to Pay Indemnity

Total unpd indem. = \$ 5,794.89 divide by # of claims with obligation to pay indem. 56
Avg Unpd Ind = \$ 103.48

C. Severity Rate

Avg Unpd Indem \$ 103.48 divide by avg unpd indem 2001-2003 of \$ 169.34 = 0.61108

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.10714 X Severity rate 0.61108 X modifier of 2
= 0.13095

2. FACTOR FOR LATE FIRST PAYMENT OF TEMPORARY DISABILITY OR FIRST NOTICE

# claims with late 1st TD	5	divide by # with TD payments	15	
# claims with late first SC notice	6	divide by # with salary continuation	39	
Totals	11	divide by	Totals 54	=
				0.20370

3. FACTOR FOR LATE FIRST PAYMENT OF PERMANENT DISABILITY, VRMA, AND DEATH BENEFITS

# claims with late first PD	5	divide by # with first PD	15	
# claims with late first VRMA	0	divide by # with first VRMA	3	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	5	divide by	Totals 18	=
				0.27778

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 3 divide by # with subsequent payments 17 = 0.17647

5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION

# claims with AME/QME notice violations	10	divide by # requiring notices	34	
# claims with VR potential eligibility notice violations	2	divide by # requiring notices	6	
Totals	12		Totals 40	
				= 0.30000

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2005 1.08890

Profile Audit Review Performance Rating of 1.76446 or greater is a failing score.

Calendar Year: 2005
Notices of Compensation Due

Individual Exhibit 2

Audit No: SAC-02-05-R1-6

Subject: County of Sacramento

Location: Sacramento

Type: SI

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1				\$13.71			\$13.71
2		\$4,477.00		\$447.70			\$4,924.70
3	\$168.66						\$168.66
4	\$553.62						\$553.62
5				\$50.20			\$50.20
6				\$84.00			\$84.00
TOTAL	\$722.28	\$4,477.00	\$0.00	\$595.61	\$0.00	\$0.00	\$5,794.89

Calendar Year: 2005

Individual Exhibit 3

Penalty Assessments and Collections

Files Audited:	56
Indemnity	56
Medical Only	0
Denied	0
Complaints	0
Additional	0

Audit No: SAC-02-05-R1-6

Subject: County of Sacramento

Location: Sacramento

Type: SI

Item #	# of Times Cited	Total \$ Penalties Assessable	Total Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	5	\$3,025	\$3,025	\$0	\$0		x
2	5	\$2,960	\$2,960	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	6	\$275	\$275	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	5	\$150	\$150	\$0	\$0		x
8	0	\$0	\$0	\$0	\$0		x
9	0	\$0	\$0	\$0	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	0	\$0	\$0	\$0	\$0		x
13	2	\$600	\$600	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	10	\$4,600	\$4,600	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	3	\$500	\$500	\$0	\$0		x
18 b	1	\$1,500	\$1,500	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	3	\$325	\$325	\$0	\$0		x
18 e	0	\$0	\$0	\$0	\$0		x
18 f	0	\$0	\$0	\$0	\$0		x
19	0	\$0	\$0	\$0	\$0		x
20 a	0	\$0	\$0	\$0	\$0		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	0	\$0	\$0	\$0	\$0		x
20 d	0	\$0	\$0	\$0	\$0		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	40	\$13,935	\$13,935	\$0	\$0		

Administrative penalties waived pursuant to Labor Code Section 129.5(c) and regulatory authority.

Calendar Year: 2005
Notices of Compensation Due

Individual Exhibit 2

Audit No: LAO-02-05-T1-5

Subject: Crawford & Company

Location: Colton

Type: TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1				\$118.93			\$118.93
2				\$119.00			\$119.00
TOTAL	\$0.00	\$0.00	\$0.00	\$237.93	\$0.00	\$0.00	\$237.93

Calendar Year: 2005

Individual Exhibit 3

Penalty Assessments and Collections

Files Audited:	33
Indemnity	33
Medical Only	0
Denied	0
Complaints	0
Additional	0

Audit No: LAO-02-05-T1-5

Subject: Crawford & Company

Location: Colton

Type: TPA

Item #	# of Times Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	8	\$770	\$770	\$0	\$0		x
2	5	\$1,345	\$1,345	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	26	\$1,365	\$1,365	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	0	\$0	\$0	\$0	\$0		x
8	0	\$0	\$0	\$0	\$0		x
9	0	\$0	\$0	\$0	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	0	\$0	\$0	\$0	\$0		x
13	5	\$1,000	\$1,000	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	4	\$1,600	\$1,600	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	0	\$0	\$0	\$0	\$0		x
18 b	0	\$0	\$0	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	2	\$600	\$600	\$0	\$0		x
18 e	0	\$0	\$0	\$0	\$0		x
18 f	0	\$0	\$0	\$0	\$0		x
19	0	\$0	\$0	\$0	\$0		x
20 a	0	\$0	\$0	\$0	\$0		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	0	\$0	\$0	\$0	\$0		x
20 d	0	\$0	\$0	\$0	\$0		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	50	\$6,680	\$6,680	\$0	\$0		

Administrative penalties waived pursuant to Labor Code Section 129.5(c) and regulatory authority

Calendar Year: 2005
Notices of Compensation Due

Individual Exhibit 2

Audit No: SFO-06-05-R1-5

Subject: Crawford & Company

Location: San Mateo

Type: TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1				\$141.43			\$141.43
2	\$228.57			\$22.86			\$251.43
TOTAL	\$228.57	\$0.00	\$0.00	\$164.29	\$0.00	\$0.00	\$392.86

Calendar Year: 2005

Individual Exhibit 3

Penalty Assessments and Collections

Files Audited:	15
Indemnity	15
Medical Only	0
Denied	0
Complaints	0
Additional	0

Audit No: SFO-06-05-R1-5

Subject: Crawford & Company

Location: San Mateo

Type: TPA

Item #	# of Times Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	7	\$8,880	\$8,880	\$0	\$0		x
2	1	\$160	\$160	\$0	\$0		x
3	1	\$25	\$25	\$0	\$0		x
4	11	\$1,125	\$1,125	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	0	\$0	\$0	\$0	\$0		x
8	0	\$0	\$0	\$0	\$0		x
9	0	\$0	\$0	\$0	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	0	\$0	\$0	\$0	\$0		x
13	1	\$500	\$500	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	2	\$700	\$700	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	1	\$200	\$200	\$0	\$0		x
18 b	0	\$0	\$0	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	3	\$200	\$200	\$0	\$0		x
18 e	0	\$0	\$0	\$0	\$0		x
18 f	0	\$0	\$0	\$0	\$0		x
19	0	\$0	\$0	\$0	\$0		x
20 a	0	\$0	\$0	\$0	\$0		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	0	\$0	\$0	\$0	\$0		x
20 d	0	\$0	\$0	\$0	\$0		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	27	\$11,790	\$11,790	\$0	\$0		

Administrative penalties waived pursuant to Labor Code Section 129.5(c) and regulatory authority

Calendar Year: 2005
Notices of Compensation Due

Individual Exhibit 2

Audit No: SFO-10-05-T1-5

Subject: ESIS (An ACE Group Company)

Location: Fremont

Type: TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$231.72						\$231.72
2				\$483.64			\$483.64
3		\$9,097.01		\$909.70			\$10,006.71
4				\$145.60			\$145.60
5	\$230.77			\$23.08			\$253.85
6	\$407.96						\$407.96
7		\$9,588.00					\$9,588.00
TOTAL	\$870.45	\$18,685.01	\$0.00	\$1,562.02	\$0.00	\$0.00	\$21,117.48

Calendar Year: 2005

Individual Exhibit 3

Penalty Assessments and Collections

Files Audited:	63
Indemnity	58
Medical Only	0
Denied	0
Complaints	5
Additional	0

Audit No: SFO-10-05-T1-5

Subject: ESIS (An ACE Group Company)

Location: Fremont

Type: TPA

Item #	# of Times Cited	Total \$ Penalties Assessable	Total Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	8	\$5,390	\$5,390	\$0	\$0		x
2	4	\$1,760	\$1,760	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	5	\$510	\$510	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	1	\$50	\$50	\$0	\$0		x
8	0	\$0	\$0	\$0	\$0		x
9	0	\$0	\$0	\$0	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	0	\$0	\$0	\$0	\$0		x
13	7	\$2,100	\$2,100	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	11	\$4,700	\$4,700	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	3	\$900	\$900	\$0	\$0		x
18 b	2	\$2,000	\$2,000	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	3	\$750	\$750	\$0	\$0		x
18 e	0	\$0	\$0	\$0	\$0		x
18 f	0	\$0	\$0	\$0	\$0		x
19	0	\$0	\$0	\$0	\$0		x
20 a	0	\$0	\$0	\$0	\$0		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	0	\$0	\$0	\$0	\$0		x
20 d	0	\$0	\$0	\$0	\$0		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	44	\$18,160	\$18,160	\$0	\$0		

Administrative penalties waived pursuant to Labor Code Section 129.5(c) and regulatory authority.

Calendar Year: 2005
Notices of Compensation Due

Individual Exhibit 2

Audit No: OAK-03-05-R2-5

Subject: ESIS (An ACE Group Company)

Location: Portland, OR

Type: TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$1,935.59			\$367.09			\$2,302.68
2	\$494.36			\$323.95			\$818.31
3	\$341.99						\$341.99
4	\$5,047.94		\$5,692.07			\$2,956.98	\$13,696.99
5	\$495.43			\$264.34			\$759.77
6				\$522.86			\$522.86
7		\$28.58		\$2.86			\$31.44
TOTAL	\$8,315.31	\$28.58	\$5,692.07	\$1,481.10	\$0.00	\$2,956.98	\$18,474.04

Calendar Year: 2005

Individual Exhibit 3

Penalty Assessments and Collections

Files Audited:	42
Indemnity	42
Medical Only	0
Denied	0
Complaints	0
Additional	0

Audit No: 0AK-03-05-R2-5

Subject: ESIS (An ACE Group Company)

Location: Portland, OR

Type: TPA

Item #	# of Times Cited	Total \$ Penalties Assessable	Total Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	14	\$3,730	\$0	\$3,730	\$0		x
2	3	\$2,240	\$0	\$2,240	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	18	\$6,800	\$300	\$6,500	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	0	\$0	\$0	\$0	\$0		x
8	0	\$0	\$0	\$0	\$0		x
9	0	\$0	\$0	\$0	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	0	\$0	\$0	\$0	\$0		x
13	2	\$800	\$800	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	11	\$4,100	\$4,100	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	6	\$7,700	\$0	\$7,700	\$0		x
18 b	1	\$400	\$0	\$400	\$0		x
18 c	1	\$1,000	\$0	\$1,000	\$0		x
18 d	6	\$2,650	\$0	\$2,650	\$0		x
18 e	1	\$1,000	\$0	\$1,000	\$0		x
18 f	1	\$500	\$0	\$500	\$0		x
19	0	\$0	\$0	\$0	\$0		x
20 a	0	\$0	\$0	\$0	\$0		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	0	\$0	\$0	\$0	\$0		x
20 d	0	\$0	\$0	\$0	\$0		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	64	\$30,920	\$5,200	\$25,720	\$0		

Administrative penalties waived pursuant to Labor Code Section 129.5(c) and regulatory authority.

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: SFO-07-05-R1-1

Subject: Fireman's Fund Insurance Company

Location: Novato

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 4 divide by # claims with payable indem 56 = 0.07143

B. Average Amount of Unpaid Indemnity per Claim with Obligation to Pay Indemnity

Total unpd indem. = \$ 363.53 divide by # of claims with obligation to pay indem. 56
Avg Unpd Ind = \$ 6.49

C. Severity Rate

Avg Unpd Indem \$ 6.49 divide by avg unpd indem 2001-2003 of \$ 169.34 = 0.03833

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.07143 X Severity rate 0.03833 X modifier of 2
= 0.00548

2. FACTOR FOR LATE FIRST PAYMENT OF TEMPORARY DISABILITY OR FIRST NOTICE

# claims with late 1st TD	7	divide by # with TD payments	43	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	7	divide by	Totals 43	=
				0.16279

3. FACTOR FOR LATE FIRST PAYMENT OF PERMANENT DISABILITY, VRMA, AND DEATH BENEFITS

# claims with late first PD	3	divide by # with first PD	18	
# claims with late first VRMA	0	divide by # with first VRMA	11	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	3	divide by	Totals 29	=
				0.10345

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 8 divide by # with subsequent payments 42 = 0.19048

5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION

# claims with AME/QME notice violations	18	divide by # requiring notices	34	
# claims with VR potential eligibility notice violations	7	divide by # requiring notices	12	
Totals	25		Totals 46	
				= 0.54348

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2005 1.00567

Profile Audit Review Performance Rating of 1.76446 or greater is a failing score.

Calendar Year: 2005
Notices of Compensation Due

Individual Exhibit 2

Audit No: SFO-07-05-R1-1

Subject: Fireman's Fund Insurance Company

Location: Novato

Type: INS

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1				\$93.99			\$93.99
2	\$228.57						\$228.57
3				\$14.00			\$14.00
4				\$26.97			\$26.97
TOTAL	\$228.57	\$0.00	\$0.00	\$134.96	\$0.00	\$0.00	\$363.53

Calendar Year: 2005

Individual Exhibit 3

Penalty Assessments and Collections

Files Audited:	58
Indemnity	56
Medical Only	0
Denied	0
Complaints	2
Additional	0

Audit No: SFO-07-05-R1-1

Subject: Fireman's Fund Insurance Company

Location: Novato

Type: INS

Item #	# of Times Cited	Total \$ Penalties Assessable	Total Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	7	\$1,725	\$1,725	\$0	\$0		x
2	3	\$820	\$820	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	8	\$1,325	\$1,325	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	0	\$0	\$0	\$0	\$0		x
8	0	\$0	\$0	\$0	\$0		x
9	0	\$0	\$0	\$0	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	0	\$0	\$0	\$0	\$0		x
13	7	\$2,700	\$2,700	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	18	\$8,800	\$8,800	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	1	\$200	\$200	\$0	\$0		x
18 b	0	\$0	\$0	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	3	\$275	\$275	\$0	\$0		x
18 e	0	\$0	\$0	\$0	\$0		x
18 f	0	\$0	\$0	\$0	\$0		x
19	0	\$0	\$0	\$0	\$0		x
20 a	0	\$0	\$0	\$0	\$0		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	0	\$0	\$0	\$0	\$0		x
20 d	0	\$0	\$0	\$0	\$0		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	47	\$15,845	\$15,845	\$0	\$0		

Administrative penalties waived pursuant to Labor Code Section 129.5(c) and regulatory authority.

Full Compliance Audit Performance Rating of Randomly Selected Claims

Audit No: SAC-11-05-R2-2

Subject: Ford Motor Company

Location: Manteca

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 9 divide by # claims with payable indem 28 = 0.32143

B. Average Amount of Unpaid Indemnity per Claim with Obligation to Pay Indemnity

Total unpd indem = \$ 6,126.44 divide by # of claims with obligation to pay indem. 28
Avg Unpd Ind = \$ 218.80

C. Severity Rate

Avg Unpd Ind. \$ 218.80 divide by avg unpd indem 2001-2003 of \$ 169.34 = 1.29208

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.32143 X Severity rate 1.29208 X modifier of 2
= 0.83063

2. FACTOR FOR LATE FIRST PAYMENT OF TEMPORARY DISABILITY OR FIRST NOTICE

# claims with late 1st TD	9	divide by # with TD payments	23	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	9	divide by	Totals 23	=

0.39130

3. FACTOR FOR LATE FIRST PAYMENT OF PERMANENT DISABILITY, VRMA, AND DEATH BENEFITS

# claims with late first PD	1	divide by # with first PD	17	
# claims with late first VRMA	2	divide by # with first VRMA	4	
# claims/late first death benefits	0	divide by # with first death ben paid	0	
Totals	3	divide by	Totals 21	=

0.14286

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subseq payments 11 divide by # with subseq payments 20 = 0.55000

5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION

# claims with AME/QME notice violations	4	divide by # requiring notices	22	
# claims with VR potential eligibilty notice violations	2	divide by # requiring notices	5	
Totals	6		Totals 27	

= 0.22222

FULL COMPLIANCE AUDIT PERFORMANCE RATING - 2005 2.13701

Full Compliance Audit Performance Rating of indemnity files of 2.47632 or greater is a failing score.

Calendar Year: 2005
Notices of Compensation Due

Individual Exhibit 2

Audit No: SAC-11-05-R2-2

Subject: Ford Motor Company

Location: Manteca

Type: SI

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1		\$1,475.30		\$294.00			\$1,769.30
2	\$518.73			\$16.39			\$535.12
3				\$68.00			\$68.00
4				\$74.00			\$74.00
5				\$659.88			\$659.88
6	\$481.43	\$680.00		\$118.57			\$1,280.00
7				\$140.20			\$140.20
8	\$478.50						\$478.50
9	\$959.20			\$162.24			\$1,121.44
TOTAL	\$2,437.86	\$2,155.30	\$0.00	\$1,533.28	\$0.00	\$0.00	\$6,126.44

Calendar Year: 2005

Individual Exhibit 3

Penalty Assessments and Collections

Files Audited:	28
Indemnity	28
Medical Only	0
Denied	0
Complaints	0
Additional	0

Audit No: SAC-11-05-R2-2

Subject: Ford Motor Company

Location: Manteca

Type: SI

Item #	# of Times Cited	Total \$ Penalties Assessable	Total Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	13	\$2,555	\$0	\$2,555	\$0		x
2	1	\$250	\$0	\$250	\$0		x
3	2	\$500	\$0	\$500	\$0		x
4	46	\$4,340	\$1,000	\$3,340	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	0	\$0	\$0	\$0	\$0		x
8	0	\$0	\$0	\$0	\$0		x
9	0	\$0	\$0	\$0	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	0	\$0	\$0	\$0	\$0		x
13	2	\$800	\$800	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	4	\$1,200	\$1,200	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	6	\$1,600	\$0	\$1,600	\$0		x
18 b	2	\$600	\$0	\$600	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	18	\$1,500	\$0	\$1,500	\$0		x
18 e	0	\$0	\$0	\$0	\$0		x
18 f	0	\$0	\$0	\$0	\$0		x
19	0	\$0	\$0	\$0	\$0		x
20 a	0	\$0	\$0	\$0	\$0		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	0	\$0	\$0	\$0	\$0		x
20 d	0	\$0	\$0	\$0	\$0		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	94	\$13,345	\$3,000	\$10,345	\$0		

Administrative penalties waived pursuant to Labor Code Section 129.5(c) and regulatory authority.

Calendar Year: 2005
Notices of Compensation Due

Individual Exhibit 2

Audit No: SAC-12-05-R1-2

Subject: Foster Farms

Location: Livingston

Type: SI

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1				\$110.00			\$110.00
2		\$2,685.71		\$268.57			\$2,954.28
3		\$105.68		\$29.06			\$134.74
4	\$2,371.20			\$237.12			\$2,608.32
5				\$10.13			\$10.13
6	\$391.28			\$16.00			\$407.28
TOTAL	\$2,762.48	\$2,791.39	\$0.00	\$670.88	\$0.00	\$0.00	\$6,224.75

Calendar Year: 2005

Individual Exhibit 3

Penalty Assessments and Collections

Files Audited:	55
Indemnity	55
Medical Only	0
Denied	0
Complaints	0
Additional	0

Audit No: SAC-12-05-R1-2

Subject: Foster Farms

Location: Livingston

Type: SI

Item #	# of Times Cited	Total \$ Penalties Assessable	Total Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	15	\$2,150	\$2,150	\$0	\$0		x
2	5	\$1,110	\$1,110	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	16	\$6,520	\$6,520	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	0	\$0	\$0	\$0	\$0		x
8	0	\$0	\$0	\$0	\$0		x
9	0	\$0	\$0	\$0	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	0	\$0	\$0	\$0	\$0		x
13	6	\$1,800	\$1,800	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	11	\$3,500	\$3,500	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	2	\$5,400	\$5,400	\$0	\$0		x
18 b	2	\$1,200	\$1,200	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	3	\$650	\$650	\$0	\$0		x
18 e	0	\$0	\$0	\$0	\$0		x
18 f	0	\$0	\$0	\$0	\$0		x
19	0	\$0	\$0	\$0	\$0		x
20 a	0	\$0	\$0	\$0	\$0		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	0	\$0	\$0	\$0	\$0		x
20 d	0	\$0	\$0	\$0	\$0		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	60	\$22,330	\$22,330	\$0	\$0		

Administrative penalties waived pursuant to Labor Code Section 129.5(c) and regulatory authority.

Calendar Year: 2005
Notices of Compensation Due

Individual Exhibit 2

Audit No.: SFO-04-05-R1-5

Subject: Frye Claims Consultation & Administration

Location: Hayward

Type: TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1				\$145.60			\$145.60
TOTAL	\$0.00	\$0.00	\$0.00	\$145.60	\$0.00	\$0.00	\$145.60

Calendar Year: 2005

Individual Exhibit 3

Penalty Assessments and Collections

Files Audited:	15
Indemnity	15
Medical Only	0
Denied	0
Complaints	0
Additional	0

Audit No: SFO-04-05-R1-5

Subject: Frye Claims Consultation & Administration

Location: Hayward

Type: TPA

Item #	# of Times Cited	Total \$ Penalties Assessable	Total Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	5	\$475	\$475	\$0	\$0		x
2	0	\$0	\$0	\$0	\$0		x
3	1	\$50	\$50	\$0	\$0		x
4	44	\$4,550	\$4,550	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	0	\$0	\$0	\$0	\$0		x
8	0	\$0	\$0	\$0	\$0		x
9	0	\$0	\$0	\$0	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	0	\$0	\$0	\$0	\$0		x
13	1	\$400	\$400	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	1	\$400	\$400	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	0	\$0	\$0	\$0	\$0		x
18 b	0	\$0	\$0	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	2	\$300	\$300	\$0	\$0		x
18 e	0	\$0	\$0	\$0	\$0		x
18 f	0	\$0	\$0	\$0	\$0		x
19	0	\$0	\$0	\$0	\$0		x
20 a	0	\$0	\$0	\$0	\$0		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	0	\$0	\$0	\$0	\$0		x
20 d	0	\$0	\$0	\$0	\$0		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	54	\$6,175	\$6,175	\$0	\$0		

Administrative penalties waived pursuant to Labor Code Section 129.5(c) and regulatory authority.

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: SAC-01-05-R1-5

Subject: GAB Robins North America

Location: Rancho Cordova

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 15 divide by # claims with payable indem 57 = 0.26316

B. Average Amount of Unpaid Indemnity per Claim with Obligation to Pay Indemnity

Total unpd indem. = \$ 3,143.56 divide by # of claims with obligation to pay indem. 57
Avg Unpd Ind = \$ 55.15

C. Severity Rate

Avg Unpd Indem \$ 55.15 divide by avg unpd indem 2001-2003 of \$ 169.34 = 0.32568

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.26316 X Severity rate 0.32568 X modifier of 2
= 0.17141

2. FACTOR FOR LATE FIRST PAYMENT OF TEMPORARY DISABILITY OR FIRST NOTICE

# claims with late 1st TD	30	divide by # with TD payments	55	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	30	divide by	Totals 55	=

0.54545

3. FACTOR FOR LATE FIRST PAYMENT OF PERMANENT DISABILITY, VRMA, AND DEATH BENEFITS

# claims with late first PD	6	divide by # with first PD	13	
# claims with late first VRMA	0	divide by # with first VRMA	2	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	6	divide by	Totals 15	=

0.40000

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 14 divide by # with subsequent payments 36 = 0.38889

5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION

# claims with AME/QME notice violations	7	divide by # requiring notices	45	
# claims with VR potential eligibility notice violations	2	divide by # requiring notices	4	
Totals	9	Totals	49	

= 0.18367

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2005 0.18367

Profile Audit Review Performance Rating of 1.76446 or greater is a failing score.

1.68943

Calendar Year: 2005
Notices of Compensation Due

Individual Exhibit 2

Audit No: SAC-01-05-R1-5

Subject: GAB Robins North America

Location: Rancho Cordova

Type: TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1				\$114.62			\$114.62
2	\$491.64			\$76.47			\$568.11
3				\$63.42			\$63.42
4	\$61.11			\$6.11			\$67.22
5		\$210.00					\$210.00
6	\$350.00						\$350.00
7				\$176.94		\$4.60	\$181.54
8		\$350.00		\$35.00			\$385.00
9				\$24.00			\$24.00
10				\$425.50			\$425.50
11				\$74.46			\$74.46
12				\$182.86			\$182.86
13	\$221.72			\$162.60			\$384.32
14	\$64.52			\$2.08			\$66.60
15	\$45.91						\$45.91
TOTAL	\$1,234.90	\$560.00	\$0.00	\$1,344.06	\$0.00	\$4.60	\$3,143.56

Calendar Year: 2005

Individual Exhibit 3

Penalty Assessments and Collections

Files Audited:	59
Indemnity	57
Medical Only	0
Denied	0
Complaints	2
Additional	0

Audit No: SAC-01-05-R1-5

Subject: GAB Robins North America

Location: Rancho Cordova Type: TPA

Item #	# of Times Cited	Total \$ Penalties Assessable	Total Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Due	No
1	30	\$7,575	\$7,575	\$0	\$0		x
2	6	\$2,060	\$2,060	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	37	\$4,025	\$4,025	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	0	\$0	\$0	\$0	\$0		x
8	0	\$0	\$0	\$0	\$0		x
9	0	\$0	\$0	\$0	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	0	\$0	\$0	\$0	\$0		x
13	2	\$600	\$600	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	7	\$1,500	\$1,500	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	6	\$1,200	\$1,200	\$0	\$0		x
18 b	2	\$800	\$800	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	23	\$1,575	\$1,575	\$0	\$0		x
18 e	1	\$100	\$100	\$0	\$0		x
18 f	0	\$0	\$0	\$0	\$0		x
19	0	\$0	\$0	\$0	\$0		x
20 a	0	\$0	\$0	\$0	\$0		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	0	\$0	\$0	\$0	\$0		x
20 d	0	\$0	\$0	\$0	\$0		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	114	\$19,435	\$19,435	\$0	\$0		

Administrative penalties waived pursuant to Labor Code Section 129.5(c) and regulatory authority.

Calendar Year: 2005
Notices of Compensation Due

Individual Exhibit 2

Audit No: SAC-06-05-R1-6

Subject: Golden State Risk Management Authority

Location: Willows

Type: SI

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1				\$30.97			\$30.97
2				\$618.41			\$618.41
3				\$22.02			\$22.02
4	\$34.68						\$34.68
5	\$910.00			\$516.00			\$1,426.00
6	\$180.00			\$646.00			\$826.00
TOTAL	\$1,124.68	\$0.00	\$0.00	\$1,833.40	\$0.00	\$0.00	\$2,958.08

Calendar Year: 2005

Individual Exhibit 3

Penalty Assessments and Collections

Files Audited:	36
Indemnity	36
Medical Only	0
Denied	0
Complaints	0
Additional	0

Audit No: SAC-06-05-R1-6

Subject: Golden State Risk Management Authority

Location: Willows

Type: SI

Item #	# of Times Cited	Total \$ Penalties Assessable	Total Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	6	\$925	\$925	\$0	\$0		x
2	5	\$2,260	\$2,260	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	6	\$2,445	\$2,445	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	6	\$230	\$230	\$0	\$0		x
8	0	\$0	\$0	\$0	\$0		x
9	0	\$0	\$0	\$0	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	0	\$0	\$0	\$0	\$0		x
13	3	\$900	\$900	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	9	\$2,600	\$2,600	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	3	\$600	\$600	\$0	\$0		x
18 b	0	\$0	\$0	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	9	\$1,700	\$1,700	\$0	\$0		x
18 e	0	\$0	\$0	\$0	\$0		x
18 f	0	\$0	\$0	\$0	\$0		x
19	0	\$0	\$0	\$0	\$0		x
20 a	0	\$0	\$0	\$0	\$0		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	0	\$0	\$0	\$0	\$0		x
20 d	0	\$0	\$0	\$0	\$0		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	47	\$11,660	\$11,660	\$0	\$0		

Administrative penalties waived pursuant to Labor Code Section 129.5(c) and regulatory authority.

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: SAC-13-05-R1-5

Subject: Intercare Insurance Services

Location: Roseville

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 8 divide by # claims with payable indem 48 = 0.16667

B. Average Amount of Unpaid Indemnity per Claim with Obligation to Pay Indemnity

Total unpd indem. = \$ 3,406.46 divide by # of claims with obligation to pay indem. 48
Avg Unpd Ind = \$ 70.97

C. Severity Rate

Avg Unpd Indem \$ 70.97 divide by avg unpd indem 2001-2003 of \$ 169.34 = 0.41909

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.16667 X Severity rate 0.41909 X modifier of 2
= 0.13970

2. FACTOR FOR LATE FIRST PAYMENT OF TEMPORARY DISABILITY OR FIRST NOTICE

# claims with late 1st TD	7	divide by # with TD payments	46	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	7	divide by	Totals 46	=
				0.15217

3. FACTOR FOR LATE FIRST PAYMENT OF PERMANENT DISABILITY, VRMA, AND DEATH BENEFITS

# claims with late first PD	2	divide by # with first PD	8	
# claims with late first VRMA	1	divide by # with first VRMA	3	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	3	divide by	Totals 11	=
				0.27273

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 10 divide by # with subsequent payments 30 = 0.33333

5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION

# claims with AME/QME notice violations	6	divide by # requiring notices	36	
# claims with VR potential eligibility notice violations	1	divide by # requiring notices	5	
Totals	7		Totals 41	
				= 0.17073

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2005 1.06866

Profile Audit Review Performance Rating of 1.76446 or greater is a failing score.

Calendar Year: 2005
Notices of Compensation Due

Individual Exhibit 2

Audit No: SAC-13-05-R1-5

Subject: Intercare Insurance Services

Location: Roseville

Type: TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1		\$616.00	\$1,298.88				\$1,914.88
2				\$111.66			\$111.66
3	\$542.96			\$129.00		\$83.75	\$755.71
4				\$464.00			\$464.00
5				\$32.36			\$32.36
6	\$41.14			\$4.11			\$45.25
7				\$87.96			\$87.96
8				\$78.39			\$78.39
TOTAL	\$584.10	\$616.00	\$1,298.88	\$907.48	\$0.00	\$83.75	\$3,490.21

Calendar Year: 2005

Individual Exhibit 3

Penalty Assessments and Collections

Files Audited:	49
Indemnity	48
Medical Only	0
Denied	0
Complaints	1
Additional	0

Audit No: SAC-13-05-R1-5

Subject: Intercare Insurance Services

Location: Roseville

Type: TPA

Item #	# of Times Cited	Total \$ Penalties Assessable	Total Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	7	\$2,225	\$2,225	\$0	\$0		x
2	2	\$200	\$200	\$0	\$0		x
3	1	\$300	\$300	\$0	\$0		x
4	14	\$2,610	\$2,610	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	0	\$0	\$0	\$0	\$0		x
8	0	\$0	\$0	\$0	\$0		x
9	0	\$0	\$0	\$0	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	0	\$0	\$0	\$0	\$0		x
13	1	\$400	\$400	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	6	\$2,000	\$2,000	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	1	\$200	\$200	\$0	\$0		x
18 b	1	\$400	\$400	\$0	\$0		x
18 c	1	\$3,000	\$3,000	\$0	\$0		x
18 d	12	\$950	\$950	\$0	\$0		x
18 e	1	\$5,000	\$5,000	\$0	\$0		x
18 f	0	\$0	\$0	\$0	\$0		x
19	0	\$0	\$0	\$0	\$0		x
20 a	0	\$0	\$0	\$0	\$0		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	0	\$0	\$0	\$0	\$0		x
20 d	0	\$0	\$0	\$0	\$0		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	47	\$17,285	\$17,285	\$0	\$0		

Administrative penalties waived pursuant to Labor Code Section 129.5(c) and regulatory authority.

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: SAC-07-05-R1-5

Subject: Keenan and Associates

Location: Rancho Cordova

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 8 divide by # claims with payable indem 58 = 0.13793

B. Average Amount of Unpaid Indemnity per Claim with Obligation to Pay Indemnity

Total unpd indem. = \$ 14,259.71 divide by # of claims with obligation to pay indem. 58
Avg Unpd Ind = \$ 245.86

C. Severity Rate

Avg Unpd Indem \$ 245.86 divide by avg unpd indem 2001-2003 of \$ 169.34 = 1.45185

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.13793 X Severity rate 1.45185 X modifier of 2
= 0.40051

2. FACTOR FOR LATE FIRST PAYMENT OF TEMPORARY DISABILITY OR FIRST NOTICE

# claims with late 1st TD	3	divide by # with TD payments	11	
# claims with late first SC notice	19	divide by # with salary continuation	40	
Totals	22	divide by	Totals 51	=

0.43137

3. FACTOR FOR LATE FIRST PAYMENT OF PERMANENT DISABILITY, VRMA, AND DEATH BENEFITS

# claims with late first PD	10	divide by # with first PD	30	
# claims with late first VRMA	0	divide by # with first VRMA	9	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	10	divide by	Totals 39	=

0.25641

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 3 divide by # with subsequent payments 38 = 0.07895

5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION

# claims with AME/QME notice violations	15	divide by # requiring notices	38	
# claims with VR potential eligibility notice violations	10	divide by # requiring notices	14	
Totals	25		Totals 52	

= 0.48077

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2005 0.64801

Profile Audit Review Performance Rating of 1.76446 or greater is a failing score.

Calendar Year: 2005
Notices of Compensation Due

Individual Exhibit 2

Audit No: SAC-07-05-R1-5

Subject: Keenan & Associates

Location: Rancho Cordova

Type: TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$166.81						\$166.81
2				\$79.50		\$9.27	\$88.77
3				\$13.21			\$13.21
4		\$3,595.10		\$359.51			\$3,954.61
5				\$1,527.57			\$1,527.57
6		\$5,489.64		\$743.68			\$6,233.32
7				\$474.01			\$474.01
8				\$28.00		\$11.88	\$39.88
9	\$684.00			\$902.86		\$214.55	\$1,801.41
TOTAL	\$850.81	\$9,084.74	\$0.00	\$4,128.34	\$0.00	\$235.70	\$14,299.59

Calendar Year: 2005

Individual Exhibit 3

Penalty Assessments and Collections

Files Audited:	59
Indemnity	58
Medical Only	0
Denied	0
Complaints	1
Additional	0

Audit No: SAC-07-05-R1-5

Subject: Keenan and Associates

Location: Rancho Cordova Type: TPA

Item #	# of Times Cited	Total \$ Penalties Assessable	Total Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	4	\$2,175	\$2,175	\$0	\$0		x
2	11	\$6,275	\$6,275	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	10	\$4,305	\$4,305	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	19	\$855	\$855	\$0	\$0		x
8	0	\$0	\$0	\$0	\$0		x
9	0	\$0	\$0	\$0	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	0	\$0	\$0	\$0	\$0		x
13	10	\$2,500	\$2,500	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	15	\$4,500	\$4,500	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	2	\$400	\$400	\$0	\$0		x
18 b	2	\$2,500	\$2,500	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	8	\$1,150	\$1,150	\$0	\$0		x
18 e	1	\$100	\$100	\$0	\$0		x
18 f	2	\$1,000	\$1,000	\$0	\$0		x
19	0	\$0	\$0	\$0	\$0		x
20 a	0	\$0	\$0	\$0	\$0		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	0	\$0	\$0	\$0	\$0		x
20 d	0	\$0	\$0	\$0	\$0		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	84	\$25,760	\$25,760	\$0	\$0		

Administrative penalties waived pursuant to Labor Code Section 129.5(c) and regulatory authority.

Full Compliance Audit Performance Rating of Randomly Selected Claims

Audit No: LAO-05-05-R2-3

Subject: Liberty Mutual Insurance Group and Helmsman Management Services

Location: Orange

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 23 divide by # claims with payable indem 133 = 0.17293

B. Average Amount of Unpaid Indemnity per Claim with Obligation to Pay Indemnity

Total unpd indem = \$ 52,700.93 divide by # of claims with obligation to pay indem. 133
Avg Unpd Ind = \$ 396.25

C. Severity Rate

Avg Unpd Ind. \$ 396.25 divide by avg unpd indem 2001-2003 of \$ 169.34 = 2.33995

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.17293 X Severity rate 2.33995 X modifier of 2
= 0.80931

2. FACTOR FOR LATE FIRST PAYMENT OF TEMPORARY DISABILITY OR FIRST NOTICE

# claims with late 1st TD	29	divide by # with TD payments	124	
# claims with late first SC notice	0	divide by # with salary continuation	1	
Totals	29	divide by	Totals 125	=
				0.23200

3. FACTOR FOR LATE FIRST PAYMENT OF PERMANENT DISABILITY, VRMA, AND DEATH BENEFITS

# claims with late first PD	12	divide by # with first PD	58	
# claims with late first VRMA	3	divide by # with first VRMA	22	
# claims/late first death benefits	0	divide by # with first death ben paid	0	
Totals	15	divide by	Totals 80	=
				0.18750

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subseq payments 28 divide by # with subseq payments 107 = 0.26168

5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION

# claims with AME/QME notice violations	15	divide by # requiring notices	109	
# claims with VR potential eligibilty notice violations	24	divide by # requiring notices	35	
Totals	39		Totals 144	
				= 0.27083

FULL COMPLIANCE AUDIT PERFORMANCE RATING - 2005 1.76132

Full Compliance Audit Performance Rating of indemnity files of 2.47632 or greater is a failing score.

Calendar Year: 2005
Notices of Compensation Due

Audit No: LAO-05-05-R2-3

Subject: Liberty Mutual Insurance Grp and Helmsman Management Services

Location: Orange

Type: INS & TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest, or Other	Total
1				\$279.84			\$279.84
2				\$108.21			\$108.21
3				\$148.26			\$148.26
4	\$501.05						\$501.05
5				\$1,117.93			\$1,117.93
6	\$70.00			\$7.00			\$77.00
7		\$19,107.86		\$1,910.79			\$21,018.65
8				\$269.57			\$269.57
9			\$6,058.11				\$6,058.11
10	\$103.34		\$1,914.29				\$2,017.63
11	\$900.64			\$90.06			\$990.70
12	\$73.18						\$73.18
13	\$144.77		\$986.70	\$156.51			\$1,287.98
14	\$428.00	\$3,142.86					\$3,570.86
15		\$2,081.25					\$2,081.25
16	\$23.20						\$23.20
17	\$1,054.40			\$249.32			\$1,303.72
18		\$5,574.62					\$5,574.62
19	\$879.91						\$879.91
20	\$117.32			\$11.73			\$129.05
21		\$2,220.00					\$2,220.00
SUBTOTAL	\$4,295.81	\$32,126.59	\$8,959.10	\$4,349.22	\$0.00	\$0.00	\$49,730.72

Calendar Year: 2005
Notices of Compensation Due

Audit No: LAO-05-05-R2-3

Subject: Liberty Mutual Ins Grp and Helmsman Management Services

Location: Orange

Type: INS & TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest, or Other	Total
22				\$266.35			\$266.35
23	\$2,458.05			\$245.81			\$2,703.86
24				\$143.45			\$143.45
Page 2 SUBTOTAL	\$2,458.05	\$0.00	\$0.00	\$655.61	\$0.00	\$0.00	\$3,113.66
Page 1 SUBTOTAL	\$4,295.81	\$32,126.59	\$8,959.10	\$4,349.22	\$0.00	\$0.00	\$49,730.72
TOTAL	\$6,753.86	\$32,126.59	\$8,959.10	\$5,004.83	\$0.00	\$0.00	\$52,844.38

Calendar Year: 2005
Penalty Assessments and Collections

Individual Exhibit 3

Files Audited:	140
Indemnity	133
Medical Only	0
Denied	0
Complaints	7
Additional	0

Audit No: LAO-05-05-R2-3

Subject: Liberty Mutual Ins Grp and Helmsman Mgmt Svcs

Location: Orange

Type: INS & TPA

Item #	# of Times Cited	Total \$ Penalties Assessable	Total Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	42	\$16,700	\$0	\$16,700	\$0		x
2	13	\$6,790	\$0	\$6,790	\$0		x
3	3	\$4,875	\$0	\$4,875	\$0		x
4	55	\$13,930	\$50	\$13,880	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	0	\$0	\$0	\$0	\$0		x
8	0	\$0	\$0	\$0	\$0		x
9	0	\$0	\$0	\$0	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	0	\$0	\$0	\$0	\$0		x
13	26	\$10,000	\$10,000	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	15	\$6,100	\$6,100	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	13	\$8,900	\$0	\$8,900	\$0		x
18 b	6	\$10,900	\$0	\$10,900	\$0		x
18 c	2	\$3,000	\$0	\$3,000	\$0		x
18 d	20	\$4,800	\$0	\$4,800	\$0		x
18 e	0	\$0	\$0	\$0	\$0		x
18 f	0	\$0	\$0	\$0	\$0		x
19	0	\$0	\$0	\$0	\$0		x
20 a	0	\$0	\$0	\$0	\$0		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	0	\$0	\$0	\$0	\$0		x
20 d	0	\$0	\$0	\$0	\$0		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	195	\$85,995	\$16,150	\$69,845	\$0		

Administrative penalties waived pursuant to Labor Code Section 129.5(c) and regulatory authority.

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: SAC-15-05-R2-3

Subject: Liberty Mutual Insurance Group and Helmsman Management Services

Location: Sacramento

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 14 divide by # claims with payable indem 59 = 0.23729

B. Average Amount of Unpaid Indemnity per Claim with Obligation to Pay Indemnity

Total unpd indem. = \$ 8,048.39 divide by # of claims with obligation to pay indem. 59
 Avg Unpd Ind = \$ 136.41

C. Severity Rate

Avg Unpd Indem \$ 136.41 divide by avg unpd indem 2001-2003 of \$ 169.34 = 0.80556

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.23729 X Severity rate 0.80556 X modifier of 2
 = **0.38230**

2. FACTOR FOR LATE FIRST PAYMENT OF TEMPORARY DISABILITY OR FIRST NOTICE

# claims with late 1st TD	20	divide by # with TD payments	54	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	20	divide by	Totals	54
				=
				0.37037

3. FACTOR FOR LATE FIRST PAYMENT OF PERMANENT DISABILITY, VRMA, AND DEATH BENEFITS

# claims with late first PD	8	divide by # with first PD	21	
# claims with late first VRMA	0	divide by # with first VRMA	6	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	8	divide by	Totals	27
				=
				0.29630

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 19 divide by # with subsequent payments 41 =
0.46341

5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION

# claims with AME/QME notice violations	10	divide by # requiring notices	44	
# claims with VR potential eligibility notice violations	4	divide by # requiring notices	11	
Totals	14	Totals	55	
				=
				0.25455

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2005 **1.76693**

Profile Audit Review Performance Rating of 1.76446 or greater is a failing score.

Full Compliance Audit Performance Rating of Randomly Selected Claims

Audit No: SAC-15-05-R2-3

Subject: Liberty Mutual Insurance Group and Helmsman Management Services

Location: Sacramento

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 32 divide by # claims with payable indem 137 = 0.23358

B. Average Amount of Unpaid Indemnity per Claim with Obligation to Pay Indemnity

Total unpd indem = \$ 34,627.26 divide by # of claims with obligation to pay indem. 137
Avg Unpd Ind = \$ 252.75

C. Severity Rate

Avg Unpd Ind. \$ 252.75 divide by avg unpd indem 2001-2003 of \$ 169.34 = 1.49258

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.23358 X Severity rate 1.49258 X modifier of 2
= 0.69726

2. FACTOR FOR LATE FIRST PAYMENT OF TEMPORARY DISABILITY OR FIRST NOTICE

# claims with late 1st TD	37	divide by # with TD payments	125	
# claims with late first SC notice	0	divide by # with salary continuation	3	
Totals	37	divide by	Totals 128	= 0.28906

3. FACTOR FOR LATE FIRST PAYMENT OF PERMANENT DISABILITY, VRMA, AND DEATH BENEFITS

# claims with late first PD	14	divide by # with first PD	55	
# claims with late first VRMA	1	divide by # with first VRMA	15	
# claims/late first death benefits	0	divide by # with first death ben paid	0	
Totals	15	divide by	Totals 70	= 0.21429

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subseq payments 32 divide by # with subseq payments 106 = 0.30189

5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION

# claims with AME/QME notice violations	30	divide by # requiring notices	102	
# claims with VR potential eligibilty notice violations	16	divide by # requiring notices	31	
Totals	46	Totals	133	= 0.34586

FULL COMPLIANCE AUDIT PERFORMANCE RATING - 2005 1.84836

Full Compliance Audit Performance Rating of indemnity files of 2.47632 or greater is a failing score.

Calendar Year: 2005
Notices of Compensation Due

Audit No: SAC-15-05-R2-3

Subject: Liberty Mutual Insurance and Helmsman Management Services

Location: Sacramento

Type: INS & TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$19.33						\$19.33
2		\$5,419.00		\$541.90			\$5,960.90
3	\$423.36						\$423.36
4				\$32.39			\$32.39
5	\$1,205.56			\$130.96			\$1,336.52
6		\$2,112.26		\$211.23			\$2,323.49
7		\$1,914.29		\$482.09			\$2,396.38
8				\$97.78			\$97.78
9	\$249.56						\$249.56
10		\$1,717.86					\$1,717.86
11		\$6,570.50		\$776.05			\$7,346.55
12	\$104.00						\$104.00
13	\$201.68						\$201.68
14	\$1,298.17			\$129.81			\$1,427.98
15		\$1,098.00				\$35.68	\$1,133.68
16	\$20.00			\$2.00			\$22.00
17	\$164.56			\$120.67			\$285.23
18	\$15.24						\$15.24
19				\$483.64			\$483.64
20	\$169.16			\$16.92			\$186.08
21	\$1,789.20						\$1,789.20
SUBTOTAL	\$5,659.82	\$18,831.91	\$0.00	\$3,025.44	\$0.00	\$35.68	\$27,552.85

Calendar Year: 2005
Notices of Compensation Due

Audit No: SAC-15-05-R2-3

Subject: Liberty Mutual Insurance and Helmsman Management Services

Location: Sacramento

Type: INS & TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty interest, or other	Total
22	\$308.18	\$800.00					\$1,108.18
23	\$753.01			\$75.30			\$828.31
24				\$105.02			\$105.02
25	\$64.74			\$5.89			\$70.63
26	\$367.29			\$24.30			\$391.59
27		\$327.76		\$910.72			\$1,238.48
28			\$657.43				\$657.43
29		\$2,156.15		\$341.62			\$2,497.77
30	\$1,040.00			\$104.00		\$104.80	\$1,248.80
31	\$22.15						\$22.15
32	\$64.14						\$64.14
33				\$100.00			\$100.00
34	\$207.55			\$20.75			\$228.30
35	\$187.92	\$2,460.00	\$6,577.58				\$9,225.50
36	\$910.10			\$91.01			\$1,001.11
Page 2 SUBTOTAL	\$3,925.08	\$5,743.91	\$7,235.01	\$1,778.61	\$0.00	\$104.80	\$18,787.41
Page 1 SUBTOTAL	\$5,659.82	\$18,831.91	\$0.00	\$3,025.44	\$0.00	\$35.68	\$27,552.85
TOTAL	\$9,584.90	\$24,575.82	\$7,235.01	\$4,804.05	\$0.00	\$140.48	\$46,340.26

Calendar Year: 2005

Individual Exhibit 3

Penalty Assessments and Collections

Files Audited:	153
Indemnity	137
Medical Only	0
Denied	0
Complaints	17
Additional	0

Audit No: SAC-15-05-R2-3

Subject: Liberty Mutual Ins Grp and Helmsman Mgmt Svcs

Location: Sacramento

Type: INS & TPA

Item #	# of Times Cited	Total \$ Penalties Assessable	Total Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	38	\$11,850	\$0	\$11,850	\$0		x
2	18	\$5,420	\$0	\$5,420	\$0		x
3	1	\$800	\$0	\$800	\$0		x
4	46	\$12,130	\$990	\$11,140	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	0	\$0	\$0	\$0	\$0		x
8	0	\$0	\$0	\$0	\$0		x
9	0	\$0	\$0	\$0	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	0	\$0	\$0	\$0	\$0		x
13	20	\$6,100	\$6,100	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	31	\$9,700	\$9,700	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	23	\$10,600	\$0	\$10,600	\$0		x
18 b	9	\$7,200	\$0	\$7,200	\$0		x
18 c	1	\$1,500	\$0	\$1,500	\$0		x
18 d	21	\$3,325	\$0	\$3,325	\$0		x
18 e	1	\$1,200	\$0	\$1,200	\$0		x
18 f	3	\$2,500	\$0	\$2,500	\$0		x
19	0	\$0	\$0	\$0	\$0		x
20 a	0	\$0	\$0	\$0	\$0		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	0	\$0	\$0	\$0	\$0		x
20 d	0	\$0	\$0	\$0	\$0		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	212	\$72,325	\$16,790	\$55,535	\$0		

Administrative penalties waived pursuant to Labor Code Section 129.5(c) and regulatory authority.

Calendar Year: 2005
Notices of Compensation Due

Individual Exhibit 2

Audit No: VNO-01-05-R1-2

Subject: Macy's West, Inc.

Location: Pasadena

Type: SI

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1				\$180.04			\$180.04
2	\$71.58						\$71.58
3	\$144.00						\$144.00
4	\$946.22			\$108.19			\$1,054.41
5				\$252.00			\$252.00
6				\$72.36			\$72.36
7		\$384.66		\$38.47			\$423.13
8				\$75.88			\$75.88
9				\$266.00			\$266.00
10				\$70.20			\$70.20
TOTAL	\$1,161.80	\$384.66	\$0.00	\$1,063.14	\$0.00	\$0.00	\$2,609.60

Calendar Year: 2005

Individual Exhibit 3

Penalty Assessments and Collections

Files Audited:	56
Indemnity	56
Medical Only	0
Denied	0
Complaints	0
Additional	0

Audit No: VNO-01-05-R1-2

Subject: Macy's West, Inc.

Location: Pasadena

Type: SI

Item #	# of Times Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	14	\$5,390	\$5,390	\$0	\$0		x
2	6	\$1,325	\$1,325	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	24	\$7,325	\$7,325	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	0	\$0	\$0	\$0	\$0		x
8	0	\$0	\$0	\$0	\$0		x
9	0	\$0	\$0	\$0	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	0	\$0	\$0	\$0	\$0		x
13	14	\$4,500	\$4,500	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	7	\$2,700	\$2,700	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	3	\$2,200	\$2,200	\$0	\$0		x
18 b	1	\$200	\$200	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	6	\$1,100	\$1,100	\$0	\$0		x
18 e	0	\$0	\$0	\$0	\$0		x
18 f	0	\$0	\$0	\$0	\$0		x
19	0	\$0	\$0	\$0	\$0		x
20 a	0	\$0	\$0	\$0	\$0		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	0	\$0	\$0	\$0	\$0		x
20 d	0	\$0	\$0	\$0	\$0		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	75	\$24,740	\$24,740	\$0	\$0		

Administrative penalties waived pursuant to Labor Code Section 129.5(c) and regulatory authority

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: OAK-05-05-R1-1

Subject: Majestic Insurance Company

Location: San Francisco

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 10 divide by # claims with payable indem 55 = 0.18182

B. Average Amount of Unpaid Indemnity per Claim with Obligation to Pay Indemnity

Total unpd indem. = \$ 7,417.35 divide by # of claims with obligation to pay indem. 55
 Avg Unpd Ind = \$ 134.86

C. Severity Rate

Avg Unpd Indem \$ 134.86 divide by avg unpd indem 2001-2003 of \$ 169.34 = 0.79639

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.18182 X Severity rate 0.79639 X modifier of 2
 = 0.28960

2. FACTOR FOR LATE FIRST PAYMENT OF TEMPORARY DISABILITY OR FIRST NOTICE

# claims with late 1st TD	12	divide by # with TD payments	51	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	12	divide by	Totals	51
				=
				0.23529

3. FACTOR FOR LATE FIRST PAYMENT OF PERMANENT DISABILITY, VRMA, AND DEATH BENEFITS

# claims with late first PD	3	divide by # with first PD	23	
# claims with late first VRMA	1	divide by # with first VRMA	5	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	4	divide by	Totals	28
				=
				0.14286

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 11 divide by # with subsequent payments 40 = 0.27500

5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION

# claims with AME/QME notice violations	6	divide by # requiring notices	32	
# claims with VR potential eligibility notice violations	2	divide by # requiring notices	9	
Totals	8	Totals	41	
				=
				0.19512

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2005 **1.13787**

Profile Audit Review Performance Rating of 1.76446 or greater is a failing score.

Calendar Year: 2005
Notices of Compensation Due

Individual Exhibit 2

Audit No: OAK-05-05-R1-1

Subject: Majestic Insurance

Location: San Francisco

Type: INS

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$141.10						\$141.10
2	\$18.09						\$18.09
3	\$92.49						\$92.49
4	\$320.08						\$320.08
5	\$172.00			\$129.00			\$301.00
6	\$3,780.00						\$3,780.00
7	\$2,108.27			\$210.83			\$2,319.10
8				\$221.31			\$221.31
9				\$75.60			\$75.60
10	\$148.58						\$148.58
TOTAL	\$6,780.61	\$0.00	\$0.00	\$636.74	\$0.00	\$0.00	\$7,417.35

Calendar Year: 2005

Individual Exhibit 3

Penalty Assessments and Collections

Files Audited:	55
Indemnity	55
Medical Only	0
Denied	0
Complaints	0
Additional	0

Audit No: OAK-05-05-R1-1

Subject: Majestic Insurance Company

Location: San Francisco

Type: INS

Item #	# of Times Cited	Total \$ Penalties Assessable	Total Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	14	\$2,085	\$2,085	\$0	\$0		x
2	3	\$1,220	\$1,220	\$0	\$0		x
3	1	\$100	\$100	\$0	\$0		x
4	19	\$1,925	\$1,925	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	0	\$0	\$0	\$0	\$0		x
8	0	\$0	\$0	\$0	\$0		x
9	0	\$0	\$0	\$0	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	0	\$0	\$0	\$0	\$0		x
13	2	\$700	\$700	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	7	\$3,200	\$3,200	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	9	\$6,200	\$6,200	\$0	\$0		x
18 b	0	\$0	\$0	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	6	\$700	\$700	\$0	\$0		x
18 e	0	\$0	\$0	\$0	\$0		x
18 f	0	\$0	\$0	\$0	\$0		x
19	0	\$0	\$0	\$0	\$0		x
20 a	0	\$0	\$0	\$0	\$0		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	0	\$0	\$0	\$0	\$0		x
20 d	0	\$0	\$0	\$0	\$0		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	61	\$16,130	\$16,130	\$0	\$0		

Administrative penalties waived pursuant to Labor Code Section 129.5(c) and regulatory authority.

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: SFO-12-05-R2-1

Subject: Matrix Absence Management, Inc.

Location: San Jose

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 11 divide by # claims with payable indem 55 = 0.20000

B. Average Amount of Unpaid Indemnity per Claim with Obligation to Pay Indemnity

Total unpd indem. = \$ 20,537.31 divide by # of claims with obligation to pay indem. 55
 Avg Unpd Ind = \$ 373.41

C. Severity Rate

Avg Unpd Indem \$ 373.41 divide by avg unpd indem 2001-2003 of \$ 169.34 = 2.20506

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.20000 X Severity rate 2.20506 X modifier of 2
 = 0.88203

2. FACTOR FOR LATE FIRST PAYMENT OF TEMPORARY DISABILITY OR FIRST NOTICE

# claims with late 1st TD	10	divide by # with TD payments	38	
# claims with late first SC notice	0	divide by # with salary continuation	2	
Totals	10	divide by	Totals 40	=

0.25000

3. FACTOR FOR LATE FIRST PAYMENT OF PERMANENT DISABILITY, VRMA, AND DEATH BENEFITS

# claims with late first PD	8	divide by # with first PD	27	
# claims with late first VRMA	0	divide by # with first VRMA	5	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	8	divide by	Totals 32	=

0.25000

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 15 divide by # with subsequent payments 39 =
 0.38462

5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION

# claims with AME/QME notice violations	14	divide by # requiring notices	32	
# claims with VR potential eligibility notice violations	7	divide by # requiring notices	8	
Totals	21		Totals 40	

= 0.52500

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2005 0.29164

Profile Audit Review Performance Rating of 1.76446 or greater is a failing score.

Full Compliance Audit Performance Rating of Randomly Selected Claims

Audit No: SFO-12-05-R2-1

Subject: Matrix Absence Management, Inc.

Location: San Jose

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 24 divide by # claims with payable indem 116 = 0.20690

B. Average Amount of Unpaid Indemnity per Claim with Obligation to Pay Indemnity

Total unpd indem = \$ 34,855.92 divide by # of claims with obligation to pay indem. 116
Avg Unpd Ind = \$ 300.48

C. Severity Rate

Avg Unpd Ind. \$ 300.48 divide by avg unpd indem 2001-2003 of \$ 169.34 = 1.77443

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.20690 X Severity rate 1.77443 X modifier of 2
= 0.73425

2. FACTOR FOR LATE FIRST PAYMENT OF TEMPORARY DISABILITY OR FIRST NOTICE

# claims with late 1st TD	23	divide by # with TD payments	83	
# claims with late first SC notice	3	divide by # with salary continuation	9	
Totals	26	divide by	Totals 92	=
				0.28261

3. FACTOR FOR LATE FIRST PAYMENT OF PERMANENT DISABILITY, VRMA, AND DEATH BENEFITS

# claims with late first PD	20	divide by # with first PD	58	
# claims with late first VRMA	1	divide by # with first VRMA	10	
# claims/late first death benefits	0	divide by # with first death ben paid	0	
Totals	21	divide by	Totals 68	=
				0.30882

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subseq payments 28 divide by # with subseq payments 77 = 0.36364

5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION

# claims with AME/QME notice violations	34	divide by # requiring notices	73	
# claims with VR potential eligibilty notice violations	10	divide by # requiring notices	13	
Totals	44		Totals 86	
				= 0.51163

FULL COMPLIANCE AUDIT PERFORMANCE RATING - 2005 2.20094

Full Compliance Audit Performance Rating for indemnity and denied files of 2.47632 or greater is a failing score.

Calendar Year: 2005
Notices of Compensation Due

Audit No: SFO-12-05-R2-1

Subject: Matrix Absence Management, Inc.

Location: San Jose

Type: TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty interest, or other	Total
22				\$166.50			\$166.50
23	\$25.14						\$25.14
24	\$5,124.00						\$5,124.00
Page 2 SUBTOTAL	\$5,149.14	\$0.00	\$0.00	\$166.50	\$0.00	\$0.00	\$5,315.64
Page 1 SUBTOTAL	\$2,637.52	\$21,916.02	\$0.00	\$4,986.74	\$0.00	\$0.00	\$29,540.28
TOTAL	\$7,786.66	\$21,916.02	\$0.00	\$5,153.24	\$0.00	\$0.00	\$34,855.92

Calendar Year: 2005

Individual Exhibit 3

Penalty Assessments and Collections

Files Audited:	116
Indemnity	116
Medical Only	0
Denied	0
Complaints	0
Additional	0

Audit No: SFO-12-05-R2-5

Subject: Matrix Absence Management, Inc.

Location: San Jose

Type: TPA

Item #	# of Times Cited	Total \$ Penalties Assessable	Total Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	28	\$10,175	\$0	\$10,175	\$0		x
2	20	\$5,890	\$0	\$5,890	\$0		x
3	1	\$300	\$0	\$300	\$0		x
4	60	\$19,955	\$1,500	\$18,455	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	4	\$230	\$230	\$0	\$0		x
8	0	\$0	\$0	\$0	\$0		x
9	0	\$0	\$0	\$0	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	0	\$0	\$0	\$0	\$0		x
13	8	\$2,500	\$2,500	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	35	\$13,600	\$13,600	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	6	\$10,800	\$0	\$10,800	\$0		x
18 b	6	\$6,400	\$0	\$6,400	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	22	\$4,975	\$0	\$4,975	\$0		x
18 e	0	\$0	\$0	\$0	\$0		x
18 f	0	\$0	\$0	\$0	\$0		x
19	0	\$0	\$0	\$0	\$0		x
20 a	0	\$0	\$0	\$0	\$0		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	0	\$0	\$0	\$0	\$0		x
20 d	0	\$0	\$0	\$0	\$0		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	190	\$74,825	\$17,830	\$56,995	\$0		

Administrative penalties waived pursuant to Labor Code Section 129.5(c) and regulatory authority.

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: SFO-08-05-R1-5

Subject: Octagon Risk Services

Location: Oakland

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 3 divide by # claims with payable indem 57 = 0.05263

B. Average Amount of Unpaid Indemnity per Claim with Obligation to Pay Indemnity

Total unpd indem. = \$ 8,207.05 divide by # of claims with obligation to pay indem. 57
Avg Unpd Ind = \$ 143.98

C. Severity Rate

Avg Unpd Indem \$ 143.98 divide by avg unpd indem 2001-2003 of \$ 169.34 = 0.85026

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.05263 X Severity rate 0.85026 X modifier of 2
= 0.08950

2. FACTOR FOR LATE FIRST PAYMENT OF TEMPORARY DISABILITY OR FIRST NOTICE

# claims with late 1st TD	2	divide by # with TD payments	48	
# claims with late first SC notice	2	divide by # with salary continuation	6	
Totals	4	divide by	Totals 54	=
				0.07407

3. FACTOR FOR LATE FIRST PAYMENT OF PERMANENT DISABILITY, VRMA, AND DEATH BENEFITS

# claims with late first PD	1	divide by # with first PD	19	
# claims with late first VRMA	0	divide by # with first VRMA	4	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	1	divide by	Totals 23	=
				0.04348

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 4 divide by # with subsequent payments 37 = 0.10811

5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION

# claims with AME/QME notice violations	7	divide by # requiring notices	43	
# claims with VR potential eligibility notice violations	3	divide by # requiring notices	8	
Totals	10	Totals	51	
				= 0.19608

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2005 0.51124

Profile Audit Review Performance Rating of 1.76446 or greater is a failing score.

Calendar Year: 2005
Notices of Compensation Due

Individual Exhibit 2

Audit No: SFO-08-05-R1-5

Subject: Octagon Risk Services

Location: Oakland

Type: TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1				\$37.00			\$37.00
2	\$7,307.41			\$730.74			\$8,038.15
3				\$131.90			\$131.90
TOTAL	\$7,307.41	\$0.00	\$0.00	\$899.64	\$0.00	\$0.00	\$8,207.05

Calendar Year: 2005

Individual Exhibit 3

Penalty Assessments and Collections

Files Audited:	57
Indemnity	57
Medical Only	0
Denied	0
Complaints	0
Additional	0

Audit No: SFO-08-05-R1-5

Subject: Octagon Risk Services

Location: Oakland

Type: TPA

Item #	# of Times Cited	Total \$ Penalties Assessable	Total Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	2	\$560	\$560	\$0	\$0		x
2	1	\$1,200	\$1,200	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	4	\$840	\$840	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	2	\$100	\$100	\$0	\$0		x
8	0	\$0	\$0	\$0	\$0		x
9	0	\$0	\$0	\$0	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	0	\$0	\$0	\$0	\$0		x
13	3	\$700	\$700	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	7	\$3,100	\$3,100	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	1	\$5,000	\$5,000	\$0	\$0		x
18 b	1	\$2,000	\$2,000	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	2	\$100	\$100	\$0	\$0		x
18 e	0	\$0	\$0	\$0	\$0		x
18 f	0	\$0	\$0	\$0	\$0		x
19	0	\$0	\$0	\$0	\$0		x
20 a	0	\$0	\$0	\$0	\$0		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	0	\$0	\$0	\$0	\$0		x
20 d	0	\$0	\$0	\$0	\$0		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	23	\$13,600	\$13,600	\$0	\$0		

Administrative penalties waived pursuant to Labor Code Section 129.5(c) and regulatory authority.

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: SAC-19-05-R1-5

Subject: Octagon Risk Services

Location: Stockton

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 11 divide by # claims with payable indem 45 = 0.24444

B. Average Amount of Unpaid Indemnity per Claim with Obligation to Pay Indemnity

Total unpd indem. = \$ 4,441.42 divide by # of claims with obligation to pay indem. 45
Avg Unpd Ind = \$ 98.70

C. Severity Rate

Avg Unpd Indem \$ 98.70 divide by avg unpd indem 2001-2003 of \$ 169.34 = 0.58284

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.24444 X Severity rate 0.58284 X modifier of 2
= 0.28494

2. FACTOR FOR LATE FIRST PAYMENT OF TEMPORARY DISABILITY OR FIRST NOTICE

# claims with late 1st TD	6	divide by # with TD payments	40	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	6	divide by	Totals 40	=

0.15000

3. FACTOR FOR LATE FIRST PAYMENT OF PERMANENT DISABILITY, VRMA, AND DEATH BENEFITS

# claims with late first PD	1	divide by # with first PD	17	
# claims with late first VRMA	0	divide by # with first VRMA	7	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	1	divide by	Totals 24	=

0.04167

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 3 divide by # with subsequent payments 31 =
0.09677

5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION

# claims with AME/QME notice violations	11	divide by # requiring notices	34	
# claims with VR potential eligibility notice violations	2	divide by # requiring notices	8	
Totals	13	Totals	42	

= 0.30952

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2005 0.88291

Profile Audit Review Performance Rating of 1.76446 or greater is a failing score.

Calendar Year: 2005
Notices of Compensation Due

Individual Exhibit 2

Audit No: SAC-10-05-R1-5

Subject: Octagon Risk Management

Location: Stockton

Type: TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$1,174.09		\$521.31	\$117.41			\$1,812.81
2	\$156.12			\$52.04			\$208.16
3				\$356.12			\$356.12
4	\$1,124.00			\$232.44			\$1,356.44
5	\$112.69			\$11.27			\$123.96
6	\$97.60			\$9.76			\$107.36
7				\$14.83			\$14.83
8	\$72.13						\$72.13
9		\$123.72		\$48.74			\$172.46
10				\$192.80			\$192.80
11				\$24.35			\$24.35
TOTAL	\$2,736.63	\$123.72	\$521.31	\$1,059.76	\$0.00	\$0.00	\$4,441.42

Calendar Year: 2005

Individual Exhibit 3

Penalty Assessments and Collections

Files Audited:	45
Indemnity	45
Medical Only	0
Denied	0
Complaints	0
Additional	0

Audit No: SAC-10-05-R1-5

Subject: Octagon Risk Services

Location: Stockton

Type: TPA

Item #	# of Times Cited	Total \$ Penalties Assessable	Total Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	8	\$4,975	\$4,975	\$0	\$0		x
2	1	\$1,200	\$1,200	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	8	\$1,680	\$1,680	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	0	\$0	\$0	\$0	\$0		x
8	0	\$0	\$0	\$0	\$0		x
9	0	\$0	\$0	\$0	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	0	\$0	\$0	\$0	\$0		x
13	2	\$500	\$500	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	10	\$2,500	\$2,500	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	9	\$6,800	\$6,800	\$0	\$0		x
18 b	1	\$400	\$400	\$0	\$0		x
18 c	1	\$400	\$400	\$0	\$0		x
18 d	7	\$1,500	\$1,500	\$0	\$0		x
18 e	0	\$0	\$0	\$0	\$0		x
18 f	0	\$0	\$0	\$0	\$0		x
19	0	\$0	\$0	\$0	\$0		x
20 a	0	\$0	\$0	\$0	\$0		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	0	\$0	\$0	\$0	\$0		x
20 d	0	\$0	\$0	\$0	\$0		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	47	\$19,955	\$19,955	\$0	\$0		

Administrative penalties waived pursuant to Labor Code Section 129.5(c) and regulatory authority.

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: SAC-04-05-R1-5

Subject: Pinnacle Risk Management Services

Location: Roseville

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 11 divide by # claims with payable indem 46 = 0.23913

B. Average Amount of Unpaid Indemnity per Claim with Obligation to Pay Indemnity

Total unpd indem. = \$ 6,698.25 divide by # of claims with obligation to pay indem. 46
 Avg Unpd Ind = \$ 145.61

C. Severity Rate

Avg Unpd Indem \$ 145.61 divide by avg unpd indem 2001-2003 of \$ 169.34 = 0.85989

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.23913 X Severity rate 0.85989 X modifier of 2
 = 0.41125

2. FACTOR FOR LATE FIRST PAYMENT OF TEMPORARY DISABILITY OR FIRST NOTICE

# claims with late 1st TD	16	divide by # with TD payments	43	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	16	divide by	Totals 43	=

0.37209

3. FACTOR FOR LATE FIRST PAYMENT OF PERMANENT DISABILITY, VRMA, AND DEATH BENEFITS

# claims with late first PD	1	divide by # with first PD	17	
# claims with late first VRMA	0	divide by # with first VRMA	2	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	1	divide by	Totals 19	=

0.05263

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 5 divide by # with subsequent payments 35 =
 0.14286

5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION

# claims with AME/QME notice violations	6	divide by # requiring notices	25	
# claims with VR potential eligibility notice violations	6	divide by # requiring notices	11	
Totals	12	Totals	36	

= 0.33333

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2005 **1.31217**

Profile Audit Review Performance Rating of 1.76446 or greater is a failing score.

Calendar Year: 2005
Notices of Compensation Due

Individual Exhibit 2

Audit No.: SAC-04-05-R1-5

Subject: Pinnacle Risk Management Services

Location: Roseville

Type: TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$3,625.34			\$362.53			\$3,987.87
2	\$89.19			\$47.78			\$136.97
3				\$145.60			\$145.60
4	\$31.92	\$1,600.00		\$162.17			\$1,794.09
5	\$76.39			\$7.63			\$84.02
6	\$38.65			\$3.87			\$42.52
7				\$23.44			\$23.44
8				\$146.40			\$146.40
9	\$160.12			\$16.01			\$176.13
10				\$40.00		\$35.29	\$75.29
11	\$85.92						\$85.92
TOTAL	\$4,107.53	\$1,600.00	\$0.00	\$955.43	\$0.00	\$35.29	\$6,698.25

Calendar Year: 2005

Individual Exhibit 3

Penalty Assessments and Collections

Files Audited:	46
Indemnity	46
Medical Only	0
Denied	0
Complaints	0
Additional	0

Audit No: SAC-04-05-R1-5

Subject: Pinnacle Risk Management Services

Location: Roseville

Type: TPA

Item #	# of Times Cited	Total \$ Penalties Assessable	Total Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	15	\$11,220	\$11,220	\$0	\$0		x
2	1	\$320	\$320	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	6	\$705	\$705	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	0	\$0	\$0	\$0	\$0		x
8	0	\$0	\$0	\$0	\$0		x
9	0	\$0	\$0	\$0	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	0	\$0	\$0	\$0	\$0		x
13	6	\$2,200	\$2,200	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	6	\$2,300	\$2,300	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	8	\$6,500	\$6,500	\$0	\$0		x
18 b	1	\$400	\$400	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	5	\$625	\$625	\$0	\$0		x
18 e	0	\$0	\$0	\$0	\$0		x
18 f	1	\$500	\$500	\$0	\$0		x
19	0	\$0	\$0	\$0	\$0		x
20 a	0	\$0	\$0	\$0	\$0		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	0	\$0	\$0	\$0	\$0		x
20 d	0	\$0	\$0	\$0	\$0		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	49	\$24,770	\$24,770	\$0	\$0		

Administrative penalties waived pursuant to Labor Code Section 129.5(c) and regulatory authority.

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: LAO-04-05-R3-6

Subject: PTSC / MTA Risk Management Authority

Location: Los Angeles

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 25 divide by # claims with payable indem 57 = 0.43860

B. Average Amount of Unpaid Indemnity per Claim with Obligation to Pay Indemnity

Total unpd indem. = \$69,170.08 divide by # of claims with obligation to pay indem. 57
 Avg Unpd Ind = \$ 1,213.51

C. Severity Rate

Avg Unpd Indem \$ 1,213.51 divide by avg unpd indem 2001-2003 of \$ 169.34 = 7.16612

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.43860 X Severity rate 7.16612 X modifier of 2
 = **6.28607**

2. FACTOR FOR LATE FIRST PAYMENT OF TEMPORARY DISABILITY OR FIRST NOTICE

# claims with late 1st TD	25	divide by # with TD payments	52	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	25	divide by	Totals 52	=
				0.48077

3. FACTOR FOR LATE FIRST PAYMENT OF PERMANENT DISABILITY, VRMA, AND DEATH BENEFITS

# claims with late first PD	7	divide by # with first PD	23	
# claims with late first VRMA	0	divide by # with first VRMA	3	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	7	divide by	Totals 26	=
				0.26923

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 14 divide by # with subsequent payments 38 =
0.36842

5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION

# claims with AME/QME notice violations	20	divide by # requiring notices	41	
# claims with VR potential eligibility notice violations	8	divide by # requiring notices	12	
Totals	28		Totals 53	
				=
				0.52830

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2005 **7.93279**

Profile Audit Review Performance Rating of 1.76446 or greater is a failing score.

Full Compliance Audit Performance Rating of Randomly Selected Claims

Audit No: LAO-04-05-R3-6

Subject: PTSC / MTA Risk Management Authority

Location: Los Angeles

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indemr 55 divide by # claims with payable indem 127 = 0.43307

B. Average Amount of Unpaid Indemnity per Claim with Obligation to Pay Indemnity

Total unpd indem. = \$132,534.23 divide by # of claims with obligation to pay indem. 127
 Avg Unpd Ind = \$ 1,043.58

C. Severity Rate

Avg Unpd Indem \$ 1,043.58 divide by avg unpd indem 2001-2003 of \$ 169.34 = 6.16261

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.43307 X Severity rate 6.16261 X modifier of 2
 = **5.33769**

2. FACTOR FOR LATE FIRST PAYMENT OF TEMPORARY DISABILITY OR FIRST NOTICE

# claims with late 1st TD	55	divide by # with TD payments	115	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	55	divide by	Totals	115
				=
				0.47826

3. FACTOR FOR LATE FIRST PAYMENT OF PERMANENT DISABILITY, VRMA, AND DEATH BENEFITS

# claims with late first PD	19	divide by # with first PD	58	
# claims with late first VRMA	1	divide by # with first VRMA	9	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	20	divide by	Totals	67
				=
				0.29851

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 39 divide by # with subsequent payments 91 =
0.42857

5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION

# claims with AME/QME notice violations	56	divide by # requiring notices	101	
# claims with VR potential eligibility notice violations	24	divide by # requiring notices	36	
Totals	80	Totals	137	
				=
				0.58394

FULL COMPLIANCE AUDIT PERFORMANCE RATING - 2005 **7.12698**

Full Compliance Audit Performance Rating of indemnity files of 2.47632 or greater is a failing score.

Full Compliance Audit Performance Rating of Randomly Selected Claims

Audit No: LAO-04-05-R3-6

Subject: PTSC / MTA Risk Management Authority

Location: Los Angeles

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 51 divide by # claims with payable indem 133 = 0.38346

B. Average Amount of Unpaid Indemnity per Claim with Obligation to Pay Indemnity

Total unpd indem = \$ 107,191.34 divide by # of claims with obligation to pay indem. 133
 Avg Unpd Ind = \$ 805.95

C. Severity Rate

Avg Unpd Ind. \$ 805.95 divide by avg unpd indem 2001-2003 of \$ 169.34 = 4.75936

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.38346 X Severity rate 4.75936 X modifier of 2
 = 3.65004

2. FACTOR FOR LATE FIRST PAYMENT OF TEMPORARY DISABILITY OR FIRST NOTICE

# claims with late 1st TD	51	divide by # with TD payments	119	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	51	divide by	Totals 119	=
				0.42857

3. FACTOR FOR LATE FIRST PAYMENT OF PERMANENT DISABILITY, VRMA, AND DEATH BENEFITS

# claims with late first PD	19	divide by # with first PD	64	
# claims with late first VRMA	1	divide by # with first VRMA	13	
# claims/late first death benefits	0	divide by # with first death ben paid	0	
Totals	20	divide by	Totals 77	=
				0.25974

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subseq payments 40 divide by # with subseq payments 94 =
 0.42553

5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION

# claims with AME/QME notice violations	58	divide by # requiring notices	107	
# claims with VR potential eligibilty notice violations	25	divide by # requiring notices	39	
Totals	83	Totals	146	
				=
				0.56849

FULL COMPLIANCE AUDIT PERFORMANCE RATING - 2005 5.33237

Full Compliance Audit Performance Rating for indemnity and denied files of 2.47632 or greater is a failing score.

Calendar Year: 2005
Notices of Compensation Due

Audit No: LAO-04-05-R3-6

Subject: PTSC / MTA Risk Management Authority

Location: Los Angeles Type: SI

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1		\$4,757.86		\$475.79			\$5,233.65
2	\$2,480.25			\$248.02			\$2,728.27
3	\$1,458.82			\$199.99			\$1,658.81
4				\$277.78			\$277.78
5	\$1,003.64			\$100.36			\$1,104.00
6		\$1,291.00		\$129.10			\$1,420.10
7	\$1,967.21			\$623.95			\$2,591.16
8	\$438.60			\$226.06			\$664.66
9	\$688.00						\$688.00
10	\$298.71						\$298.71
11				\$28.00			\$28.00
12	\$875.65			\$87.56			\$963.21
13	\$404.35			\$7.16			\$411.51
14	\$210.00			\$468.80			\$678.80
15	\$14,794.39			\$1,735.34			\$16,529.73
16			\$13,922.70				\$13,922.70
17	\$1,910.42			\$191.04			\$2,101.46
18	\$210.00			\$14.00			\$224.00
19	\$70.00						\$70.00
20	\$138.09			\$424.94			\$563.03
21		\$2,015.02		\$201.50			\$2,216.52
SUBTOTAL	\$26,948.13	\$8,063.88	\$13,922.70	\$5,439.39	\$0.00	\$0.00	\$54,374.10

Calendar Year: 2005
Notices of Compensation Due

Audit No: LAO-04-05-R3-6

Subject: PTSC / MTA Risk Management Authority

Location: Los Angeles

Type: SI

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty interest, or other	Total
22	\$1,338.37			\$546.64			\$1,885.01
23		\$2,206.29		\$244.42			\$2,450.71
24	\$3,078.84	\$48.57		\$312.73			\$3,440.14
25	\$1,144.00	\$29.71		\$117.37			\$1,291.08
26		\$2,184.70		\$316.47			\$2,501.17
27		\$2,856.00		\$285.60			\$3,141.60
28		\$187.43		\$61.86			\$249.29
29		\$4,827.14		\$555.57			\$5,382.71
30	\$597.07						\$597.07
31	\$1,135.72			\$315.84			\$1,451.56
32	\$223.30			\$17.86			\$241.16
33				\$98.00			\$98.00
34	\$92.57	\$1,392.26		\$148.49			\$1,633.32
35	\$3,172.91			\$292.04			\$3,464.95
36				\$111.27			\$111.27
37	\$8,138.74			\$1,386.15			\$9,524.89
38				\$125.00			\$125.00
39			\$4,779.21				\$4,779.21
40	\$210.00			\$182.00			\$392.00
41		\$2,102.00					\$2,102.00
42				\$64.90			\$64.90
Page 2 SUBTOTAL	\$19,131.52	\$15,834.10	\$4,779.21	\$5,182.21	\$0.00	\$0.00	\$44,927.04
Page 1 SUBTOTAL	\$26,948.13	\$8,063.88	\$13,922.70	\$5,439.39	\$0.00	\$0.00	\$54,374.10
Pages 1 & 2 SUBTOTAL	\$46,079.65	\$23,897.98	\$18,701.91	\$10,621.60	\$0.00	\$0.00	\$99,301.14

Calendar Year: 2005
Notices of Compensation Due

Individual Exhibit 2
Page 3 of 3

Audit No: LAO-04-05-R3-6

Subject: PTSC / MTA Risk Management Authority

Location: Los Angeles

Type: SI

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty interest, or other	Total
43	\$210.00			\$21.00			\$231.00
44				\$84.00			\$84.00
45	\$124.99						\$124.99
46	\$140.02			\$14.00			\$154.02
47	\$10,471.88						\$10,471.88
48	\$14.54			\$1.45			\$15.99
49	\$222.85			\$22.28			\$245.13
50	\$210.00						\$210.00
51	\$278.40						\$278.40
52	\$630.00			\$224.00			\$854.00
Page 3 SUBTOTAL	\$12,302.68	\$0.00	\$0.00	\$366.73	\$0.00	\$0.00	\$12,669.41
Pages 1 & 2 SUBTOTAL	\$46,079.65	\$23,897.98	\$18,701.91	\$10,621.60	\$0.00	\$0.00	\$99,301.14
TOTAL	\$58,382.33	\$23,897.98	\$18,701.91	\$10,988.33	\$0.00	\$0.00	\$111,970.55

Calendar Year: 2005

Individual Exhibit 3

Penalty Assessments and Collections

Files Audited:	193
Indemnity	127
Medical Only	0
Denied	63
Complaints	3
Additional	0

Audit No: LAO-04-05-R3-6

Subject: PTSC/MTA Risk Mgmt Authority

Location: Los Angeles

Type: SI

Item #	# of Times Cited	Total \$ Penalties Assessable	Total Penalties Waived	Total \$ Amount Collected*	Balance \$ Due	Appealed	
						Yes	No
1	55	\$17,419	\$0	\$17,419	\$0		x
2	18	\$12,377	\$0	\$12,377	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	137	\$14,659	\$3,025	\$11,634	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	150	\$17,640	\$0	\$17,640	\$0		x
7	101	\$6,597	\$0	\$6,597	\$0		x
8	1240	\$232,655	\$0	\$232,655	\$0		x
9	18	\$3,470	\$0	\$3,470	\$0		x
10	6	\$375	\$0	\$375	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	18	\$8,060	\$0	\$8,060	\$0		x
13	25	\$9,752	\$0	\$9,752	\$0		x
14	4	\$1,560	\$0	\$1,560	\$0		x
15	60	\$30,760	\$0	\$30,760	\$0		x
16	2	\$380	\$0	\$380	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	48	\$46,820	\$0	\$46,820	\$0		x
18 b	13	\$10,870	\$0	\$10,870	\$0		x
18 c	2	\$7,300	\$0	\$7,300	\$0		x
18 d	89	\$10,170	\$0	\$10,170	\$0		x
18 e	0	\$0	\$0	\$0	\$0		x
18 f	0	\$0	\$0	\$0	\$0		x
19	1	\$140	\$0	\$140	\$0		x
20 a	25	\$755	\$0	\$755	\$0		x
20 b	3	\$8,400	\$0	\$8,400	\$0		x
20 c	1	\$500	\$0	\$500	\$0		x
20 d	266	\$31,550	\$0	\$31,550	\$0		x
21	1	\$4,200	\$0	\$4,200	\$0		x
TOTAL	2283	\$476,409	\$3,025	\$473,384	\$0		

Administrative penalties waived pursuant to Labor Code Section 129.5(c) and regulatory authority.

*Administrative penalties modified by factor of 1.4 pursuant to Labor Code §129.5(c) and 8CCR §10111.2(c)(7).

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: OAK-06-05-R1-1

Subject: Republic American Insurance Group

Location: San Francisco

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 11 divide by # claims with payable indem 58 = 0.18966

B. Average Amount of Unpaid Indemnity per Claim with Obligation to Pay Indemnity

Total unpd indem. = \$ 1,836.68 divide by # of claims with obligation to pay indem. 58
 Avg Unpd Ind = \$ 31.67

C. Severity Rate

Avg Unpd Indem \$ 31.67 divide by avg unpd indem 2001-2003 of \$ 169.34 = 0.18700

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.18966 X Severity rate 0.18700 X modifier of 2
 = 0.07093

2. FACTOR FOR LATE FIRST PAYMENT OF TEMPORARY DISABILITY OR FIRST NOTICE

# claims with late 1st TD	13	divide by # with TD payments	53	
# claims with late first SC notice	0	divide by # with salary continuation	1	
Totals	13	divide by	54	=

0.24074

3. FACTOR FOR LATE FIRST PAYMENT OF PERMANENT DISABILITY, VRMA, AND DEATH BENEFITS

# claims with late first PD	1	divide by # with first PD	17	
# claims with late first VRMA	0	divide by # with first VRMA	1	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	1	divide by	18	=

0.05556

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 8 divide by # with subsequent payments 33 =
0.24242

5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION

# claims with AME/QME notice violations	9	divide by # requiring notices	46	
# claims with VR potential eligibility notice violations	2	divide by # requiring notices	4	
Totals	11		50	

= 0.22000

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2005 **0.82965**

Profile Audit Review Performance Rating of 1.76446 or greater is a failing score.

Calendar Year: 2005
Notices of Compensation Due

Individual Exhibit 2

Audit No: OAK-06-05-R1-1

Subject: Republic American Insurance Group

Location: San Francisco

Type: INS

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$32.37						\$32.37
2	\$335.25						\$335.25
3	\$34.57						\$34.57
4	\$31.66						\$31.66
5	\$31.21						\$31.21
6	\$55.94						\$55.94
7	\$235.40						\$235.40
8	\$350.27						\$350.27
9	\$540.00						\$540.00
10				\$98.59			\$98.59
11	\$91.42						\$91.42
TOTAL	\$1,738.09	\$0.00	\$0.00	\$98.59	\$0.00	\$0.00	\$1,836.68

Calendar Year: 2005

Individual Exhibit 3

Penalty Assessments and Collections

Files Audited:	58
Indemnity	58
Medical Only	0
Denied	0
Complaints	0
Additional	0

Audit No: OAK-06-05-R1-1

Subject: Republic American Ins. Grp

Location: San Francisco Type: INS

Item #	# of Times Cited	Total \$ Penalties Assessable	Total Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	16	\$2,485	\$2,485	\$0	\$0		x
2	2	\$690	\$690	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	24	\$3,085	\$3,085	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	0	\$0	\$0	\$0	\$0		x
8	0	\$0	\$0	\$0	\$0		x
9	0	\$0	\$0	\$0	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	0	\$0	\$0	\$0	\$0		x
13	2	\$700	\$700	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	8	\$3,200	\$3,200	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	10	\$2,800	\$2,800	\$0	\$0		x
18 b	0	\$0	\$0	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	2	\$150	\$150	\$0	\$0		x
18 e	0	\$0	\$0	\$0	\$0		x
18 f	0	\$0	\$0	\$0	\$0		x
19	0	\$0	\$0	\$0	\$0		x
20 a	0	\$0	\$0	\$0	\$0		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	0	\$0	\$0	\$0	\$0		x
20 d	0	\$0	\$0	\$0	\$0		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	64	\$13,110	\$13,110	\$0	\$0		

Administrative penalties waived pursuant to Labor Code Section 129.5(c) and regulatory authority.

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: SAC-05-05-R1-6

Subject: Schools Insurance Authority

Location: Sacramento

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 0 divide by # claims with payable indem 53 = 0.00000

B. Average Amount of Unpaid Indemnity per Claim with Obligation to Pay Indemnity

Total unpd indem. = divide by # of claims with obligation to pay indem. 53
Avg Unpd Ind = \$ -

C. Severity Rate

Avg Unpd Indem \$ - divide by avg unpd indem 2001-2003 of \$ 169.34 = 0.00000

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.00000 X Severity rate 0.00000 X modifier of 2
= 0.00000

2. FACTOR FOR LATE FIRST PAYMENT OF TEMPORARY DISABILITY OR FIRST NOTICE

# claims with late 1st TD	0	divide by # with TD payments	1	
# claims with late first SC notice	11	divide by # with salary continuation	51	
Totals	11	divide by	Totals 52	=
				0.21154

3. FACTOR FOR LATE FIRST PAYMENT OF PERMANENT DISABILITY, VRMA, AND DEATH BENEFITS

# claims with late first PD	3	divide by # with first PD	17	
# claims with late first VRMA	0	divide by # with first VRMA	3	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	3	divide by	Totals 20	=
				0.15000

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 0 divide by # with subsequent payments 9 = 0.00000

5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION

# claims with AME/QME notice violations	5	divide by # requiring notices	47	
# claims with VR potential eligibility notice violations	4	divide by # requiring notices	5	
Totals	9		Totals 52	
				= 0.17308

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2005 0.53462

Profile Audit Review Performance Rating of 1.76446 or greater is a failing score.

Calendar Year: 2005

Individual Exhibit 3

Penalty Assessments and Collections

Files Audited:	53
Indemnity	53
Medical Only	0
Denied	0
Complaints	0
Additional	0

Audit No: SAC-05-05-R1-6

Subject: Schools Insurance Authority

Location: Sacramento

Type: SI

Item #	# of Times Cited	Total \$ Penalties Assessable	Total Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	0	\$0	\$0	\$0	\$0		x
2	2	\$75	\$75	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	1	\$125	\$125	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	11	\$355	\$355	\$0	\$0		x
8	0	\$0	\$0	\$0	\$0		x
9	0	\$0	\$0	\$0	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	0	\$0	\$0	\$0	\$0		x
13	4	\$1,000	\$1,000	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	5	\$1,200	\$1,200	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	0	\$0	\$0	\$0	\$0		x
18 b	1	\$750	\$750	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	0	\$0	\$0	\$0	\$0		x
18 e	0	\$0	\$0	\$0	\$0		x
18 f	0	\$0	\$0	\$0	\$0		x
19	0	\$0	\$0	\$0	\$0		x
20 a	0	\$0	\$0	\$0	\$0		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	0	\$0	\$0	\$0	\$0		x
20 d	0	\$0	\$0	\$0	\$0		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	24	\$3,505	\$3,505	\$0	\$0		

Administrative penalties waived pursuant to Labor Code Section 129.5(c) and regulatory authority.

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: SAC-16-05-R2-3

Subject: Self-Insured Schools of California

Location: Bakersfield

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 10 divide by # claims with payable indem 56 = 0.17857

B. Average Amount of Unpaid Indemnity per Claim with Obligation to Pay Indemnity

Total unpd indem. = \$ 29,120.46 divide by # of claims with obligation to pay indem. 56
Avg Unpd Ind = \$ 520.01

C. Severity Rate

Avg Unpd Indem \$ 520.01 divide by avg unpd indem 2001-2003 of \$ 169.34 = 3.07079

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.17857 X Severity rate 3.07079 X modifier of 2
= 1.09671

2. FACTOR FOR LATE FIRST PAYMENT OF TEMPORARY DISABILITY OR FIRST NOTICE

# claims with late 1st TD	9	divide by # with TD payments	20	
# claims with late first SC notice	22	divide by # with salary continuation	47	
Totals	31	divide by	Totals 67	=
				0.46269

3. FACTOR FOR LATE FIRST PAYMENT OF PERMANENT DISABILITY, VRMA, AND DEATH BENEFITS

# claims with late first PD	5	divide by # with first PD	16	
# claims with late first VRMA	1	divide by # with first VRMA	3	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	6	divide by	Totals 19	=
				0.31579

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 8 divide by # with subsequent payments 18 = 0.44444

5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION

# claims with AME/QME notice violations	12	divide by # requiring notices	44	
# claims with VR potential eligibility notice violations	2	divide by # requiring notices	7	
Totals	14	Totals	51	
				= 0.27451

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2005 2.59414

Profile Audit Review Performance Rating of 1.76446 or greater is a failing score.

Calendar Year: 2005
Notices of Compensation Due

Individual Exhibit 2

Audit No: SAC-16-05-R2-3

Subject: Self-Insured Schools of California

Location: Bakersfield Type: SI & TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1				\$35.07			\$35.07
2				\$95.14			\$95.14
3		\$2,100.00		\$210.00			\$2,310.00
4				\$55.50			\$55.50
5				\$19.50			\$19.50
6				\$37.00			\$37.00
7				\$100.80			\$100.80
8		\$980.00		\$320.00			\$1,300.00
9				\$84.00			\$84.00
10				\$69.12			\$69.12
11		\$555.00		\$55.50			\$610.50
12	\$9,024.41	\$12,897.14		\$2,192.15			\$24,113.70
13		\$405.00		\$40.50			\$445.50
14		\$1,940.00		\$371.88			\$2,311.88
15				\$60.64			\$60.64
16				\$26.42			\$26.42
17			\$1,448.00				\$1,448.00
18				\$330.29			\$330.29
TOTAL	\$9,024.41	\$18,877.14	\$1,448.00	\$4,103.51	\$0.00	\$0.00	\$33,453.06

Calendar Year: 2005

Individual Exhibit 3

Penalty Assessments and Collections

Files Audited:	123
Indemnity	123
Medical Only	0
Denied	0
Complaints	0
Additional	0

Audit No: SAC-16-05-R2-3

Subject: Self-Insured Schools of California

Location: Bakersfield

Type: SI & TPA

Item #	# of Times Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	18	\$9,295	\$0	\$9,295	\$0		x
2	13	\$4,920	\$0	\$4,920	\$0		x
3	3	\$1,050	\$0	\$1,050	\$0		x
4	43	\$11,665	\$1,825	\$9,840	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	47	\$2,330	\$2,330	\$0	\$0		x
8	0	\$0	\$0	\$0	\$0		x
9	0	\$0	\$0	\$0	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	0	\$0	\$0	\$0	\$0		x
13	5	\$1,800	\$1,800	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	23	\$8,300	\$8,300	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	1	\$5,000	\$0	\$5,000	\$0		x
18 b	8	\$5,700	\$0	\$5,700	\$0		x
18 c	1	\$1,000	\$0	\$1,000	\$0		x
18 d	14	\$2,625	\$0	\$2,625	\$0		x
18 e	1	\$500	\$0	\$500	\$0		x
18 f	0	\$0	\$0	\$0	\$0		x
19	0	\$0	\$0	\$0	\$0		x
20 a	0	\$0	\$0	\$0	\$0		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	0	\$0	\$0	\$0	\$0		x
20 d	0	\$0	\$0	\$0	\$0		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	177	\$54,185	\$14,255	\$39,930	\$0		

Administrative penalties waived pursuant to Labor Code Section 129.5(c) and regulatory authority

Calendar Year: 2005
Notices of Compensation Due

Individual Exhibit 2

Audit No: VNO-04-05-R2-5

Subject: Southern California Risk Management Associates, Inc.

Location: Valecia

Type: TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1		\$1,665.00		\$166.50			\$1,831.50
2				\$210.00			\$210.00
3				\$27.00			\$27.00
4	\$1,252.25						\$1,252.25
5	\$7,382.72			\$738.27			\$8,120.99
6		\$4,000.00		\$400.00			\$4,400.00
7	\$5,689.54		\$424.58	\$846.45			\$6,960.57
8	\$974.86			\$156.36			\$1,131.22
9				\$53.68			\$53.68
10				\$22.86			\$22.86
11	\$36.00			\$3.60			\$39.60
12	\$1,441.53	\$574.96		\$201.65			\$2,218.14
13	\$252.00						\$252.00
14		\$2,616.43					\$2,616.43
15	\$2,127.49			\$212.75			\$2,340.24
TOTAL	\$19,156.39	\$8,856.39	\$424.58	\$3,039.12	\$0.00	\$0.00	\$31,476.48

Calendar Year: 2005

Individual Exhibit 3

Penalty Assessments and Collections

Files Audited:	118
Indemnity	118
Medical Only	0
Denied	0
Complaints	0
Additional	0

Audit No: VNO-04-05-R2-5

Subject: Southern California Risk Management Associates, Inc.

Location: Valencia Type: TPA

Item #	# of Times Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	10	\$9,130	\$0	\$9,130	\$0		x
2	11	\$8,285	\$0	\$8,285	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	12	\$8,900	\$200	\$8,700	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	40	\$2,190	\$2,190	\$0	\$0		x
8	0	\$0	\$0	\$0	\$0		x
9	0	\$0	\$0	\$0	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	0	\$0	\$0	\$0	\$0		x
13	7	\$2,600	\$2,600	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	11	\$4,400	\$4,400	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	14	\$16,900	\$0	\$16,900	\$0		x
18 b	4	\$3,300	\$0	\$3,300	\$0		x
18 c	1	\$1,000	\$0	\$1,000	\$0		x
18 d	7	\$1,500	\$0	\$1,500	\$0		x
18 e	0	\$0	\$0	\$0	\$0		x
18 f	0	\$0	\$0	\$0	\$0		x
19	0	\$0	\$0	\$0	\$0		x
20 a	0	\$0	\$0	\$0	\$0		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	0	\$0	\$0	\$0	\$0		x
20 d	0	\$0	\$0	\$0	\$0		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	117	\$58,205	\$9,390	\$48,815	\$0		

Administrative penalties waived pursuant to Labor Code Section 129.5(c) and regulatory authority

Calendar Year: 2005
Notices of Compensation Due

Individual Exhibit 2

Audit No: OAK-01-05-R1-3

Subject: St Paul Travelers

Location: Walnut Creek

Type: INS & TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$63.81						\$63.81
2				\$23.83			\$23.83
3	\$265.97			\$26.60			\$292.57
4	\$676.64			\$31.20			\$707.84
5	\$38.12						\$38.12
6	\$77.97						\$77.97
7		\$5,212.07					\$5,212.07
TOTAL	\$1,122.51	\$5,212.07	\$0.00	\$81.63	\$0.00	\$0.00	\$6,416.21

Calendar Year: 2005

Individual Exhibit 3

Penalty Assessments and Collections

Files Audited:	63
Indemnity	58
Medical Only	0
Denied	0
Complaints	5
Additional	0

Audit No: OAK-01-05-R1-3

Subject: St Paul Travelers

Location: Walnut Creek

Type: INS & TPA

Item #	# of Times Cited	Total \$ Penalties Assessable	Total Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	10	\$7,030	\$7,030	\$0	\$0		x
2	4	\$1,880	\$1,880	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	3	\$1,075	\$1,075	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	3	\$130	\$130	\$0	\$0		x
8	0	\$0	\$0	\$0	\$0		x
9	0	\$0	\$0	\$0	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	0	\$0	\$0	\$0	\$0		x
13	3	\$600	\$600	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	12	\$4,300	\$4,300	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	5	\$1,400	\$1,400	\$0	\$0		x
18 b	2	\$1,900	\$1,900	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	1	\$150	\$150	\$0	\$0		x
18 e	0	\$0	\$0	\$0	\$0		x
18 f	0	\$0	\$0	\$0	\$0		x
19	0	\$0	\$0	\$0	\$0		x
20 a	0	\$0	\$0	\$0	\$0		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	0	\$0	\$0	\$0	\$0		x
20 d	0	\$0	\$0	\$0	\$0		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	43	\$18,465	\$18,465	\$0	\$0		

Administrative penalties waived pursuant to Labor Code Section 129.5(c) and regulatory authority.

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: LAO-06-05-R1-1

Subject: State Compensation Insurance Fund

Location: Glendale

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 10 divide by # claims with payable indem 59 = 0.16949

B. Average Amount of Unpaid Indemnity per Claim with Obligation to Pay Indemnity

Total unpd indem. = \$ 8,246.44 divide by # of claims with obligation to pay indem. 59
Avg Unpd Ind = \$ 139.77

C. Severity Rate

Avg Unpd Indem \$ 139.77 divide by avg unpd indem 2001-2003 of \$ 169.34 = 0.82538

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.16949 X Severity rate 0.82538 X modifier of 2
= 0.27979

2. FACTOR FOR LATE FIRST PAYMENT OF TEMPORARY DISABILITY OR FIRST NOTICE

# claims with late 1st TD	19	divide by # with TD payments	57	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	19	divide by	Totals 57	=
				0.33333

3. FACTOR FOR LATE FIRST PAYMENT OF PERMANENT DISABILITY, VRMA, AND DEATH BENEFITS

# claims with late first PD	3	divide by # with first PD	27	
# claims with late first VRMA	2	divide by # with first VRMA	18	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	5	divide by	Totals 45	=
				0.11111

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 20 divide by # with subsequent payments 47 = 0.42553

5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION

# claims with AME/QME notice violations	8	divide by # requiring notices	52	
# claims with VR potential eligibility notice violations	15	divide by # requiring notices	20	
Totals	23		Totals 72	
				= 0.31944

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2005 1.46921

Profile Audit Review Performance Rating of 1.76446 or greater is a failing score.

Calendar Year: 2005
Notices of Compensation Due

Individual Exhibit 2

Audit No: LAO-06-05-R1-1

Subject: State Compensation Insurance Fund

Location: Glendale

Type: INS

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$32.38						\$32.38
2	\$911.44			\$91.15			\$1,002.59
3			\$1,427.99			\$64.38	\$1,492.37
4				\$51.43			\$51.43
5	\$80.00						\$80.00
6				\$52.86			\$52.86
7	\$345.80	\$2,669.29					\$3,015.09
8	\$90.86						\$90.86
9				\$140.46			\$140.46
10				\$85.33			\$85.33
11			\$2,002.11	\$286.29			\$2,288.40
TOTAL	\$1,460.48	\$2,669.29	\$3,430.10	\$707.52	\$0.00	\$64.38	\$8,331.77

Calendar Year: 2005

Individual Exhibit 3

Penalty Assessments and Collections

Files Audited:	64
Indemnity	59
Medical Only	0
Denied	0
Complaints	5
Additional	0

Audit No: LAO-06-05-R1-1

Subject: State Compensation Insurance Fund

Location: Glendale

Type: INS

Item #	# of Times Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	22	\$3,945	\$3,945	\$0	\$0		x
2	3	\$890	\$890	\$0	\$0		x
3	2	\$850	\$850	\$0	\$0		x
4	52	\$12,410	\$12,410	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	0	\$0	\$0	\$0	\$0		x
8	0	\$0	\$0	\$0	\$0		x
9	0	\$0	\$0	\$0	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	0	\$0	\$0	\$0	\$0		x
13	15	\$4,900	\$4,900	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	8	\$2,500	\$2,500	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	6	\$1,200	\$1,200	\$0	\$0		x
18 b	1	\$800	\$800	\$0	\$0		x
18 c	1	\$2,000	\$2,000	\$0	\$0		x
18 d	8	\$1,625	\$1,625	\$0	\$0		x
18 e	2	\$4,200	\$4,200	\$0	\$0		x
18 f	0	\$0	\$0	\$0	\$0		x
19	0	\$0	\$0	\$0	\$0		x
20 a	0	\$0	\$0	\$0	\$0		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	0	\$0	\$0	\$0	\$0		x
20 d	0	\$0	\$0	\$0	\$0		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	120	\$35,320	\$35,320	\$0	\$0		

Administrative penalties waived pursuant to Labor Code Section 129.5(c) and regulatory authority

Calendar Year: 2005

Individual Exhibit 3

Penalty Assessments and Collections

Files Audited:	60
Indemnity	59
Medical Only	0
Denied	0
Complaints	1
Additional	0

Audit No: SFO-01-05-R1-1

Subject: State Compensation Insurance Fund

Location: San Francisco

Type: INS

Item #	# of Times Cited	Total \$ Penalties Assessable	Total Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	5	\$1,575	\$1,575	\$0	\$0		x
2	1	\$160	\$160	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	3	\$1,090	\$1,090	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	0	\$0	\$0	\$0	\$0		x
8	0	\$0	\$0	\$0	\$0		x
9	0	\$0	\$0	\$0	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	0	\$0	\$0	\$0	\$0		x
13	3	\$600	\$600	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	5	\$2,400	\$2,400	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	0	\$0	\$0	\$0	\$0		x
18 b	0	\$0	\$0	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	0	\$0	\$0	\$0	\$0		x
18 e	0	\$0	\$0	\$0	\$0		x
18 f	0	\$0	\$0	\$0	\$0		x
19	0	\$0	\$0	\$0	\$0		x
20 a	0	\$0	\$0	\$0	\$0		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	0	\$0	\$0	\$0	\$0		x
20 d	0	\$0	\$0	\$0	\$0		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	17	\$5,825	\$5,825	\$0	\$0		

Administrative penalties waived pursuant to Labor Code Section 129.5(c) and regulatory authority.

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: SFO-05-05-R1-1

Subject: State Compensation Insurance Fund

Location: San Jose

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 5 divide by # claims with payable indem 59 = 0.08475

B. Average Amount of Unpaid Indemnity per Claim with Obligation to Pay Indemnity

Total unpd indem. = \$ 9,495.53 divide by # of claims with obligation to pay indem. 59
Avg Unpd Ind = \$ 160.94

C. Severity Rate

Avg Unpd Indem \$ 160.94 divide by avg unpd indem 2001-2003 of \$ 169.34 = 0.95040

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.08475 X Severity rate 0.95040 X modifier of 2
= 0.16109

2. FACTOR FOR LATE FIRST PAYMENT OF TEMPORARY DISABILITY OR FIRST NOTICE

# claims with late 1st TD	17	divide by # with TD payments	55	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	17	divide by	Totals 55	=
				0.30909

3. FACTOR FOR LATE FIRST PAYMENT OF PERMANENT DISABILITY, VRMA, AND DEATH BENEFITS

# claims with late first PD	1	divide by # with first PD	11	
# claims with late first VRMA	0	divide by # with first VRMA	4	
# claims with late first DB	0	divide by # with first DB paid	1	
Totals	1	divide by	Totals 16	=
				0.06250

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 5 divide by # with subsequent payments 39 = 0.12821

5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION

# claims with AME/QME notice violations	10	divide by # requiring notices	50	
# claims with VR potential eligibility notice violations	4	divide by # requiring notices	9	
Totals	14	Totals	59	
				= 0.23729

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2005 0.89817

Profile Audit Review Performance Rating of 1.76446 or greater is a failing score.

Calendar Year: 2005
Notices of Compensation Due

Individual Exhibit 2

Audit No: SFO-05-05-R1-1

Subject: State Compensation Insurance Fund

Location: San Jose

Type: INS

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$46.00			\$4.60			\$50.60
2	\$126.00						\$126.00
3		\$8,331.44		\$890.64			\$9,222.08
4	\$39.04			\$1.81			\$40.85
5				\$56.00			\$56.00
TOTAL	\$211.04	\$8,331.44	\$0.00	\$953.05	\$0.00	\$0.00	\$9,495.53

Calendar Year: 2005

Individual Exhibit 3

Penalty Assessments and Collections

Files Audited:	62
Indemnity	59
Medical Only	0
Denied	0
Complaints	3
Additional	0

Audit No: SFO-05-05-R1-1

Subject: State Compensation Insurance Fund

Location: San Jose

Type: INS

Item #	# of Times Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	17	\$4,260	\$4,260	\$0	\$0		x
2	1	\$200	\$200	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	5	\$935	\$935	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	0	\$0	\$0	\$0	\$0		x
8	0	\$0	\$0	\$0	\$0		x
9	0	\$0	\$0	\$0	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	0	\$0	\$0	\$0	\$0		x
13	4	\$1,100	\$1,100	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	10	\$4,000	\$4,000	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	3	\$800	\$800	\$0	\$0		x
18 b	1	\$3,000	\$3,000	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	1	\$75	\$75	\$0	\$0		x
18 e	0	\$0	\$0	\$0	\$0		x
18 f	0	\$0	\$0	\$0	\$0		x
19	0	\$0	\$0	\$0	\$0		x
20 a	0	\$0	\$0	\$0	\$0		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	0	\$0	\$0	\$0	\$0		x
20 d	0	\$0	\$0	\$0	\$0		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	42	\$14,370	\$14,370	\$0	\$0		

Administrative penalties waived pursuant to Labor Code Section 129.5(c) and regulatory authority

Calendar Year: 2005
Notices of Compensation Due

Individual Exhibit 2

Audit No: LAO-01-05-R1-1

Subject: State Compensation Insurance Fund

Location: Santa Ana

Type: INS

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$186.67						\$186.67
2	\$176.84	\$183.99		\$287.21			\$648.04
3				\$26.88			\$26.88
4		\$5,355.00		\$535.50			\$5,890.50
5		\$2,190.00		\$219.00			\$2,409.00
6	\$114.29						\$114.29
7	\$1,215.24			\$121.52			\$1,336.76
8				\$18.67			\$18.67
9				\$666.28			\$666.28
10				\$188.39			\$188.39
11	\$129.52						\$129.52
12	\$400.14			\$29.85			\$429.99
TOTAL	\$2,222.70	\$7,728.99	\$0.00	\$2,093.30	\$0.00	\$0.00	\$12,044.99

Calendar Year: 2005

Individual Exhibit 3

Penalty Assessments and Collections

Files Audited:	59
Indemnity	59
Medical Only	0
Denied	0
Complaints	1
Additional	0

Audit No: LAO-01-05-R1-1

Subject: State Compensation Insurance Fund

Location: Santa Ana

Type: INS

Item #	# of Times Cited	Total \$ Penalties Assessable	Total Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	17	\$10,975	\$10,975	\$0	\$0		x
2	4	\$850	\$850	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	9	\$1,780	\$1,780	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	2	\$75	\$75	\$0	\$0		x
8	0	\$0	\$0	\$0	\$0		x
9	0	\$0	\$0	\$0	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	0	\$0	\$0	\$0	\$0		x
13	12	\$4,600	\$4,600	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	18	\$5,600	\$5,600	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	6	\$2,600	\$2,600	\$0	\$0		x
18 b	3	\$2,200	\$2,200	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	10	\$1,800	\$1,800	\$0	\$0		x
18 e	0	\$0	\$0	\$0	\$0		x
18 f	0	\$0	\$0	\$0	\$0		x
19	0	\$0	\$0	\$0	\$0		x
20 a	0	\$0	\$0	\$0	\$0		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	0	\$0	\$0	\$0	\$0		x
20 d	0	\$0	\$0	\$0	\$0		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	81	\$30,480	\$30,480	\$0	\$0		

Administrative penalties waived pursuant to Labor Code Section 129.5(c) and regulatory authority.

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: SFO-09-05-R1-1

Subject: State Compensation Insurance Fund

Location: Santa Rosa

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 9 divide by # claims with payable indem 59 = 0.15254

B. Average Amount of Unpaid Indemnity per Claim with Obligation to Pay Indemnity

Total unpd indem. = \$ 9,651.80 divide by # of claims with obligation to pay indem. 59
Avg Unpd Ind = \$ 163.59

C. Severity Rate

Avg Unpd Indem \$ 163.59 divide by avg unpd indem 2001-2003 of \$ 169.34 = 0.96604

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.15254 X Severity rate 0.96604 X modifier of 2
= 0.29473

2. FACTOR FOR LATE FIRST PAYMENT OF TEMPORARY DISABILITY OR FIRST NOTICE

# claims with late 1st TD	13	divide by # with TD payments	58	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	13	divide by	Totals 58	=
				0.22414

3. FACTOR FOR LATE FIRST PAYMENT OF PERMANENT DISABILITY, VRMA, AND DEATH BENEFITS

# claims with late first PD	4	divide by # with first PD	23	
# claims with late first VRMA	2	divide by # with first VRMA	4	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	6	divide by	Totals 27	=
				0.22222

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 5 divide by # with subsequent payments 47 = 0.10638

5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION

# claims with AME/QME notice violations	12	divide by # requiring notices	42	
# claims with VR potential eligibility notice violations	5	divide by # requiring notices	10	
Totals	17	Totals	52	
				= 0.32692

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2005 1.17439

Profile Audit Review Performance Rating of 1.76446 or greater is a failing score.

Calendar Year: 2005
Notices of Compensation Due

Individual Exhibit 2

Audit No: SFO-09-05-R1-1

Subject: State Compensation Insurance Fund

Location: Santa Rosa

Type: INS

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$227.95			\$35.29			\$263.24
2	\$643.57					\$39.85	\$683.42
3	\$261.87			\$23.15			\$285.02
4			\$2,257.59			\$307.86	\$2,565.45
5				\$50.00			\$50.00
6	\$91.41						\$91.41
7	\$376.90			\$26.31			\$403.21
8				\$34.29			\$34.29
9		\$4,796.15		\$479.61			\$5,275.76
TOTAL	\$1,601.70	\$4,796.15	\$2,257.59	\$648.65	\$0.00	\$347.71	\$9,651.80

Calendar Year: 2005

Individual Exhibit 3

Penalty Assessments and Collections

Files Audited:	60
Indemnity	59
Medical Only	0
Denied	0
Complaints	1
Additional	0

Audit No: SFO-09-05-R1-1

Subject: State Compensation Insurance Fund

Location: Santa Rosa

Type: INS

Item #	# of Times Cited	Total \$ Penalties Assessable	Total Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	15	\$2,245	\$2,245	\$0	\$0		x
2	4	\$535	\$535	\$0	\$0		x
3	2	\$250	\$250	\$0	\$0		x
4	10	\$960	\$960	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	0	\$0	\$0	\$0	\$0		x
8	0	\$0	\$0	\$0	\$0		x
9	0	\$0	\$0	\$0	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	0	\$0	\$0	\$0	\$0		x
13	5	\$1,000	\$1,000	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	12	\$3,600	\$3,600	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	5	\$1,600	\$1,600	\$0	\$0		x
18 b	1	\$1,500	\$1,500	\$0	\$0		x
18 c	1	\$1,000	\$1,000	\$0	\$0		x
18 d	3	\$375	\$375	\$0	\$0		x
18 e	1	\$500	\$500	\$0	\$0		x
18 f	0	\$0	\$0	\$0	\$0		x
19	0	\$0	\$0	\$0	\$0		x
20 a	0	\$0	\$0	\$0	\$0		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	0	\$0	\$0	\$0	\$0		x
20 d	0	\$0	\$0	\$0	\$0		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	59	\$13,565	\$13,565	\$0	\$0		

Administrative penalties waived pursuant to Labor Code Section 129.5(c) and regulatory authority.

Calendar Year: 2005
Notices of Compensation Due

Individual Exhibit 2

Audit No: VNO-05-05-R1-5

Subject: State Compensation Insurance Fund (State Contract Claims)

Location: Commerce

Type: TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$155.32						\$155.32
2	\$210.00			\$21.86			\$231.86
3	\$101.06						\$101.06
4				\$122.37			\$122.37
5				\$18.50			\$18.50
6	\$96.70						\$96.70
7	\$296.71						\$296.71
8	\$1,189.52						\$1,189.52
9				\$12.00			
TOTAL	\$2,049.31	\$0.00	\$0.00	\$174.73	\$0.00	\$0.00	\$2,224.04

Calendar Year: 2005

Individual Exhibit 3

Penalty Assessments and Collections

Files Audited:	61
Indemnity	58
Medical Only	0
Denied	0
Complaints	0
Additional	3

Audit No: VNO-05-05-R1-5

**Subject: State Compensation Insurance Fund
(State Contract Claims)**

Location: Commerce Type: SI

Item #	# of Times Cited	Total \$ Penalties Assessable	Total Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	5	\$1,250	\$1,250	\$0	\$0		x
2	7	\$2,075	\$2,075	\$0	\$0		x
3	1	\$75	\$75	\$0	\$0		x
4	7	\$1,185	\$1,185	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	28	\$1,715	\$1,715	\$0	\$0		x
8	0	\$0	\$0	\$0	\$0		x
9	0	\$0	\$0	\$0	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	0	\$0	\$0	\$0	\$0		x
13	5	\$1,500	\$1,500	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	8	\$3,300	\$3,300	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	7	\$1,650	\$1,650	\$0	\$0		x
18 b	0	\$0	\$0	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	4	\$350	\$350	\$0	\$0		x
18 e	0	\$0	\$0	\$0	\$0		x
18 f	0	\$0	\$0	\$0	\$0		x
19	0	\$0	\$0	\$0	\$0		x
20 a	0	\$0	\$0	\$0	\$0		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	0	\$0	\$0	\$0	\$0		x
20 d	0	\$0	\$0	\$0	\$0		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	72	\$13,100	\$13,100	\$0	\$0		

Administrative penalties waived pursuant to Labor Code Section 129.5(c) and regulatory authority.

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: SAC-08-05-R1-5

Subject: State Compensation Insurance Fund (State Contract Claims)

Location: Sacramento

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 6 divide by # claims with payable indem 58 = 0.10345

B. Average Amount of Unpaid Indemnity per Claim with Obligation to Pay Indemnity

Total unpd indem. = \$ 6,454.19 divide by # of claims with obligation to pay indem. 58
Avg Unpd Ind = \$ 111.28

C. Severity Rate

Avg Unpd Indem \$ 111.28 divide by avg unpd indem 2001-2003 of \$ 169.34 = 0.65713

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.10345 X Severity rate 0.65713 X modifier of 2
= 0.13596

2. FACTOR FOR LATE FIRST PAYMENT OF TEMPORARY DISABILITY OR FIRST NOTICE

# claims with late 1st TD	2	divide by # with TD payments	9	
# claims with late first SC notice	11	divide by # with salary continuation	45	
Totals	13	divide by	Totals 54	=
				0.24074

3. FACTOR FOR LATE FIRST PAYMENT OF PERMANENT DISABILITY, VRMA, AND DEATH BENEFITS

# claims with late first PD	6	divide by # with first PD	25	
# claims with late first VRMA	1	divide by # with first VRMA	4	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	7	divide by	Totals 29	=
				0.24138

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 5 divide by # with subsequent payments 27 = 0.18519

5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION

# claims with AME/QME notice violations	11	divide by # requiring notices	41	
# claims with VR potential eligibility notice violations	9	divide by # requiring notices	14	
Totals	20	Totals	55	
				= 0.36364

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2005 1.16690

Profile Audit Review Performance Rating of 1.76446 or greater is a failing score.

Calendar Year: 2005
Notices of Compensation Due

Individual Exhibit 2

Audit No: SAC-08-05-R1-5

Subject: State Compensation Insurance Fund (State Contract Claims)

Location: Sacramento

Type: INS

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1				\$90.00			\$90.00
2		\$478.57		\$357.29			\$835.86
3				\$1,284.57			\$1,284.57
4				\$77.71			\$77.71
5		\$3,570.00		\$357.00		\$204.69	\$4,131.69
6				\$34.36			\$34.36
TOTAL	\$0.00	\$4,048.57	\$0.00	\$2,200.93	\$0.00	\$204.69	\$6,454.19

Calendar Year: 2005

Individual Exhibit 3

Penalty Assessments and Collections

Files Audited:	60
Indemnity	58
Medical Only	0
Denied	0
Complaints	2
Additional	0

Audit No: SAC-08-05-R1-5

**Subject: State Compensation Insurance Fund
(State Contract Claims)**

Location: Sacramento Type: TPA

Item #	# of Times Cited	Total \$ Penalties Assessable	Total Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	3	\$750	\$750	\$0	\$0		x
2	7	\$700	\$700	\$0	\$0		x
3	1	\$50	\$50	\$0	\$0		x
4	13	\$1,760	\$1,760	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	2	\$200	\$200	\$0	\$0		x
7	11	\$450	\$450	\$0	\$0		x
8	0	\$0	\$0	\$0	\$0		x
9	0	\$0	\$0	\$0	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	0	\$0	\$0	\$0	\$0		x
13	9	\$2,500	\$2,500	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	11	\$3,800	\$3,800	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	1	\$100	\$100	\$0	\$0		x
18 b	3	\$1,150	\$1,150	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	11	\$1,425	\$1,425	\$0	\$0		x
18 e	0	\$0	\$0	\$0	\$0		x
18 f	0	\$0	\$0	\$0	\$0		x
19	0	\$0	\$0	\$0	\$0		x
20 a	0	\$0	\$0	\$0	\$0		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	0	\$0	\$0	\$0	\$0		x
20 d	0	\$0	\$0	\$0	\$0		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	72	\$12,885	\$12,885	\$0	\$0		

Administrative penalties waived pursuant to Labor Code Section 129.5(c) and regulatory authority.

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: SAC-03-05-R1-5

Subject: SCIF- Claims Management Service

Location: Sacramento

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 5 divide by # claims with payable indem 51 = 0.09804

B. Average Amount of Unpaid Indemnity per Claim with Obligation to Pay Indemnity

Total unpd indem. = \$ 517.07 divide by # of claims with obligation to pay indem. 51
Avg Unpd Ind = \$ 10.14

C. Severity Rate

Avg Unpd Indem \$ 10.14 divide by avg unpd indem 2001-2003 of \$ 169.34 = 0.05987

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.09804 X Severity rate 0.05987 X modifier of 2
= 0.01174

2. FACTOR FOR LATE FIRST PAYMENT OF TEMPORARY DISABILITY OR FIRST NOTICE

# claims with late 1st TD	4	divide by # with TD payments	45	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	4	divide by	Totals 45	=
				0.08889

3. FACTOR FOR LATE FIRST PAYMENT OF PERMANENT DISABILITY, VRMA, AND DEATH BENEFITS

# claims with late first PD	1	divide by # with first PD	17	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	1	divide by	Totals 17	=
				0.05882

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 3 divide by # with subsequent payments 45 = 0.06667

5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION

# claims with AME/QME notice violations	4	divide by # requiring notices	39	
# claims with VR potential eligibility notice violations	1	divide by # requiring notices	7	
Totals	5	Totals	46	=
				0.10870

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2005 0.33481

Profile Audit Review Performance Rating of 1.76446 or greater is a failing score.

Calendar Year: 2005
Notices of Compensation Due

Individual Exhibit 2

Audit No: SAC-03-05-R1-5

Subject: SCIF- Claims Management Service

Location: Sacramento

Type: TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1				\$154.00			\$154.00
2				\$47.17			\$47.17
3				\$58.29			\$58.29
4				\$27.89			\$27.89
5	\$208.84			\$20.88			\$229.72
TOTAL	\$208.84	\$0.00	\$0.00	\$308.23	\$0.00	\$0.00	\$517.07

Calendar Year: 2005

Individual Exhibit 3

Penalty Assessments and Collections

Files Audited:	51
Indemnity	51
Medical Only	0
Denied	0
Complaints	0
Additional	0

Audit No: SAC-03-05-R1-5

Subject: SCIF-Claims Management Service

Location: Sacramento

Type: TPA

Item #	# of Times Cited	Total \$ Penalties Assessable	Total Penalties Waived	Total \$ Amount Collected	Balance Due	Appealed	
						Yes	No
1	4	\$975	\$975	\$0	\$0		x
2	1	\$50	\$50	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	3	\$500	\$500	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	0	\$0	\$0	\$0	\$0		x
8	0	\$0	\$0	\$0	\$0		x
9	0	\$0	\$0	\$0	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	0	\$0	\$0	\$0	\$0		x
13	2	\$800	\$800	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	4	\$1,000	\$1,000	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	2	\$200	\$200	\$0	\$0		x
18 b	0	\$0	\$0	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	4	\$450	\$450	\$0	\$0		x
18 e	0	\$0	\$0	\$0	\$0		x
18 f	0	\$0	\$0	\$0	\$0		x
19	0	\$0	\$0	\$0	\$0		x
20 a	0	\$0	\$0	\$0	\$0		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	0	\$0	\$0	\$0	\$0		x
20 d	0	\$0	\$0	\$0	\$0		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	20	\$3,975	\$3,975	\$0	\$0		

Administrative penalties waived pursuant to Labor Code Section 129.5(c) and regulatory authority.

Calendar Year: 2005
Notices of Compensation Due

Individual Exhibit 2

Audit No: SFO-02-05-R1-1

Subject: TIG Specialty Insurance

Location: Martinez

Type: INS

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1		\$45.48					\$45.48
2				\$62.40			\$62.40
3			\$59.75				\$59.75
TOTAL	\$0.00	\$45.48	\$59.75	\$62.40	\$0.00	\$0.00	\$167.63

Calendar Year: 2005

Individual Exhibit 3

Penalty Assessments and Collections

Files Audited:	57
Indemnity	54
Medical Only	0
Denied	0
Complaints	3
Additional	0

Audit No: SFO-02-05-R1-1

Subject: TIG Specialty Insurance

Location: Martinez

Type: INS

Item #	# of Times Cited	Total \$ Penalties Assessable	Total Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	10	\$1,375	\$1,375	\$0	\$0		x
2	2	\$1,600	\$1,600	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	8	\$1,390	\$1,390	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	2	\$75	\$75	\$0	\$0		x
8	0	\$0	\$0	\$0	\$0		x
9	0	\$0	\$0	\$0	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	0	\$0	\$0	\$0	\$0		x
13	3	\$900	\$900	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	12	\$4,500	\$4,500	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	1	\$200	\$200	\$0	\$0		x
18 b	0	\$0	\$0	\$0	\$0		x
18 c	1	\$100	\$100	\$0	\$0		x
18 d	1	\$100	\$100	\$0	\$0		x
18 e	1	\$800	\$800	\$0	\$0		x
18 f	0	\$0	\$0	\$0	\$0		x
19	0	\$0	\$0	\$0	\$0		x
20 a	0	\$0	\$0	\$0	\$0		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	0	\$0	\$0	\$0	\$0		x
20 d	0	\$0	\$0	\$0	\$0		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	41	\$11,040	\$11,040	\$0	\$0		

Administrative penalties waived pursuant to Labor Code Section 129.5(c) and regulatory authority.

Calendar Year: 2005
Notices of Compensation Due

Individual Exhibit 2

Audit No: VNO-03-05-R1-1

Subject: Tokio Marine Management, Inc.

Location: Pasadena

Type: INS

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1		\$840.00					\$840.00
2	\$27.42			\$2.74			\$30.16
3	\$712.98			\$15.03			\$728.01
4	\$1,304.63						\$1,304.63
5		\$5,128.66		\$512.87			\$5,641.53
6	\$33.93						\$33.93
7				\$22.72			\$22.72
TOTAL	\$2,078.96	\$5,968.66	\$0.00	\$553.36	\$0.00	\$0.00	\$8,600.98

Calendar Year: 2005

Individual Exhibit 3

Penalty Assessments and Collections

Files Audited:	56
Indemnity	56
Medical Only	0
Denied	0
Complaints	0
Additional	0

Audit No: VNO-03-05-R1-1

Subject: Tokio Marine Management, Inc.

Location: Pasadena

Type: INS

Item #	# of Times Cited	Total \$ Penalties Assessable	Total Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	10	\$2,955	\$2,955	\$0	\$0		x
2	5	\$3,015	\$3,015	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	30	\$12,375	\$12,375	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	0	\$0	\$0	\$0	\$0		x
8	0	\$0	\$0	\$0	\$0		x
9	0	\$0	\$0	\$0	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	0	\$0	\$0	\$0	\$0		x
13	7	\$2,600	\$2,600	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	9	\$4,500	\$4,500	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	6	\$3,000	\$3,000	\$0	\$0		x
18 b	1	\$1,500	\$1,500	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	1	\$100	\$100	\$0	\$0		x
18 e	1	\$1,000	\$1,000	\$0	\$0		x
18 f	0	\$0	\$0	\$0	\$0		x
19	0	\$0	\$0	\$0	\$0		x
20 a	0	\$0	\$0	\$0	\$0		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	0	\$0	\$0	\$0	\$0		x
20 d	0	\$0	\$0	\$0	\$0		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	70	\$31,045	\$31,045	\$0	\$0		

Administrative penalties waived pursuant to Labor Code Section 129.5(c) and regulatory authority.

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: VNO-02-05-T2-2

Subject: Vons Companies, Inc.

Location: Arcadia

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 11 divide by # claims with payable indem 58 = 0.18966

B. Average Amount of Unpaid Indemnity per Claim with Obligation to Pay Indemnity

Total unpd indem. = \$ 13,243.57 divide by # of claims with obligation to pay indem. 58
Avg Unpd Ind = \$ 228.34

C. Severity Rate

Avg Unpd Indem \$ 228.34 divide by avg unpd indem 2001-2003 of \$ 169.34 = 1.34840

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.18966 X Severity rate 1.34840 X modifier of 2
= 0.51146

2. FACTOR FOR LATE FIRST PAYMENT OF TEMPORARY DISABILITY OR FIRST NOTICE

# claims with late 1st TD	14	divide by # with TD payments	55	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	14	divide by	Totals 55	=
				0.25455

3. FACTOR FOR LATE FIRST PAYMENT OF PERMANENT DISABILITY, VRMA, AND DEATH BENEFITS

# claims with late first PD	5	divide by # with first PD	26	
# claims with late first VRMA	0	divide by # with first VRMA	9	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	5	divide by	Totals 35	=
				0.14286

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 23 divide by # with subsequent payments 55 = 0.41818

5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION

# claims with AME/QME notice violations	12	divide by # requiring notices	39	
# claims with VR potential eligibility notice violations	15	divide by # requiring notices	16	
Totals	27		Totals 55	
				= 0.49091

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2005 1.81795

Profile Audit Review Performance Rating of 1.76446 or greater is a failing score.

Full Compliance Audit Performance Rating of Randomly Selected Claims

Audit No: VNO-02-05-T2-2

Subject: Vons Companies, Inc.

Location: Arcadia

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 31 divide by # claims with payable indem 131 = 0.23664

B. Average Amount of Unpaid Indemnity per Claim with Obligation to Pay Indemnity

Total unpd indem = \$34,358.72 divide by # of claims with obligation to pay indem. 131
Avg Unpd Ind = \$ 262.28

C. Severity Rate

Avg Unpd Ind. \$ 262.28 divide by avg unpd indem 2001-2003 of \$ 169.34 = 1.54884

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.23664 X Severity rate 1.54884 X modifier of 2
= 0.73304

2. FACTOR FOR LATE FIRST PAYMENT OF TEMPORARY DISABILITY OR FIRST NOTICE

# claims with late 1st TD	31	divide by # with TD payments	125	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	31	divide by	Totals 125	=
				0.24800

3. FACTOR FOR LATE FIRST PAYMENT OF PERMANENT DISABILITY, VRMA, AND DEATH BENEFITS

# claims with late first PD	12	divide by # with first PD	50	
# claims with late first VRMA	2	divide by # with first VRMA	19	
# claims/late first death benefits	0	divide by # with first death ben paid	0	
Totals	14	divide by	Totals 69	=
				0.20290

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subseq payments 54 divide by # with subseq payments 119 = 0.45378

5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION

# claims with AME/QME notice violations	23	divide by # requiring notices	93	
# claims with VR potential eligibilty notice violations	28	divide by # requiring notices	34	
Totals	51	Totals	127	=
				0.40157

FULL COMPLIANCE AUDIT PERFORMANCE RATING - 2005

Full Compliance Audit Performance Rating of indemnity files of 2.47632 or greater is a failing score.

2.03929

Calendar Year: 2005
Notices of Compensation Due

Individual Exhibit 2
Page 1 of 2

Audit No: VNO-02-05-T2-2

Subject: Vons Companies, Inc.

Location: Arcadia

Type: SI

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$201.32			\$27.40			\$228.72
2		\$1,415.25		\$141.53			\$1,556.78
3	\$228.52						\$228.52
4	\$82.72			\$8.27			\$90.99
5		\$4,653.57		\$465.36			\$5,118.93
6				\$15.86			\$15.86
7	\$856.28	\$80.00		\$93.63			\$1,029.91
8		\$1,855.87		\$185.59			\$2,041.46
9	\$153.15						\$153.15
10				\$120.40			\$120.40
11	\$3,990.83			\$399.08			\$4,389.91
12	\$4,184.83			\$560.43			\$4,745.26
13				\$100.80			\$100.80
14	\$420.00	\$1,540.00		\$196.00			\$2,156.00
15	\$347.13			\$27.32			\$374.45
16	\$47.56			\$60.04			\$107.60
17	\$890.90			\$74.96			\$965.86
18	\$1,139.39			\$91.22			\$1,230.61
19	\$169.35						\$169.35
20	\$755.18			\$75.52			\$830.70
21	\$26.23						\$26.23
SUBTOTAL	\$13,493.39	\$9,544.69	\$0.00	\$2,643.41	\$0.00	\$0.00	\$25,681.49

Calendar Year: 2005
Notices of Compensation Due

Audit No: VNO-02-05-T2-2

Subject: Vons Companies, Inc.

Location: Arcadia

Type: SI

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty interest, or other	Total
22	\$854.25			\$85.43			\$939.68
23	\$288.02			\$96.03			\$384.05
24	\$1,002.40			\$258.74			\$1,261.14
25	\$164.68						\$164.68
26	\$971.69			\$78.12			\$1,049.81
27	\$381.55	\$1,448.93		\$183.04			\$2,013.52
28	\$776.99						\$776.99
29		\$1,794.37		\$179.44			\$1,973.81
30				\$77.21			\$77.21
31	\$5.00			\$31.34			\$36.34
Page 2 SUBTOTAL	\$4,444.58	\$3,243.30	\$0.00	\$989.35	\$0.00	\$0.00	\$8,677.23
Page 1 SUBTOTAL	\$13,493.39	\$9,544.69	\$0.00	\$2,643.41	\$0.00	\$0.00	\$25,681.49
TOTAL	\$17,937.97	\$12,787.99	\$0.00	\$3,632.76	\$0.00	\$0.00	\$34,358.72

Calendar Year: 2005

Individual Exhibit 3

Penalty Assessments and Collections

Files Audited:	132
Indemnity	131
Medical Only	0
Denied	0
Complaints	1
Additional	0

Audit No: VNO-02-05-T2-2

Subject: Vons Companies, Inc.

Location: Arcadia

Type: SI

Item #	# of Times Cited	Total \$ Penalties Assessable	Total Penalties Waived	Total \$ Amount Collected	Balance Due	Appealed	
						Yes	No
1	32	\$10,260	\$0	\$0	\$10,260	\$0	x
2	11	\$3,300	\$0	\$0	\$3,300	\$0	x
3	2	\$175	\$0	\$0	\$175	\$0	x
4	99	\$13,605	\$1,160	\$0	\$12,445	\$0	x
5	0	\$0	\$0	\$0	\$0	\$0	x
6	0	\$0	\$0	\$0	\$0	\$0	x
7	0	\$0	\$0	\$0	\$0	\$0	x
8	0	\$0	\$0	\$0	\$0	\$0	x
9	0	\$0	\$0	\$0	\$0	\$0	x
10	0	\$0	\$0	\$0	\$0	\$0	x
11	0	\$0	\$0	\$0	\$0	\$0	x
12	0	\$0	\$0	\$0	\$0	\$0	x
13	29	\$11,500	\$11,500	\$0	\$0	\$0	x
14	0	\$0	\$0	\$0	\$0	\$0	x
15	23	\$9,900	\$9,900	\$0	\$0	\$0	x
16	0	\$0	\$0	\$0	\$0	\$0	x
17	0	\$0	\$0	\$0	\$0	\$0	x
18 a	23	\$20,400	\$0	\$0	\$20,400	\$0	x
18 b	7	\$4,100	\$0	\$0	\$4,100	\$0	x
18 c	0	\$0	\$0	\$0	\$0	\$0	x
18 d	14	\$1,600	\$0	\$0	\$1,600	\$0	x
18 e	0	\$0	\$0	\$0	\$0	\$0	x
18 f	0	\$0	\$0	\$0	\$0	\$0	x
19	0	\$0	\$0	\$0	\$0	\$0	x
20 a	0	\$0	\$0	\$0	\$0	\$0	x
20 b	0	\$0	\$0	\$0	\$0	\$0	x
20 c	0	\$0	\$0	\$0	\$0	\$0	x
20 d	0	\$0	\$0	\$0	\$0	\$0	x
21	0	\$0	\$0	\$0	\$0	\$0	x
TOTAL	240	\$74,840	\$22,560	\$0	\$52,280	\$0	

Administrative penalties waived pursuant to Labor Code Section 129.5(c) and regulatory authority.