

## **2006 Audits of Workers' Compensation Insurers, Self-Insured Employers, and Third-Party Administrators**

**April 2007**

Pursuant to Labor Code section 129(e), the Administrative Director of the Division of Workers' Compensation (DWC) submits this 17th annual workers' compensation report summarizing the results of audits conducted by the DWC Audit Unit.

### **2006 Audit Results**

**Profile Audit Review (PAR) standard - 1.83857 / Full Compliance Audit (FCA) standard - 2.51921**

Assembly Bill 749, enacted into law in 2002, brought material changes to the audit program of the Division of Workers' Compensation. Labor Code sections 129 and 129.5 provide the framework for oversight and enforcement of the regulations of the Administrative Director for the prompt and accurate provision of workers' compensation benefits.

The performance of any insurer, self-insurer or third party administrator is rated for action in specific areas of benefit provision. Of foremost importance is the payment of all indemnity owed to the injured worker for an industrial injury. The timeliness of all initial and subsequent indemnity payments; timeliness for provision of notice for a qualified or agreed medical evaluation; and timeliness of notice for potential eligibility for vocational rehabilitation are also measurable factors for performance.

The DWC Audit Unit completed a total of 74 profile audit reviews (PAR audits) and three civil penalty investigation/audits which began in 2006. Of the PAR audits, 71 were routinely selected and three were target audits conducted based upon results from audits concluded calendar years 2003 and 2004. The total number of PAR audit subjects included nine insurance companies, 16 self-administered, self-insured employers, 44 third-party administrators (TPA), and five insurance company / third-party administrator combined claims adjusting locations. The three civil penalty investigation/audits were return audits by stipulated agreement to a prior civil penalty.

At all audits, claim files were selected for review on a random basis, with the number of indemnity and denied cases being selected based on the numbers of claims reported in each of those populations for the audit subject. 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 DWC 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 the 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 specific areas of benefit provision after the review of the indemnity claims in the "FCA stage 1 sample" are audited.

In 2006, within the PAR/FCA audits, compliance officers audited 4,718 claim files, of which 4,543 were randomly selected claims in which some form of indemnity benefits were paid. Two audits included 49 randomly selected claims in which the employer or insurer denied all liability. Targeted claims audited included 67 based on complaints received by the DWC. Fifty-nine 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.

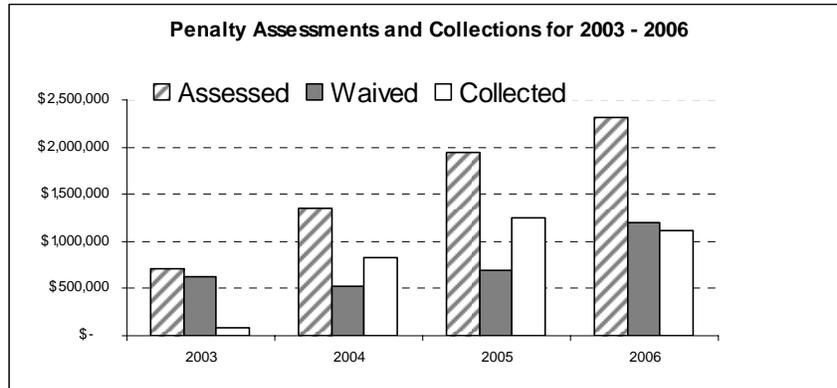
### **Violations of Administrative Director's Regulations**

As a result of PAR/FCA audits conducted during the calendar year 2006, the Audit Unit found and cited 5,831 administrative violations against claims administrators totaling \$2,011,946 (Statewide Exhibit 1). However, under the Labor Code, no penalties are assessed on those "cited" violations unless the audit subject fails the audit at a specific level.

If an audit subject passes the Performance Audit Review (PAR), which is the first level of audit, and if they fail the PAR but pass the second level, or Full Compliance Audit (FCA) stage 1, under the law, penalties are not assessed for violations related to issues of compliance with administrative functions such as the provision of notices for salary continuation, advice for agreed or qualified medical examination or notice of potential eligibility for vocational rehabilitation. However, penalties are assessed against subjects for violations related to the provision of indemnity in these cases. If an audit subject does not pass the FCA stage 1 audit, the file review will proceed to a full compliance audit of the indemnity files plus a sample of denied claims. At this stage, in accordance with the Labor Code, penalties are applied for all violations found.

Statewide Exhibit 2 provides a detailed analysis of all penalties assessable, by type. In accordance with Labor Code section 129.5(c) and regulatory authority, the Audit Unit did not assess \$1,200,800 of the cited penalties. The penalties which, by law, were not assessed (shown as "waived" in the exhibits for this report) occurred within 63 of the audits that met or exceeded the PAR performance standard, and nine audits that met or exceeded the FCA Stage 1 performance standard. All penalties cited in the two audits that

failed the FCA Stage 2 standard were assessed. The penalties subject to collection from claims administrators for PAR/FCA audits were \$811,146. The following table provides an analysis of penalties cited and collected in the PAR/FCA audit process for years 2003 through 2006:



Only one (1) of the three (3) return target investigation/audits, conducted in 2006, has been finalized. There were 151 violations cited and administrative penalties totaling \$308,870 have been paid. For the remaining investigation/audits, there will be penalties assessed for failure to comply with statutes and regulations for timely objection and/or payment of medical and medical-legal expenses.

Administrative penalties subject to collection for routine and target audits conducted in 2006 is \$1,120,016 (Statewide Exhibit 1).

### Unpaid Compensation Due to Employees

In the review of files for the PAR/FCA audits and target investigation/audit, there were 759 claims in which injured workers were owed unpaid compensation, 747 of these claims were randomly selected and the remaining 12 claims were audited because of complaints received by the Audit Unit. The total compensation cited to be paid was \$698,839.60 (Statewide Exhibit 3), an average of \$920.74 per file in which there was unpaid compensation. The unpaid compensation is broken down as follows:

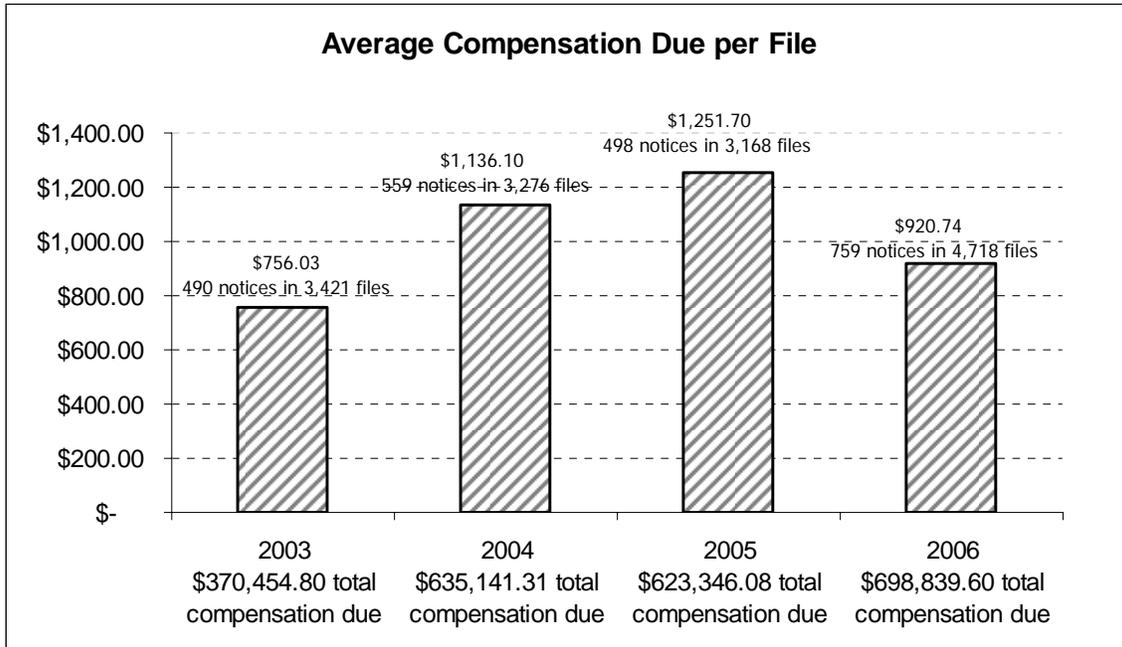
- \$274,726.52 in temporary disability indemnity and salary continuation in lieu of temporary disability (39.3% of the unpaid compensation)
- \$287,247.27 in permanent disability indemnity (40.3% of the unpaid compensation)
- \$41,302.84 in vocational rehabilitation maintenance allowance (5.9% of the unpaid compensation)
- \$100,184.51 in 10% self-imposed increases for late indemnity payments (14.2% of the unpaid compensation)

- \$0 in death benefits (0% of the unpaid compensation)
- \$2,184.69 in interest and penalty and/or failure to reimburse medical expenses (0.3% 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 seven 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 DWC for payment of moneys deposited by claims administrators into this fund. In 2006, \$3,655.55 was paid into this fund because the injured workers could not be located.

The following table provides an analysis of undisputed compensation found due in routine and target audits conducted since 2003. In the first years of the PAR/FCA process the average compensation due per file increased annually. In 2006, the average compensation found due decreased.



### Performance Ratings of Audit Subjects

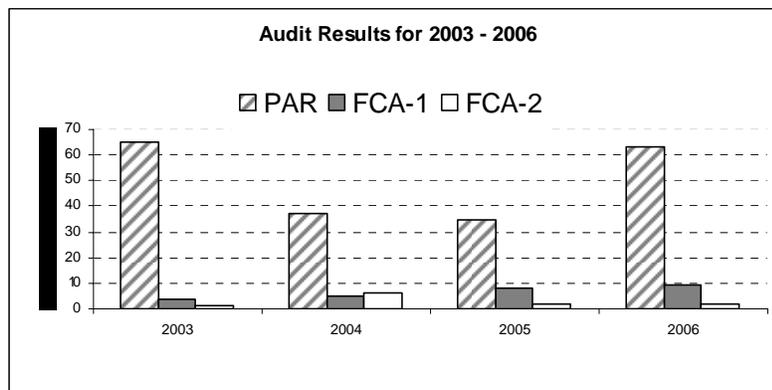
The Audit Unit has been conducting profile audit reviews since 2003. The performance for the 74 audit subjects in 2006 is broken down as follows:

- Sixty-three audit subjects (85.1%) met or exceeded the PAR 2006 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.

- Eleven audit subjects (14.9%) 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). Nine of these audit subjects (12.2%) then met or exceeded the FCA-1 2006 standard. For these nine 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 74 audit subjects (2.7%) 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 two 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 2006 Audit Results Ranking Report** (Statewide Exhibit 4) is part of this annual report and the complete list of the performance standard scores for the 74 audit subjects can be reviewed in order, from the best to worst performer. The following table provides a synopsis of audit performance since the inception of the PAR process.



### **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 2006 shows:

- PAR standard (1.83857)  
2006 average score of the 63 audit subjects passing PAR: 1.02340  
2006 average score of the 11 audit subjects failing PAR: 3.16433
- FCA-1 standard (2.51921)  
2006 average score of the nine audit subjects passing FCA stage-1: 1.96551  
2006 average score of the two audit subjects failing FCA stage-1: 6.82949
- FCA-2 standard (2.51921)  
2006 average score of the two audit subjects failing FCA stage-2: 5.88227

## **Appeals**

In 2006, there was an appeal to the PAR/FCA findings for a single assessment cited for failure to pay permanent disability indemnity. Subsequent to filing the Notice of Appeal the audit subject withdrew the appeal and recognized that the determination of a permanent disability rating required adjudication by the Workers' Compensation Appeals Board.

## **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. Return target investigation/audits have been finalized for four of these administrators and are summarized as follows:

- Crawford & Company: The DWC filed a civil penalty charge against Crawford & Company. Crawford & Company has shown the DWC significant changes in procedures and processes used by Crawford & Company to address the civil penalty charge issues and shown significant progress in addressing all issues identified by the DWC. In light of these changes and progress and an express commitment to continue them, the DWC has agreed to defer the civil penalty proceeding with special reporting provisions by Crawford & Company to the DWC for an agreed period of time.
- Cambridge Integrated Services, Inc.: Pursuant to the terms of a Stipulation and Order dated August 21, 2002, the Audit Unit conducted a return target audit for this subject in January and February 2006 to verify Cambridge's compliance with the terms of the stipulation. Improvements were identified in the return audit, Cambridge and the Audit Unit are in the process of resolving continuing issues by agreement to ensure better compliance with the obligation to adjust worker's compensation claims.
- City of Los Angeles: Pursuant to the terms of a Stipulation and Order dated January 6, 2003, the Audit Unit conducted a return target audit for this subject in February and March 2006. Improvements were identified in the return audit and the City of Los Angeles and the Audit Unit are in the process of resolving issues by agreement to ensure additional compliance with the obligation to adjust worker's compensation claims.
- 99¢ Only Stores, Inc.: Based on the findings of a 2002 audit for 99¢ Only Stores and the resulting May 7, 2003 stipulations to a civil penalty, a return target investigation/audit was conducted in 2006. Subsequent to the 2003 agreement, the 99¢ Only Stores contracted with a third party administrator, Integrated Claims Administrator, Inc. (ICA) for the administration of its claims. ICA adjusted claims for 99¢ Only Stores through June 30, 2005 at which time 99¢ Only Stores contracted with ClaimQuest to replace ICA.

In an agreement, approved by the Administrative Director on November 26, 2006, the Audit Unit has agreed not to proceed on a civil penalty for this target investigation/audit. The following are some of the specifics to the agreement:

- 99¢ Only Stores will pay all undisputed compensation found due in all files identified for audit;
- The sum of \$308,870 shall be paid for all known and unknown penalties for this target investigation /audit;
- 99¢ Only Stores shall monitor, quarterly, in accordance with the terms of the Agreement, the administration of its workers' compensation claims;
- 99¢ Only Stores agrees to a return target audit, by the Audit Unit, commencing February 2009;
- Should the performance rating for the return target audit fail to meet or exceed the performance standard in effect at the time for the FCA Stage 1

performance rating, 99¢ Only Stores stipulates to an automatic \$100,000 civil penalty, pursuant to Labor Code section 129.5.

### **Civil Penalty Under Post-2003 Labor Code section 129.5(e)**

A claims administrator identified for a return target audit because of failure of a PAR/FCA audit in conducted 2003 or later, may be subject to a civil penalty under Labor Code section 129.5(e) which reads 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.

No other civil penalty investigations and target audits specific to the amended Labor Code section 129.5(e) occurred in 2006.

## **Other Issues and Violations**

### **The Annual Report of Inventory**

In accordance with Title 8, California Code of Regulations, section 10104, claims administrators are required to file an Annual Report of Inventory with the Administrative Director for all claims reported to each of their adjusting locations in the prior calendar year. The report is due by April 1<sup>st</sup> for any location adjusting California workers' compensation claims and must be filed even if no claims were reported in the prior year. Reports submitted in 2006 identify approximately 489 locations adjusting claims, of which 397 are in California and 92 are out-of-state.

Adjusting locations reporting all required elements for the Workers' Compensation Information System (WCIS) may be exempt from submitting the Annual Report of Inventory beginning with the report due April 1, 2008. Title 8, California Code of Regulations, section 9702(i)(3) states in part:

“...a claims administrator's obligation to submit an annual report of inventory pursuant to Title 8, California Code of Regulations, Section 10104 is satisfied upon determination by the Administrative Director that the claims administrator has demonstrated the capability to submit complete, valid, and accurate data as required...”

Reports submitted for claims reported in 2006 will be reviewed in comparison with WCIS submissions. If the Administrative Director finds compliance with the above regulation, the claims administrator will be advised, in writing that a waiver will be granted as of April 1, 2008.

In addition to the penalty assessments totaling \$1,120,016 subject to collection in the PAR/FCA and target audits in 2006, an additional 16 penalties totaling \$4,500 were assessed for the failure of claims administrators either to timely file or having filed an inaccurate annual report of inventory of claims with the DWC 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, section 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:

Claims Administrator	Location	Amount Assessed	Amount Collected	Unpaid Balance
ALPHA Fund	Rancho Cordova, CA	\$ 300	\$ 300	\$ -
Berkley Risk & Ins. Svcs.	Novato, CA	\$ 300	\$ 300	\$ -
City of Burbank/Risk Mgmt	Burbank, CA	\$ 200	\$ 200	\$ -
City of Huntington Beach	Huntington Beach, CA	\$ 300	\$ 300	\$ -
City of San Diego/Risk Mgmt	San Diego, CA	\$ 100	\$ 100	\$ -
Federated Rural Electric Ins.	Lenexa, KS	\$ 200	\$ 200	\$ -
Hallmark W/C. Svcs, Inc	Folsom, CA	\$ 500	\$ 500	\$ -
Indiana Lumbermens Mut Ins	Indianapolis, IN	\$ 300	\$ 300	\$ -
Matson Navigation	Oakland, CA	\$ 200	\$ 200	\$ -
National American Insurance	Chandler, OK	\$ 300	\$	\$ 300
One Beacon Ins	Foxboro, MA	\$ 500	\$	\$ 500
Pegasus Risk	Fresno	\$ 200	\$ 200	\$ -
Santa Ana U S D	Santa Ana	\$ 200	\$ 200	\$ -
Solar Turbines	San Diego, CA	\$ 200	\$ 200	\$ -
Stuart Baron & Assoc	Los Alamitos, CA	\$ 200	\$ 200	\$ -
Ulico Casualty Co	Chino, CA	\$ 500	\$ 500	\$ -
<b>TOTAL:</b>		\$ 4,500	\$ 3,700	\$ 800

No assessments were issued in 2006 for an inaccurate annual report of inventory.

**Profile Audit Performance Standards / Full Compliance Audit Standards for 2007**

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 2005 audit results and using data for the five major keys subject to the profile audit review program. The results are then combined with the 2004 and 2003 performance rating scores to develop the 2007 PAR/FCA standards. **The PAR standard for 2007 is 1.83201 and the FCA standard is 2.21982.** Profile audit review audits (PAR audits) commencing after January 1, 2007 use 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 Exhibits**

**Statewide Exhibit 1 ~ Audit Penalty Assessments and Collections** is a listing of audits conducted and provides a summary of all files audited by type, the numbers and amounts of penalties, amounts collected, balance due, and the number of appeals.

**Statewide Exhibit 2 ~ Summary of Penalties for PAR/FCA Audits** provides a synopsis of penalties cited pursuant to the schedule of administrative penalties in Title 8, California Code of Regulations section 10111.2. **Exhibit 2A** provides a key for both the **Statewide and Individual Exhibit 2** and gives a description of each penalty.

**Statewide Exhibit 3 ~ Statewide Summary of Notices of Compensation Due** gives, by type of indemnity, the amounts unpaid compensation found in the 759 audited claims for which notices of compensation due were issued.

**Statewide Exhibit 4 ~ The DWC Administrative Director's 2006 Audit Ranking Report** is issued in accordance with Labor Code section 129(e). The report ranks all insurers, self-insured employers, and third-party administrators audited during 2006 according to their performance measured by the profile audit review and full compliance audit performance standards.

Audit 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
			<b>PAR/FCA Audits</b>											
Advanced Risk Technologies Ins. Svc./Concord	R	TPA	114	0	0	0	114	212	\$69,710	\$16,750	\$52,960	\$0		N
Alameda County Schools Ins. Grp./Pleasanton	R	TPA	110	36	10	54	210	577	\$203,896	\$0	\$203,896	\$0		N
American Commercial Claims Admin./San Diego	R	TPA	58	0	1	0	59	73	\$40,735	\$40,735	\$0	\$0		N
Broadspire/Rancho Cordova	R	TPA	59	0	6	0	65	100	\$43,795	\$43,795	\$0	\$0		N
Buckeye Claim Administrators/Elk Grove	R	TPA	51	0	0	0	51	66	\$14,625	\$14,625	\$0	\$0		N
Cambridge Integrated Claims Svcs/Pasadena	R	TPA	135	0	1	1	137	269	\$78,090	\$9,285	\$68,805	\$0		N
Cambridge Integrated Svcs Grp, Inc/Fresno	R	TPA	115	0	0	2	117	173	\$76,985	\$10,100	\$66,885	\$0		N
Cambridge Integrated Svcs Grp, Inc/Modesto	R	TPA	33	0	0	0	33	43	\$11,335	\$11,335	\$0	\$0		N
Cambridge Integrated Svcs Grp, Inc/Portland, OR	R	TPA	56	0	0	0	56	67	\$43,435	\$43,435	\$0	\$0		N
Cambridge Integrated Svcs Grp, Inc/Rancho Cordova	R	TPA	125	0	2	0	127	166	\$95,475	\$15,100	\$80,375	\$0		N
Cannon Cochran Mgmt Svcs, Inc/Concord	R	TPA	7	0	0	0	7	4	\$2,300	\$2,300	\$0	\$0		N
Chevron Corporation/San Ramon	R	SI	40	0	1	0	41	10	\$2,025	\$2,025	\$0	\$0		N
City of Burbank/Burbank	R	SI	43	0	0	0	43	27	\$7,655	\$7,655	\$0	\$0		N
City of San Jose/San Jose	R	SI	57	0	0	0	57	20	\$6,115	\$6,115	\$0	\$0		N
Colen & Lee/Diamond Bar	R	TPA	57	0	0	0	57	36	\$6,920	\$6,920	\$0	\$0		N
Complink/Irvine	R	TPA	22	13	0	0	35	181	\$55,605	\$0	\$55,605	\$0		N
County of Contra Costa Risk Mgmt/Martinez	R	SI	56	0	1	0	57	32	\$2,430	\$2,430	\$0	\$0		N
County of Kern/Bakersfield	R	SI	57	0	0	0	57	47	\$15,285	\$15,285	\$0	\$0		N
Crawford & Company (Laidlaw)/Fresno	R	TPA	52	0	3	0	55	62	\$21,150	\$21,150	\$0	\$0		N
E & J Gallo Winery/Modesto	R	SI	50	0	0	0	50	16	\$6,160	\$6,160	\$0	\$0		N
Employers Compensation Ins. Co./Glendale	R	I&T	57	0	0	0	57	31	\$8,480	\$8,480	\$0	\$0		N
Employers Compensation Ins. Co./Newbury Park	R	I&T	55	0	0	0	55	27	\$7,300	\$7,300	\$0	\$0		N
Employer's Compensation Ins. Co./San Francisco	R	I&T	57	0	2	0	59	29	\$13,390	\$13,390	\$0	\$0		N
Employers Direct Ins. Co./Agoura Hills	R	INS	57	0	0	0	57	51	\$11,810	\$11,810	\$0	\$0		N
Fireman's Fund Insurance Company/Rancho Cordova	R	INS	55	0	1	0	56	69	\$32,890	\$32,890	\$0	\$0		N
Gallagher Bassett Services, Inc./Corona	R	TPA	129	0	2	0	131	197	\$84,845	\$10,300	\$74,545	\$0		N
Gallagher Bassett Services, Inc./Rancho Cucamonga	R	TPA	58	0	0	0	58	58	\$16,640	\$16,640	\$0	\$0		N
Gallagher Bassett Services/Rancho Cordova	R	TPA	58	0	0	0	58	68	\$23,530	\$23,530	\$0	\$0		N
Gallagher Bassett Services/Sacramento	R	TPA	57	0	1	0	58	68	\$22,290	\$22,290	\$0	\$0		N
Gates, McDonald & Company/Concord	R	TPA	57	0	5	0	62	67	\$15,795	\$15,795	\$0	\$0		N
Gregory Bragg & Associates/Redding	R	TPA	50	0	0	0	50	18	\$4,330	\$4,330	\$0	\$0		N
Gregory Bragg & Associates/Stockton	R	TPA	57	0	0	0	57	18	\$1,705	\$1,705	\$0	\$0		N

Audit 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
			<b>PAR/FCA Audits (continued)</b>											
Gregory Bragg & Associates/Walnut Creek	R	TPA	57	0	0	0	57	50	\$11,415	\$11,415	\$0	\$0		N
Hazelrigg Risk Management Svcs./Chino	R	TPA	58	0	3	0	61	53	\$14,675	\$14,675	\$0	\$0		N
Hazelrigg Risk Management Svcs./Oxnard	R	TPA	55	0	3	0	58	60	\$16,795	\$16,795	\$0	\$0		N
Innovative Claim Solutions, Inc./San Ramon	R	TPA	57	0	0	0	57	43	\$9,240	\$9,240	\$0	\$0		N
JT.2 Integrated Resources/Oakland	R	TPA	56	0	2	0	58	66	\$23,605	\$23,605	\$0	\$0		N
Kaiser Permanente Medical Care/Oakland	T	SI	58	0	3	1	62	69	\$19,475	\$19,475	\$0	\$0		N
Keenan & Associates/Eureka	R	TPA	46	0	0	0	46	18	\$4,250	\$4,250	\$0	\$0		N
Loma Linda University/Loma Linda	R	SI	51	0	0	0	51	73	\$20,430	\$20,430	\$0	\$0		N
LWP Claims Solutions, Inc./Glendale	R	TPA	56	0	0	0	56	72	\$26,640	\$26,640	\$0	\$0		N
Majestic Insurance Co./Long Beach	R	INS	115	0	0	0	115	235	\$76,770	\$14,060	\$62,710	\$0		N
Murphy & Beane, Inc./Culver City	R	TPA	51	0	0	0	51	79	\$23,885	\$23,885	\$0	\$0		N
National Interstate Insurance Company/Richfield, OH	R	INS	49	0	0	0	49	84	\$26,185	\$26,185	\$0	\$0		N
Nordstrom/Santa Ana	R	SI	54	0	1	0	55	42	\$13,590	\$13,590	\$0	\$0		N
Octagon Claims Services, Inc./Long Beach	R	TPA	103	0	0	0	103	142	\$40,290	\$5,045	\$35,245	\$0		N
Octagon Risk Services, Inc./Rancho Cordova	R	TPA	31	0	0	0	31	68	\$20,985	\$20,985	\$0	\$0		N
Octagon Risk Services, Inc./Sacramento	R	TPA	51	0	0	0	51	35	\$9,670	\$9,670	\$0	\$0		N
Octagon Risk Services, Inc.-CHW/Rancho Cordova	R	TPA	50	0	2	0	52	37	\$12,490	\$12,490	\$0	\$0		N
Pacific Lumber Company/Scotia	R	SI	30	0	0	0	30	29	\$9,190	\$9,190	\$0	\$0		N
Pegasus Risk Management, Inc./Modesto	R	TPA	57	0	0	0	57	34	\$17,560	\$17,560	\$0	\$0		N
Port of Oakland/Oakland	R	SI	41	0	0	0	41	17	\$2,990	\$2,990	\$0	\$0		N
Redwood Empire Muni Insurance/Sonoma	R	SI	55	0	0	0	55	12	\$1,225	\$1,225	\$0	\$0		N
Safeway, Inc./Pleasanton	R	SI	130	0	2	0	132	172	\$68,450	\$13,350	\$55,100	\$0		N
Seabright Insurance Company/Orange	R	INS	56	0	0	0	56	56	\$12,165	\$12,165	\$0	\$0		N
Sedgwick Claims Management Services/Walnut Creek	R	TPA	58	0	1	0	59	84	\$17,195	\$17,195	\$0	\$0		N
Sedgwick Claims Mgmt. Svcs., Inc./Riverside	R	TPA	58	0	0	0	58	119	\$33,900	\$33,900	\$0	\$0		N
Shasta County Risk Management/Redding	R	SI	46	0	0	0	46	16	\$6,845	\$6,845	\$0	\$0		N
Southern California Risk Mgmt. Inc./Upland	R	TPA	59	0	1	0	60	42	\$12,365	\$12,365	\$0	\$0		N
Specialty Risk Services/Las Vegas, NV	R	TPA	57	0	1	0	58	86	\$37,605	\$37,605	\$0	\$0		N
Specialty Risk Services/Rancho Cordova	R	TPA	52	0	0	0	52	59	\$27,490	\$27,490	\$0	\$0		N
Specialty Risk Services/Riverside	R	TPA	58	0	0	0	58	64	\$31,800	\$31,800	\$0	\$0		N
State Compensation Ins. Fund/Fresno	R	INS	59	0	1	0	60	44	\$16,100	\$16,100	\$0	\$0		N

Audit 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
<b>PAR/FCA Audits (continued)</b>														
State Compensation Ins. Fund/San Bernardino	R	TPA	37	0	0	0	37	26	\$6,010	\$6,010	\$0	\$0		N
State Compensation Ins. Fund-Contract/Rohnert Park	R	TPA	59	0	1	0	60	59	\$14,265	\$14,265	\$0	\$0		N
Sutter Health/Sacramento	R	SI	57	0	1	0	58	36	\$13,130	\$13,130	\$0	\$0		N
The Hartford/Rancho Cordova	R	INS	58	0	2	0	60	76	\$30,905	\$30,905	\$0	\$0		N
The Walt Disney Co./Anaheim	R	SI	57	0	2	0	59	67	\$21,830	\$21,830	\$0	\$0		N
Tri-Star Management/Irvine	R	TPA	58	0	0	0	58	70	\$20,190	\$20,190	\$0	\$0		N
Tri-Star Management/Santa Ana	R	TPA	126	0	1	1	128	207	\$63,105	\$8,085	\$55,020	\$0		N
Zenith Insurance Company/Fresno	R	INS	58	0	0	0	58	28	\$7,980	\$7,980	\$0	\$0		N
Zenith Insurance Company/Pleasanton	R	INS	58	0	3	0	61	60	\$16,880	\$16,880	\$0	\$0		N
Zurich North America/Rancho Cordova	T	I&T	58	0	1	0	59	111	\$46,530	\$46,530	\$0	\$0		N
Zurich/Woodland Hills	T	I&T	59	0	0	0	59	149	\$59,120	\$59,120	\$0	\$0		N
<b>SUB TOTAL</b>			<b>4543</b>	<b>49</b>	<b>67</b>	<b>59</b>	<b>4718</b>	<b>5831</b>	<b>\$2,011,946</b>	<b>\$1,200,800</b>	<b>\$811,146</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Civil Penalty Investigations/Audits</b>														
99 Cent Only Stores/ICA/ClaimQuest, Inc. /Walnut	T	SI						151	\$308,870		\$308,870	\$0		
<b>GRAND TOTAL</b>			<b>4,543</b>	<b>49</b>	<b>67</b>	<b>59</b>	<b>4,718</b>	<b>5,982</b>	<b>\$2,320,816</b>	<b>\$1,200,800</b>	<b>\$1,120,016</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

R - Routine	71
T - Target	4
<b>TOTAL</b>	<b>75</b>

INS - Insurer	9
SI - Self-Insured Employee	17
TPA - Third Party Administrator	44
I&T - Insurer & Third Party Administrator	5
S&T - Self-Insured & Third Party Administrator	0
<b>TOTAL</b>	<b>75</b>

Statewide Summary of Penalties for PAR/FCA Audits

Cited by Type of Penalty

Item	# Times Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due
1	992	\$ 385,915	\$ 235,860	\$ 150,055	\$ -
2	306	\$ 189,415	\$ 115,895	\$ 73,520	\$ -
3	21	\$ 14,900	\$ 12,750	\$ 2,150	\$ -
4	1,543	\$ 374,455	\$ 233,770	\$ 140,685	\$ -
5	0	\$ -	\$ -	\$ -	\$ -
6	138	\$ 18,720	\$ -	\$ 18,720	\$ -
7	532	\$ 27,771	\$ 19,790	\$ 7,981	\$ -
8	115	\$ 36,980	\$ -	\$ 36,980	\$ -
9	3	\$ 225	\$ -	\$ 225	\$ -
10	1	\$ 75	\$ -	\$ 75	\$ -
11	0	\$ -	\$ -	\$ -	\$ -
12	8	\$ 5,200	\$ -	\$ 5,200	\$ -
13	190	\$ 60,980	\$ 59,060	\$ 1,920	\$ -
14	0	\$ -	\$ -	\$ -	\$ -
15	715	\$ 278,580	\$ 243,200	\$ 35,280	\$ -
16	4	\$ 1,680	\$ -	\$ 1,680	\$ -
17	0	\$ -	\$ -	\$ -	\$ -
18a	463	\$ 310,460	\$ 158,600	\$ 151,860	\$ -
18b	109	\$ 106,840	\$ 33,900	\$ 72,940	\$ -
18c	20	\$ 32,500	\$ 16,200	\$ 16,300	\$ -
18d	491	\$ 106,850	\$ 58,475	\$ 48,375	\$ -
18e	16	\$ 27,940	\$ 10,300	\$ 17,640	\$ -
18f	5	\$ 2,900	\$ 2,900	\$ -	\$ -
19	56	\$ 7,610	\$ -	\$ 7,610	\$ -
20a	62	\$ 2,170	\$ -	\$ 2,170	\$ -
20b	4	\$ 4,900	\$ -	\$ 4,900	\$ -
20c	0	\$ -	\$ -	\$ -	\$ -
20d	34	\$ 4,000	\$ -	\$ 4,000	\$ -
21	3	\$ 10,880	\$ -	\$ 10,880	\$ -
<b>TOTAL</b>	<b>5,831</b>	<b>\$ 2,011,946</b>	<b>\$ 1,200,700</b>	<b>\$ 811,146</b>	<b>\$ -</b>

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

Key to Exhibit 2

For Administrative Penalty Assessments

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  
759 Notices of Compensation Due**

<b>Type of Compensation</b>	<b>Amount Found Due</b>	
Temporary Disability	\$	274,726.52
Permanent Disability	\$	281,406.88
V R M A	\$	41,302.84
Self-Imposed Increase	\$	99,218.67
Death Benefits	\$	-
Penalty, Interest or Other	\$	2,184.69
<b>Total Compensation Due:</b>	<b>\$</b>	<b>698,839.60</b>

**DWC ADMINISTRATIVE DIRECTOR'S 2006 AUDIT RANKING REPORT**  
**Issued in accordance with Labor Code Section 129(e) and Title 8, California Code of Regulations, Section 10107.1(c)(3)**

<b>Rank</b>	<b>Routine and Target Audits conducted pursuant to Labor Code Sections 129(b)(1)(2)(3), and 129.5(c)(1)(2)(3)</b> (Rankings from best to worst performers) <b>AUDIT SUBJECT / LOCATION</b>	<b>Unpaid Compensation</b> All Claim Files # Notices / \$ Value	<b>PAR</b> Standard 1.83857	<b>FCA Stage 1</b> Standard 2.51921	<b>FCA Stage 2</b> Standard 2.51921
<i>The following audit subjects under the Profile Audit Review (LC 129) met or exceed the PAR standard (1.83857 or less). 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	Redwood Empire Municipal Ins. Fund/Sonoma	0 / \$0.00	0.22924	n/a	n/a
2	Shasta County Risk Management/Redding	2 / \$118.77	0.32901	n/a	n/a
3	Chevron Texaco Corporation/San Ramon	0 / \$0.00	0.34207	n/a	n/a
4	Keenan & Associates/Eureka	3 / \$195.52	0.34379	n/a	n/a
5	Gregory B. Bragg & Associates/Stockton	1 / \$121.59	0.34787	n/a	n/a
6	Employers Comp. Ins. Co./Newbury Park	4 / \$301.55	0.42144	n/a	n/a
7	City of San Jose/San Jose	1 / \$6,965.52	0.44999	n/a	n/a
8	Employers Comp. Ins. Co./Glendale	4 / \$1,299.06	0.48540	n/a	n/a
9	Gregory B. Bragg & Associates/Redding	2 / \$138.99	0.51087	n/a	n/a
10	E & J Gallo Winery/Modesto	1 / \$283.22	0.53178	n/a	n/a
11	State Compensation Ins. Fund-Claims Mgmt./San Bernardino	7 / \$1834.94	0.53250	n/a	n/a
12	Employers Compensation Ins. Co./San Francisco	4 / \$697.86	0.59916	n/a	n/a
13	Seabright Insurance Company/Orange	14 / \$1,879.18	0.64944	n/a	n/a
14	Zenith Insurance Co./Pleasanton	6 / \$1,313.69	0.65516	n/a	n/a
15	Gregory B. Bragg & Associates/Walnut Creek	3 / \$322.17	0.65688	n/a	n/a
16	Octagon Risk Svcs., Inc.-CHW/Rancho Cordova	11 / \$3,151.78	0.66520	n/a	n/a
17	Pegasus Risk Management/Modesto	3 / \$396.24	0.68034	n/a	n/a
18	Nordstrom's Inc./Santa Ana	8 / \$2,194.84	0.68971	n/a	n/a
19	Colen & Lee/Diamond Bar	3 / \$352.89	0.71402	n/a	n/a
20	Octagon Risk Svcs., Inc./Sacramento	7 / \$753.00	0.71412	n/a	n/a
21	Employers Direct Insurance Company/Agoura Hills	10 / \$2,328.86	0.71756	n/a	n/a
22	Port of Oakland/Oakland	1 / \$192.00	0.72800	n/a	n/a
23	Sutter Health/Sacramento	4 / \$2,082.34	0.75107	n/a	n/a

**DWC ADMINISTRATIVE DIRECTOR'S 2006 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	PAR	FCA Stage 1	FCA Stage 2
		All Claim Files # Notices / \$ Value	Standard 1.83857	Standard 2.51921	Standard 2.51921
24	Cambridge Integrated Svcs. Inc./Modesto	7 / \$543.00	0.79789	n/a	n/a
25	Hazelrigg Risk Management Services Inc./Chino	12 / \$2,489.92	0.80913	n/a	n/a
26	Southern California Risk Mgmt. Association/Upland	3 / \$14,831.35	0.81997	n/a	n/a
27	State Compensation Ins. Fund/Fresno	7 / \$1,948.25	0.83735	n/a	n/a
28	County of Contra Costa Risk Mgmt./Martinez	0 / \$0.00	0.85089	n/a	n/a
29	City of Burbank/Burbank	4 / \$1,687.40	0.87881	n/a	n/a
30	The Walt Disney Co./Anaheim	11 / \$2,672.89	0.90154	n/a	n/a
31	Gallagher Bassett Services/Rancho Cucamonga	11 / \$2,721.79	0.99897	n/a	n/a
32	Cannon Cochran Mgmt. Svcs., Inc./Concord	0 / \$0.00	1.00000	n/a	n/a
33	Gallagher Bassett Services/Rancho Cordova	11 / \$5,174.13	1.00963	n/a	n/a
34	Gates, McDonald & Company/Concord	12 / \$3,307.23	1.02945	n/a	n/a
35	American Commercial Claims Administrators/San Diego	8 / \$8,083.57	1.03211	n/a	n/a
36	Specialty Risk Services/Rancho Cordova	6 / \$1,643.23	1.04993	n/a	n/a
37	County of Kern/Bakersfield	4 / \$5,022.82	1.07026	n/a	n/a
38	LWP Claims Solutions, Inc./Glendale	9 / \$2,698.02	1.08899	n/a	n/a
39	Kaiser Permanente Medical Care Program/Oakland	9 / \$8,212.21	1.12585	n/a	n/a
40	Innovative Claims Solutions Inc./San Ramon	6 / \$6,408.89	1.17564	n/a	n/a
41	Cambridge Integrated Svcs.Grp. Inc./Portland, OR	8 / \$5,950.17	1.21085	n/a	n/a
42	Crawford & Company/Fresno	10 / \$5,002.62	1.21723	n/a	n/a
43	Pacific Lumber Company/Scotia	6 / \$2,955.93	1.26983	n/a	n/a
44	Murphy & Beane, Inc./Culver City	15 / \$4,165.42	1.31788	n/a	n/a
45	Zenith Insurance Co./Fresno	9 / \$3,128.50	1.38433	n/a	n/a
46	The Hartford/Rancho Cordova	9 / \$7,193.85	1.38976	n/a	n/a
47	Buckeye Claims Administrators/Elk Grove	3 / \$374.43	1.39820	n/a	n/a
48	Sedgwick Claims Management Svcs./Walnut Creek	22 / \$9,916.37	1.39923	n/a	n/a
49	National Interstate Insurance Co./Richfield, OH	6 / \$1,786.77	1.42092	n/a	n/a
50	Broadspire/Rancho Cordova	8 / \$9,835.18	1.42144	n/a	n/a

**DWC ADMINISTRATIVE DIRECTOR'S 2006 AUDIT RANKING REPORT**  
**Issued in accordance with Labor Code Section 129(e) and Title 8, California Code of Regulations, Section 10107.1(c)(3)**

<b>Rank</b>	<b>Routine and Target Audits conducted pursuant to Labor Code Sections 129(b)(1)(2)(3), and 129.5(c)(1)(2)(3)</b> (Rankings from best to worst performers) <b>AUDIT SUBJECT / LOCATION</b>	<b>Unpaid Compensation</b> All Claim Files # Notices / \$ Value	<b>PAR</b> Standard 1.83857	<b>FCA Stage 1</b> Standard 2.51921	<b>FCA Stage 2</b> Standard 2.51921
51	State Compensation Ins. Fund/Rohnert Park	5 / \$4,800.33	1.48182	n/a	n/a
52	Sedgwick Claims Management Svcs./Riverside	18 / \$10,272.27	1.52323	n/a	n/a
53	Fireman's Fund Insurance Company/Rancho Cordova	12 / \$7,709.98	1.54480	n/a	n/a
54	Gallagher Bassett Services/Sacramento	11 / \$5,086.93	1.57980	n/a	n/a
55	JT. 2 Integrated Resources/Oakland	9 / \$14,174.04	1.58198	n/a	n/a
56	Tri-Star Risk Management/Irvine	8 / \$9,461.29	1.58235	n/a	n/a
57	Hazelrigg Risk Management Services/Oxnard	9 / \$4,905.63	1.58849	n/a	n/a
58	Specialty Risk Services/Las Vegas, NV	10 / \$7,096.08	1.59676	n/a	n/a
59	Specialty Risk Services/Riverside	14 / \$17,833.00	1.60292	n/a	n/a
60	Loma Linda University/ Loma Linda	11 / \$10,978.26	1.64654	n/a	n/a
61	Zurich North America/Rancho Cordova	10 / \$15,061.52	1.79934	n/a	n/a
62	Octagon Risk Svcs. - NoCA Diocese/Rancho Cordova	10 / \$1,126.76	1.82598	n/a	n/a
63	Zurich North America/Woodland Hills	12 / \$6,007.95	1.83349	n/a	n/a
<p><i>The following audit subjects under the Profile Audit Review (LC 129) failed to meet or exceed the PAR standard (2.51921 or less). The audit proceeded to the Full Compliance Audit Stage I [LC 129(b)(2)] and met or exceeded the FCA standard (2.77703 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.</i></p>					
64	Safeway, Inc./Pleasanton	24 / \$23,533.74	1.99318	1.55840	n/a
65	Advanced Risk Technologies/Concord	19 / \$6,955.09	1.95818	1.59105	n/a
66	Majestic Insurance Company/Long Beach	21 / \$25,911.55	2.13133	1.86897	n/a
67	Tri-Star Risk Management/Santa Ana	37 / \$25,881.12	2.36086	1.91981	n/a
68	Cambridge Integrated Svc. Inc./Rancho Cordova	29 / \$38,985.64	3.11542	2.08062	n/a
69	Cambridge Integrated Svc. Inc./Pasadena	28 / \$49,149.94	2.08688	2.09270	n/a
70	Gallagher Bassett Services/Corona	30 / \$34,666.80	1.96730	2.11170	n/a
71	Cambridge Integrated Svc.Grp. Inc./Fresno	30 / \$38,687.33	2.09035	2.14048	n/a
72	Octagon Risk Svcs./Long Beach	24 / \$37,651.97	3.30454	2.27635	n/a

**DWC ADMINISTRATIVE DIRECTOR'S 2006 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	<b>Routine and Target Audits conducted pursuant to Labor Code Sections 129(b)(1)(2)(3), and 129.5(c)(1)(2)(3)</b> (Rankings from best to worst performers) <b>AUDIT SUBJECT / LOCATION</b>	<b>Unpaid Compensation</b>  All Claim Files # Notices / \$ Value	<b>PAR</b>  Standard 1.83857	<b>FCA Stage 1</b>  Standard 2.51921	<b>FCA Stage 2</b>  Standard 2.51921
	<p><i>The following audit subjects under the Profile Audit Review (LC 129) failed to meet or exceed the PAR standard (2.51921 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 (2.77703 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.</i></p>				
73	Alameda County Schools Ins. Grp./Dublin	19 / \$85,204.73	3.21716	3.02042	2.95787
74	Complink, Inc./Irvine	11 / \$28,145.32	10.58350	10.63855	8.80666

### **Description of Individual Audit Exhibits**

**Individual Exhibit 1A ~ Profile Audit Review Performance Rating of Randomly Selected Claims** is the worksheet to calculate the audit findings to a score that determines the PAR performance standard factor for the audit subject. It includes the number of indemnity files audited for each of the five major areas of violations and the number of those files wherein one or more of the violations were found.

**Individual Exhibit 1B ~ Full Compliance Audit Performance Rating of Randomly Selected Claims** is the worksheet to calculate the audit findings to a score that determines the FCA Stage 1 performance standard factor for this audit subject. It includes the expanded number of indemnity files audited for each of the five major areas of violations and the number of those files wherein one or more of the violations were found.

**Individual Exhibit 1C ~ Full Compliance Audit Performance Rating of Randomly Selected Claims** is the worksheet to calculate the audit findings to a score that determines the FCA Stage 2 performance standard factor for this audit subject. It includes the number of indemnity files and denied claim files audited for each of the five major areas of violations and the number of those files wherein one or more of the violations were found.

**Individual Exhibit 2 ~ Penalty Assessments and Collections** 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.

**Individual Exhibit 3 ~ Notices of Compensation Due** 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.

**Profile Audit Review Performance Rating of Randomly Selected Claims**

**Audit No: OAK-18-06-R2-5**

**Subject: Advanced Risk Technologies Insurance Services**

**Location: Concord**

**1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY**

A. Frequency Rate

# claims with unpd indem      11      divide by # claims with payable indem      54      =      0.20370

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

Total unpd indem. =      \$ 2,941.66      divide by      # of claims with obligation to pay indem.      54  
 Avg Unpd Ind =      \$ 54.48

C. Severity Rate

Avg Unpd Indem      \$ 54.48      divide by avg unpd indem 2002-2004 of      \$ 171.60      =      0.31745

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.20370      X      Severity rate      0.31745      X      modifier of      2  
 =      0.12933

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

# claims with late 1st TD	21	divide by # with TD payments	52	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	21	divide by	Totals	52
				=
				0.40385

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

# claims with late first PD	4	divide by # with first PD	16	
# 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	4	divide by	Totals	16
				=
				0.25000

**4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS**

# claims with late subsequent payments      15      divide by # with subsequent payments      40      =  
 0.37500

**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	29	
# claims with VR potential eligibility notice violations	1	divide by # requiring notices	1	
Totals	24	Totals	30	
				=
				0.80000

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2006**      **1.95818**

**Profile Audit Review Performance Rating of 1.83857 or greater is a failing score.**



**Calendar Year: 2006**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	<b>114</b>
<b>Indemnity</b>	<b>114</b>
<b>Medical Only</b>	<b>0</b>
<b>Denied</b>	<b>0</b>
<b>Complaints</b>	<b>0</b>
<b>Additional</b>	<b>0</b>

**Audit No: OAK-28-06-R2-5**

**Subject: Advanced Risk Technologies Ins Svcs**

**Location: Concord**

**Type: TPA**

Item #	# of Times Cited	Total \$ Penalties Assessable	Total Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	51	\$18,600	\$0	\$18,600	\$0		x
2	10	\$6,310	\$0	\$6,310	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	79	\$13,950	\$650	\$13,300	\$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	34	\$15,300	\$15,300	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	11	\$8,700	\$0	\$8,700	\$0		x
18 b	1	\$800	\$0	\$800	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	24	\$5,250	\$0	\$5,250	\$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
<b>TOTAL</b>	<b>212</b>	<b>\$69,710</b>	<b>\$16,750</b>	<b>\$52,960</b>	<b>\$0</b>		

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

**Calendar Year: 2006**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: OAK-18-06-R2-5**

**Subject: Advanced Risk Technologies Insurance Services**

**Location: Concord**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$18.00						\$18.00
2				\$169.79			\$169.79
3	\$247.62						\$247.62
4	\$9.50			\$8.66			\$18.16
5	\$106.50						\$106.50
6				\$66.91			\$66.91
7				\$700.78			\$700.78
8				\$402.00			\$402.00
9	\$147.24						\$147.24
10	\$52.95						\$52.95
11	\$159.54						\$159.54
12				\$134.09			\$134.09
13				\$342.57			\$342.57
14				\$72.69			\$72.69
15	\$106.78			\$6.76			\$113.54
16	\$2,620.29			\$176.40			\$2,796.69
17				\$277.26			\$277.26
18				\$374.00			\$374.00
19		\$754.76					\$754.76
<b>TOTAL</b>	<b>\$3,468.42</b>	<b>\$754.76</b>	<b>\$0.00</b>	<b>\$2,731.91</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$6,955.09</b>

**Profile Audit Review Performance Rating of Randomly Selected Claims**

**Audit No: OAK-15-06-R3-6**

**Subject: Alameda County Schools Insurance Group**

**Location: Pleasanton**

**1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY**

A. Frequency Rate

# claims with unpd indem      10      divide by # claims with payable indem      53      =      0.18868

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

Total unpd indem. =      \$ 34,998.91      divide by      # of claims with obligation to pay indem.      53  
 Avg Unpd Ind =      \$ 660.36

C. Severity Rate

Avg Unpd Indem      \$ 660.36      divide by avg unpd indem 2002-2004 of      \$ 171.60      =      3.84823

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.18868      X      Severity rate      3.84823      X      modifier of      2  
 =      1.45216

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

# claims with late 1st TD	5	divide by # with TD payments	10		
# claims with late first SC notice	17	divide by # with salary continuation	45		
Totals	22	divide by	Totals	55	=
					0.40000

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

# claims with late first PD	6	divide by # with first PD	14		
# 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	6	divide by	Totals	15	=
					0.40000

**4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS**

# claims with late subsequent payments      2      divide by # with subsequent payments      16      =  
0.12500

**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	23		
# claims with VR potential eligibility notice violations	1	divide by # requiring notices	2		
Totals	21		Totals	25	
					0.84000

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2006**

**3.21716**

**Profile Audit Review Performance Rating of 1.83857 or greater is a failing score.**

**Full Compliance Audit Performance Rating of Randomly Selected Claims**

**Audit No: OAK-15-06-R3-6**

**Subject: Alameda County Schools Insurance Group**

**Location: Pleasanton**

<b>1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY</b>									
<u>A. Frequency Rate</u>									
# claims with unpd inden	15	divide by # claims with payable indem	110	=	0.13636				
<u>B. Average Amount of Unpaid Indemnity per Claim with Obligation to Pay Indemnity</u>									
Total unpd indem =	\$ 72,353.53	divide by	# of claims with obligation to pay indem	110					
				Avg Unpd Ind =	\$	657.76			
<u>C. Severity Rate</u>									
Avg Unpd Ind.	\$ 657.76	divide by avg unpd indem 2002-2004 of	\$ 171.60	=	3.83310				
<u>D. Factor for Failure to pay Undisputed Accrued Indemnity</u>									
Frequency rate	0.13636	X	Severity rate	3.83310	X	modifier of	2	=	1.04539
<b>2. FACTOR FOR LATE FIRST PAYMENT OF TEMPORARY DISABILITY OR FIRST NOTICE</b>									
# claims with late 1st TD	10	divide by # with TD payments	21						
# claims with late first SC notice	37	divide by # with salary continuation	91						
Totals	47	divide by	Totals	112	=	0.41964			
<b>3. FACTOR FOR LATE FIRST PAYMENT OF PERMANENT DISABILITY, VRMA, AND DEATH BENEFITS</b>									
# claims with late first PD	11	divide by # with first PD	24						
# claims with late first VRMA	0	divide by # with first VRMA	1						
# claims/late first death benefits	0	divide by # with first death ben paid	0						
Totals	11	divide by	Totals	25	=	0.44000			
<b>4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS</b>									
# claims with late subseq payments	6	divide by # with subseq payments	26	=	0.23077				
<b>5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION</b>									
# claims with AME/QME notice violations	43	divide by # requiring notices	48						
# claims with VR potential eligibilty notice violations	3	divide by # requiring notices	4						
Totals	46		Totals	52	=	0.88462			
<b>FULL COMPLIANCE AUDIT PERFORMANCE RATING - 2006</b>									<b>3.02042</b>
<b>Full Compliance Audit Performance Rating of indemnity files of 2.51921 or greater is a failing score.</b>									

**Full Compliance Audit Performance Rating of Randomly Selected Claims**

**Audit No: OAK-15-06-R3-6**

**Subject: Alameda County Schools Insurance Group**

**Location: Pleasanton**

**1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY**

A. Frequency Rate

# claims with unpd inden      16      divide by # claims with payable indem      114      =      0.14035

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

Total unpd indem =      \$73,413.70      divide by      # of claims with obligation to pay indem.      114  
 Avg Unpd Ind =      \$      643.98

C. Severity Rate

Avg Unpd Ind.      \$      643.98      divide by avg unpd indem 2002-2004 of      \$      171.60      =      3.75280

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.14035      X      Severity rate      3.75280      X      modifier of      2  
 =      1.05342

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

# claims with late 1st TD	11	divide by # with TD payments	21	
# claims with late first SC notice	39	divide by # with salary continuation	93	
Totals	50	divide by	Totals	114
				=
				0.43860

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

# claims with late first PD	10	divide by # with first PD	26	
# claims with late first VRMA	0	divide by # with first VRMA	1	
# claims/late first death benefits	0	divide by # with first death ben paid	0	
Totals	10	divide by	Totals	27
				=
				0.37037

**4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS**

# claims with late subseq payments      5      divide by # with subseq payments      29      =      0.17241

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

# claims with AME/QME notice violations	44	divide by # requiring notices	47	
# claims with VR potential eligibilty notice violations	4	divide by # requiring notices	5	
Totals	48		Totals	52
				=
				0.92308

**FULL COMPLIANCE AUDIT PERFORMANCE RATING - 2006**      **2.95787**

**Full Compliance Audit Performance Rating for indemnity and denied files of 2.51921 or greater is a failing score.**

**Calendar Year: 2006**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	<b>210</b>
<b>Indemnity</b>	<b>110</b>
<b>Medical Only</b>	<b>0</b>
<b>Denied</b>	<b>36</b>
<b>Complaints</b>	<b>10</b>
<b>Additional</b>	<b>54</b>

**Audit No: OAK-15-06-R3-6**

**Subject: Alameda County Schools Insurance Grp**

**Location: Pleasanton**

**Type: TPA**

Item #	# of Times Cited	Total \$ Penalties Assessable*	Total Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	13	\$17,920	\$0	\$17,920	\$0		x
2	11	\$11,760	\$0	\$11,760	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	13	\$4,300	\$0	\$4,300	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	128	\$17,720	\$0	\$17,720	\$0		x
7	81	\$6,811	\$0	\$6,811	\$0		x
8	90	\$32,380	\$0	\$32,380	\$0		x
9	3	\$225	\$0	\$225	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	7	\$4,900	\$0	\$4,900	\$0		x
13	4	\$1,540	\$0	\$1,540	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	44	\$28,980	\$0	\$28,980	\$0		x
16	4	\$1,680	\$0	\$1,680	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	7	\$17,360	\$0	\$17,360	\$0		x
18 b	15	\$20,540	\$0	\$20,540	\$0		x
18 c	1	\$7,000	\$0	\$7,000	\$0		x
18 d	17	\$7,930	\$0	\$7,930	\$0		x
18 e	3	\$1,640	\$0	\$1,640	\$0		x
18 f	0	\$0	\$0	\$0	\$0		x
19	54	\$7,560	\$0	\$7,560	\$0		x
20 a	62	\$2,170	\$0	\$2,170	\$0		x
20 b	4	\$4,900	\$0	\$4,900	\$0		x
20 c	0	\$0	\$0	\$0	\$0		x
20 d	15	\$2,100	\$0	\$2,100	\$0		x
21	1	\$4,480	\$0	\$4,480	\$0		x
<b>TOTAL</b>	<b>577</b>	<b>\$203,896</b>	<b>\$0</b>	<b>\$203,896</b>	<b>\$0</b>		

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).

**Calendar Year: 2006**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: OAK-15-06-R3-6**

**Subject: Alameda County Schools Insurance Group**

**Location: Pleasanton**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1		\$8,000.00		\$1,000.00			\$9,000.00
2		\$1,000.00		\$973.23		\$903.51	\$2,876.74
3		\$5,728.57		\$672.86			\$6,401.43
4		\$2,016.00		\$382.53			\$2,398.53
5		\$1,460.00		\$964.29			\$2,424.29
6	\$37.92			\$91.00			\$128.92
7	\$15,475.32			\$1,547.53			\$17,022.85
8		\$2,127.50		\$1,396.75			\$3,524.25
9		\$3,520.00		\$352.00			\$3,872.00
10	\$2,173.20		\$7,151.54	\$213.04			\$9,537.78
11		\$15,000.00		\$1,500.00			\$16,500.00
12				\$332.50		\$4.17	\$336.67
13				\$269.57			\$269.57
14						\$22.47	\$22.47
15		\$2,860.00		\$286.00			\$3,146.00
16				\$290.71			\$290.71
17	\$67.60	\$467.96		\$327.96			\$863.52
18		\$5,900.00		\$590.00			\$6,490.00
19	\$90.00			\$9.00			\$99.00
<b>TOTAL</b>	<b>\$17,844.04</b>	<b>\$48,080.03</b>	<b>\$7,151.54</b>	<b>\$11,198.97</b>	<b>\$0.00</b>	<b>\$930.15</b>	<b>\$85,204.73</b>



**Calendar Year: 2006**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	<b>59</b>
<b>Indemnity</b>	<b>58</b>
<b>Medical Only</b>	<b>0</b>
<b>Denied</b>	<b>0</b>
<b>Complaints</b>	<b>1</b>
<b>Additional</b>	<b>0</b>

**Audit No: LAO-10-06-R1-5**

**Subject: American Commercial Claims Administrators**

**Location: San Diego**

**Type: TPA**

Item #	# of Times Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	17	\$12,110	\$12,110	\$0	\$0		x
2	2	\$2,720	\$2,720	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	30	\$12,955	\$12,955	\$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	\$1,500	\$1,500	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	2	\$1,000	\$1,000	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	5	\$8,000	\$8,000	\$0	\$0		x
18 b	2	\$800	\$800	\$0	\$0		x
18 c	1	\$400	\$400	\$0	\$0		x
18 d	8	\$1,250	\$1,250	\$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
<b>TOTAL</b>	<b>73</b>	<b>\$40,735</b>	<b>\$40,735</b>	<b>\$0</b>	<b>\$0</b>		

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

**Calendar Year: 2006**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-10-06-R1-5**

**Subject: American Commercial Claims Administrators, Inc.**

**Location: San Diego**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$492.68		\$103.62	\$132.34			\$728.64
2	\$436.74	\$143.62		\$66.07			\$646.43
3	\$4,037.40			\$517.74			\$4,555.14
4	\$350.48			\$35.05			\$385.53
5				\$532.00			\$532.00
6	\$144.76			\$119.43			\$264.19
7				\$24.00			\$24.00
8	\$861.49			\$86.15			\$947.64
<b>TOTAL</b>	<b>\$6,323.55</b>	<b>\$143.62</b>	<b>\$103.62</b>	<b>\$1,512.78</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$8,083.57</b>



**Calendar Year: 2006**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	<b>65</b>
<b>Indemnity</b>	<b>59</b>
<b>Medical Only</b>	<b>0</b>
<b>Denied</b>	<b>0</b>
<b>Complaints</b>	<b>6</b>
<b>Additional</b>	<b>0</b>

**Audit No: SAC-21-06-R1-5**

**Subject: Broadspire**

**Location: Rancho Cordova      Type: TPA**

Item #	# of Times Cited	Total \$ Penalties Assessable	Total Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	14	\$5,395	\$5,395	\$0	\$0		x
2	11	\$7,475	\$7,475	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	37	\$10,445	\$10,445	\$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	\$1,480	\$1,480	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	14	\$5,900	\$5,900	\$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	1	\$1,500	\$1,500	\$0	\$0		x
18 c	1	\$200	\$200	\$0	\$0		x
18 d	3	\$800	\$800	\$0	\$0		x
18 e	3	\$5,300	\$5,300	\$0	\$0		x
18 f	4	\$2,700	\$2,700	\$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
<b>TOTAL</b>	<b>100</b>	<b>\$43,795</b>	<b>\$43,795</b>	<b>\$0</b>	<b>\$0</b>		

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

**Calendar Year: 2006**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: SAC-21-06-R1-5**

**Subject: Broadspire**

**Location: Rancho Cordova Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$369.91						\$369.91
2	\$1,676.20			\$167.62			\$1,843.82
3				\$133.42			\$133.42
4	\$10.00					\$1.87	\$11.87
5	\$336.43	\$3,830.00	\$335.00				\$4,501.43
6	\$733.59			\$249.42			\$983.01
7		\$1,977.14				\$254.43	\$2,231.57
8				\$16.45		\$6.62	\$23.07
<b>TOTAL</b>	<b>\$3,126.13</b>	<b>\$5,807.14</b>	<b>\$335.00</b>	<b>\$566.91</b>	<b>\$0.00</b>	<b>\$262.92</b>	<b>\$10,098.10</b>



**Calendar Year: 2006**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	<b>51</b>
<b>Indemnity</b>	<b>51</b>
<b>Medical Only</b>	<b>0</b>
<b>Denied</b>	<b>0</b>
<b>Complaints</b>	<b>0</b>
<b>Additional</b>	<b>0</b>

**Audit No: SAC-20-06-R1-5**

**Subject: Buckeye Claim Administrators**

**Location: Elk Grove**

**Type: TPA**

Item #	# of Times Cited	Total \$ Penalties Assessable	Total Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	4	\$770	\$770	\$0	\$0		x
2	2	\$650	\$650	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	16	\$7,275	\$7,275	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	20	\$830	\$830	\$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	\$100	\$100	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	17	\$4,100	\$4,100	\$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	6	\$900	\$900	\$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
<b>TOTAL</b>	<b>66</b>	<b>\$14,625</b>	<b>\$14,625</b>	<b>\$0</b>	<b>\$0</b>		

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

**Calendar Year: 2006**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: SAC-20-06-R1-5**

**Subject: Buckeye Claim Administrators**

**Location: Elk Grove**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1				\$80.00			\$80.00
2				\$248.68			\$248.68
3				\$45.75			\$45.75
<b>TOTAL</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$374.43</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$374.43</b>

**Profile Audit Review Performance Rating of Randomly Selected Claims**

**Audit No: SAC-17-06-R2-5**

**Subject: Cambridge Integrated Services Group, Inc**

**Location: Fresno**

**1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY**

A. Frequency Rate

# claims with unpd indem      15      divide by # claims with payable indem      55      =      0.27273

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

Total unpd indem. =      \$ 16,401.31      divide by      # of claims with obligation to pay indem.      55  
 Avg Unpd Ind =      \$ 298.21

C. Severity Rate

Avg Unpd Indem      \$ 298.21      divide by avg unpd indem 2002-2004 of      \$ 171.60      =      1.73780

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.27273      X      Severity rate      1.73780      X      modifier of      2  
 =      0.94789

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

# claims with late 1st TD	21	divide by # with TD payments	54	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	21	divide by	Totals 54	=
				0.38889

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

# claims with late first PD	0	divide by # with first PD	5	
# 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	1	divide by	Totals 6	=
				0.16667

**4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS**

# claims with late subsequent payments      11      divide by # with subsequent payments      42      =  
0.26190

**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	38	
# claims with VR potential eligibility notice violations	2	divide by # requiring notices	2	
Totals	13		Totals 40	=
				0.32500

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2006**

**Profile Audit Review Performance Rating of 1.83857 or greater is a failing score.**

**2.09035**

**Full Compliance Audit Performance Rating of Randomly Selected Claims**

**Audit No: SAC-17-06-R2-5**

**Subject: Cambridge Integrated Services Group, Inc**

**Location: Fresno**

**1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY**

A. Frequency Rate

# claims with unpd inden      30      divide by # claims with payable indem      115      =      0.26087

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

Total unpd indem =      \$ 38,687.33      divide by      # of claims with obligation to pay indem.      115  
 Avg Unpd Ind =      \$      336.41

C. Severity Rate

Avg Unpd Ind.      \$      336.41      divide by avg unpd indem 2002-2004 of      \$ 171.60      =      1.96044

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.26087      X      Severity rate      1.96044      X      modifier of      2  
 =      1.02284

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

# claims with late 1st TD	42	divide by # with TD payments	113	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	42	divide by	Totals	113
				=
				<span style="border: 1px solid black; padding: 2px;">0.37168</span>

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

# claims with late first PD	2	divide by # with first PD	16	
# claims with late first VRMA	1	divide by # with first VRMA	3	
# claims/late first death benefits	0	divide by # with first death ben paid	0	
Totals	3	divide by	Totals	19
				=
				<span style="border: 1px solid black; padding: 2px;">0.15789</span>

**4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS**

# claims with late subseq payments      24      divide by # with subseq payments      91      =  
0.26374

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

# claims with AME/QME notice violations	19	divide by # requiring notices	69	
# claims with VR potential eligibilty notice violations	5	divide by # requiring notices	5	
Totals	24		Totals	74
				=
				<span style="border: 1px solid black; padding: 2px;">0.32432</span>

**FULL COMPLIANCE AUDIT PERFORMANCE RATING - 2006**

**Full Compliance Audit Performance Rating of indemnity files of 2.51921 or greater is a failing score.**

**2.14048**

**Calendar Year: 2006**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	<b>117</b>
<b>Indemnity</b>	<b>115</b>
<b>Medical Only</b>	<b>0</b>
<b>Denied</b>	<b>0</b>
<b>Complaints</b>	<b>0</b>
<b>Additional</b>	<b>2</b>

**Audit No: SAC-17-06-R2-5**

**Subject: Cambridge Integrated Svcs Grp, Inc**

**Location: Fresno**

**Type: TPA**

Item #	# of Times Cited	Total \$ Penalties Assessable	Total Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	47	\$18,535	\$0	\$18,535	\$0		x
2	0	\$0	\$0	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	53	\$15,200	\$0	\$15,200	\$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	\$1,800	\$1,800	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	22	\$8,300	\$8,300	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	21	\$22,900	\$0	\$22,900	\$0		x
18 b	4	\$5,400	\$0	\$5,400	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	20	\$3,850	\$0	\$3,850	\$0		x
18 e	1	\$1,000	\$0	\$1,000	\$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
<b>TOTAL</b>	<b>173</b>	<b>\$76,985</b>	<b>\$10,100</b>	<b>\$66,885</b>	<b>\$0</b>		

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

**Calendar Year: 2006**  
**Notices of Compensation Due**

**Audit No: SAC-17-06-R2-5**

**Subject: Cambridge Integrated Services Group, Inc**

**Location: Fresno Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$555.00			\$170.20			\$725.20
2	\$62.66						\$62.66
3	\$248.00						\$248.00
4	\$541.70			\$52.02			\$593.72
5	\$4,453.37			\$445.34			\$4,898.71
6				\$519.57		\$24.20	\$543.77
7	\$64.76						\$64.76
8	\$582.15			\$48.98			\$631.13
9				\$187.20			\$187.20
10	\$330.96	\$2,674.58		\$300.55			\$3,306.09
11	\$521.80	\$4,911.30		\$533.32			\$5,966.42
12	\$75.13						\$75.13
13	\$558.60			\$25.30			\$583.90
14	\$2,505.74			\$250.57			\$2,756.31
15				\$193.36			\$193.36
16		\$8,422.86		\$1,123.15			\$9,546.01
17	\$431.17			\$20.12			\$451.29
18	\$12.83						\$12.83
19	\$685.26			\$26.36			\$711.62
20				\$131.13			\$131.13
21	\$37.01			\$60.10			\$97.11
<b>SUBTOTAL</b>	<b>\$11,666.14</b>	<b>\$16,008.74</b>	<b>\$0.00</b>	<b>\$4,087.27</b>	<b>\$0.00</b>	<b>\$24.20</b>	<b>\$31,786.35</b>

**Calendar Year: 2006**  
**Notices of Compensation Due**

**Individual Exhibit 3**  
**Page 2 of 2**

**Audit No: SAC-17-06-R2-5**

**Subject: Cambridge Integrated Services Group, Inc**

**Location: Fresno**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty interest, or other	Total
22				\$16.90			\$16.90
23		\$537.04		\$677.42			\$1,214.46
24	\$119.72						\$119.72
25				\$175.46			\$175.46
26	\$4,233.06						\$4,233.06
27				\$116.28			\$116.28
28				\$83.37			\$83.37
29				\$311.36			\$311.36
30	\$577.30			\$53.07			\$630.37
Page 2 SUBTOTAL	\$4,930.08	\$537.04	\$0.00	\$1,433.86	\$0.00	\$0.00	\$6,900.98
Page 1 SUBTOTAL	\$11,666.14	\$16,008.74	\$0.00	\$4,087.27	\$0.00	\$24.20	\$31,786.35
<b>TOTAL</b>	<b>\$16,596.22</b>	<b>\$16,545.78</b>	<b>\$0.00</b>	<b>\$5,521.13</b>	<b>\$0.00</b>	<b>\$24.20</b>	<b>\$38,687.33</b>



**Calendar Year: 2006**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	<b>33</b>
<b>Indemnity</b>	<b>33</b>
<b>Medical Only</b>	<b>0</b>
<b>Denied</b>	<b>0</b>
<b>Complaints</b>	<b>0</b>
<b>Additional</b>	<b>0</b>

**Audit No: SAC-12-06-R1-5**

**Subject: Cambridge Integrated Svcs Grp, Inc  
(United Rentals)**

**Location: Modesto Type: TPA**

Item #	# of Times Cited	Total \$ Penalties Assessable	Total Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	7	\$5,150	\$5,150	\$0	\$0		x
2	0	\$0	\$0	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	20	\$2,685	\$2,685	\$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	\$100	\$100	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	5	\$1,900	\$1,900	\$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	0	\$0	\$0	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	8	\$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
<b>TOTAL</b>	<b>43</b>	<b>\$11,335</b>	<b>\$11,335</b>	<b>\$0</b>	<b>\$0</b>		

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

**Calendar Year: 2006**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: SAC-12-06-R1-5**

**Subject: Cambridge Integrated Services Group, Inc (United Rentals)**

**Location: Modesto**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1				\$18.75			\$18.75
2				\$88.46			\$88.46
3				\$111.87			\$111.87
4				\$80.00			\$80.00
5	\$11.66						\$11.66
6	\$32.10						\$32.10
7				\$200.16			\$200.16
<b>TOTAL</b>	<b>\$43.76</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$499.24</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$543.00</b>



**Full Compliance Audit Performance Rating of Randomly Selected Claims**

**Audit No:** LAO-02-06-R2-5

**Subject:** Cambridge Integrated Services Group

**Location:** Pasadena

**1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY**

A. Frequency Rate

# claims with unpd inden 28 divide by # claims with payable indem 136 = 0.20588

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

Total unpd indem = \$ 49,149.94 divide by # of claims with obligation to pay indem. 136  
Avg Unpd Ind = \$ 361.40

C. Severity Rate

Avg Unpd Ind. \$ 361.40 divide by avg unpd indem 2002-2004 of \$ 171.60 = 2.10604

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.20588 X Severity rate 2.10604 X modifier of 2  
= 0.86719

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

# claims with late 1st TD	23	divide by # with TD payments	82	
# claims with late first SC notice	32	divide by # with salary continuation	61	
Totals	55	divide by	Totals 143	=
				0.38462

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

# claims with late first PD	9	divide by # with first PD	43	
# claims with late first VRMA	3	divide by # with first VRMA	6	
# claims/late first death benefits		divide by # with first death ben paid		
Totals	12	divide by	Totals 49	=
				0.24490

**4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS**

# claims with late subseq payments 36 divide by # with subseq payments 78 = 0.46154

**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	107	
# claims with VR potential eligibilty notice violations	8	divide by # requiring notices	12	
Totals	16		Totals 119	
				=
				0.13445

**FULL COMPLIANCE AUDIT PERFORMANCE RATING - 2006**

**Full Compliance Audit Performance Rating of indemnity files of 2.51921 or greater is a failing score.** 2.09270

**Calendar Year: 2006**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	<b>137</b>
<b>Indemnity</b>	<b>135</b>
<b>Medical Only</b>	<b>0</b>
<b>Denied</b>	<b>0</b>
<b>Complaints</b>	<b>1</b>
<b>Additional</b>	<b>1</b>

**Audit No: LAO-02-06-R2-5**

**Subject: Cambridge Integrated Services Group**

**Location: Pasadena**

**Type: TPA**

Item #	# of Times Cited	Total \$ Penalties Assessable	Total Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	27	\$11,230	\$0	\$11,230	\$0		x
2	11	\$9,235	\$0	\$9,235	\$0		x
3	3	\$250	\$0	\$250	\$0		x
4	128	\$21,050	\$1,330	\$19,720	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	33	\$1,255	\$1,255	\$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	\$3,000	\$3,000	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	8	\$3,700	\$3,700	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	13	\$10,000	\$0	\$10,000	\$0		x
18 b	6	\$7,100	\$0	\$7,100	\$0		x
18 c	1	\$300	\$0	\$300	\$0		x
18 d	30	\$5,970	\$0	\$5,970	\$0		x
18 e	1	\$5,000	\$0	\$5,000	\$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
<b>TOTAL</b>	<b>269</b>	<b>\$78,090</b>	<b>\$9,285</b>	<b>\$68,805</b>	<b>\$0</b>		

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

**Calendar Year: 2006**  
**Notices of Compensation Due**

**Audit No: LAO-02-06-R2-5**

**Subject: Cambridge integrated Services Group**

**Location: Pasadena**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$29.26			\$2.93			\$32.19
2	\$56.57						\$56.57
3	\$759.76						\$759.76
4	\$20.71	\$1,014.22		\$686.32			\$1,721.25
5		\$9,628.57		\$1,362.86			\$10,991.43
6	\$782.20			\$147.87			\$930.07
7		\$140.72		\$253.85			\$394.57
8	\$186.91						\$186.91
9	\$2,945.71			\$972.37			\$3,918.08
10				\$83.46			\$83.46
11	\$26.48						\$26.48
12	\$950.07						\$950.07
13				\$260.00			\$260.00
14				\$59.89			\$59.89
15		\$4,440.00		\$827.15			\$5,267.15
16				\$790.18			\$790.18
17		\$7,129.54		\$0.00			\$7,129.54
18				\$21.14			\$21.14
19		\$4,078.61		\$324.42			\$4,403.03
20				\$97.13			\$97.13
21	\$2,698.00			\$160.19			\$2,858.19
<b>SUBTOTAL</b>	<b>\$8,455.67</b>	<b>\$26,431.66</b>	<b>\$0.00</b>	<b>\$6,049.76</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$40,937.09</b>





**Calendar Year: 2006**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	<b>56</b>
<b>Indemnity</b>	<b>56</b>
<b>Medical Only</b>	<b>0</b>
<b>Denied</b>	<b>0</b>
<b>Complaints</b>	<b>0</b>
<b>Additional</b>	<b>0</b>

**Audit No: OAK-08-06-R1-5**

**Subject: Cambridge Integrated Svcs Grp, Inc**

**Location: Portland, OR                      Type: TPA**

Item #	# of Times Cited	Total \$ Penalties Assessable	Total Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	25	\$23,190	\$23,190	\$0	\$0		x
2	5	\$3,130	\$3,130	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	16	\$4,615	\$4,615	\$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	\$2,000	\$2,000	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	7	\$2,800	\$2,800	\$0	\$0		x
18 b	0	\$0	\$0	\$0	\$0		x
18 c	1	\$5,000	\$5,000	\$0	\$0		x
18 d	1	\$500	\$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
<b>TOTAL</b>	<b>67</b>	<b>\$43,435</b>	<b>\$43,435</b>	<b>\$0</b>	<b>\$0</b>		

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

**Calendar Year: 2006**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: OAK-08-06-R1-5**

**Subject: Cambridge Integrated Services Group, Inc**

**Location: Portland, OR**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$423.65			\$42.37			\$466.02
2	\$30.98						\$30.98
3	\$40.23			\$4.02			\$44.25
4				\$206.67			\$206.67
5	\$176.00			\$17.60			\$193.60
6	\$956.53			\$47.83			\$1,004.36
7	\$331.67			\$33.17			\$364.84
8			\$3,639.45				\$3,639.45
<b>TOTAL</b>	<b>\$1,959.06</b>	<b>\$0.00</b>	<b>\$3,639.45</b>	<b>\$351.66</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$5,950.17</b>

**Profile Audit Review Performance Rating of Randomly Selected Claims**

**Audit No: SAC-02-06-R2-5**

**Subject: Cambridge Integrated Services Group, Inc**

**Location: Rancho Cordova**

**1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY**

A. Frequency Rate

# claims with unpd indem      16      divide by # claims with payable indem      57      =      0.28070

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

Total unpd indem. =      \$ 27,992.65      divide by      # of claims with obligation to pay indem.      57  
 Avg Unpd Ind =      \$ 491.10

C. Severity Rate

Avg Unpd Indem      \$ 491.10      divide by avg unpd indem 2002-2004 of      \$ 171.60      =      2.86188

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.28070      X      Severity rate      2.86188      X      modifier of      2  
 =      1.60667

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

# claims with late 1st TD	14	divide by # with TD payments	44	
# claims with late first SC notice	0	divide by # with salary continuation	2	
Totals	14	divide by	Totals	46
				=
				0.30435

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

# claims with late first PD	8	divide by # with first PD	19	
# 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	9	divide by	Totals	25
				=
				0.36000

**4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS**

# claims with late subsequent payments      9      divide by # with subsequent payments      39      =  
 0.23077

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

# claims with AME/QME notice violations	16	divide by # requiring notices	32	
# claims with VR potential eligibility notice violations	11	divide by # requiring notices	12	
Totals	27		Totals	44
				=
				0.61364

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2006**

**Profile Audit Review Performance Rating of 1.83857 or greater is a failing score.**

**3.11542**

**Full Compliance Audit Performance Rating of Randomly Selected Claims**

**Audit No: SAC-02-06-R2-5**

**Subject: Cambridge Integrated Services Group, Inc**

**Location: Rancho Cordova**

**1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY**

A. Frequency Rate

# claims with unpd inden      29      divide by # claims with payable indem      125      =      0.23200

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

Total unpd indem =      \$ 38,985.64      divide by      # of claims with obligation to pay indem.      125  
 Avg Unpd Ind =      \$ 311.89

C. Severity Rate

Avg Unpd Ind.      \$ 311.89      divide by avg unpd indem 2002-2004 of      \$ 171.60      =      1.81751

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.23200      X      Severity rate      1.81751      X      modifier of      2  
 =      0.84333

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

# claims with late 1st TD	32	divide by # with TD payments	100	
# claims with late first SC notice	0	divide by # with salary continuation	2	
Totals	32	divide by	Totals 102	=
				<span style="border: 1px solid black; padding: 2px;">0.31373</span>

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

# claims with late first PD	11	divide by # with first PD	39	
# claims with late first VRMA	1	divide by # with first VRMA	8	
# claims/late first death benefits	0	divide by # with first death ben paid	0	
Totals	12	divide by	Totals 47	=
				<span style="border: 1px solid black; padding: 2px;">0.25532</span>

**4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS**

# claims with late subseq payments      16      divide by # with subseq payments      84      =  
0.19048

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

# claims with AME/QME notice violations	28	divide by # requiring notices	69	
# claims with VR potential eligibilty notice violations	15	divide by # requiring notices	21	
Totals	43		Totals 90	
				=
				<span style="border: 1px solid black; padding: 2px;">0.47778</span>

**FULL COMPLIANCE AUDIT PERFORMANCE RATING - 2006**

**Full Compliance Audit Performance Rating of indemnity files of 2.51921 or greater is a failing score.** **2.08062**

**Calendar Year: 2006**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	<b>127</b>
<b>Indemnity</b>	<b>125</b>
<b>Medical Only</b>	<b>0</b>
<b>Denied</b>	<b>0</b>
<b>Complaints</b>	<b>2</b>
<b>Additional</b>	<b>0</b>

**Audit No: SAC-02-06-R2-5**

**Subject: Cambridge Integrated Services, Inc**

**Location: Rancho Cordova      Type: TPA**

Item #	# of Times Cited	Total \$ Penalties Assessable	Total Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	46	\$20,080	\$0	\$20,080	\$0		x
2	13	\$8,655	\$0	\$8,655	\$0		x
3	1	\$250	\$0	\$250	\$0		x
4	18	\$9,290	\$200	\$9,090	\$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	16	\$5,100	\$5,100	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	28	\$9,800	\$9,800	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	20	\$18,800	\$0	\$18,800	\$0		x
18 b	4	\$3,100	\$0	\$3,100	\$0		x
18 c	3	\$6,200	\$0	\$6,200	\$0		x
18 d	16	\$4,200	\$0	\$4,200	\$0		x
18 e	1	\$10,000	\$0	\$10,000	\$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
<b>TOTAL</b>	<b>166</b>	<b>\$95,475</b>	<b>\$15,100</b>	<b>\$80,375</b>	<b>\$0</b>		

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

**Calendar Year: 2006**  
**Notices of Compensation Due**

**Audit No: SAC-02-06-R2-5**

**Subject: Cambridge Integrated Services Group, Inc**

**Location: Rancho Cordova**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$101.13			\$10.11			\$111.24
2	\$50.00			\$5.00			\$55.00
3		\$5,232.86					\$5,232.86
4		\$1,867.20		\$201.05			\$2,068.25
5	\$72.36						\$72.36
6	\$54.16						\$54.16
7		\$1,585.71		\$184.37			\$1,770.08
8				\$481.50			\$481.50
9				\$130.50			\$130.50
10	\$766.07		\$69.20	\$136.45			\$971.72
11	\$1,000.29			\$605.08			\$1,605.37
12				\$143.35			\$143.35
13	\$101.19						\$101.19
14	\$341.02			\$26.39			\$367.41
15	\$88.64			\$57.57			\$146.21
16	\$171.29			\$16.23			\$187.52
17	\$1,309.25			\$398.87			\$1,708.12
18	\$305.35						\$305.35
19				\$48.45			\$48.45
20	\$1,278.60						\$1,278.60
21	\$28.14			\$2.81			\$30.95
<b>SUBTOTAL</b>	<b>\$5,667.49</b>	<b>\$8,685.77</b>	<b>\$69.20</b>	<b>\$2,447.73</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$16,870.19</b>

**Calendar Year: 2006**  
**Notices of Compensation Due**

**Individual Exhibit 3**  
**Page 2 of 2**

**Audit No: SAC-02-06-R2-5**

**Subject: Cambridge Integrated Services Group, Inc**

**Location: Rancho Cordova**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty interest, or other	Total
22	\$141.44						\$141.44
23	\$369.82						\$369.82
24			\$5,000.00				\$5,000.00
25	\$462.00			\$23.10			\$485.10
26	\$6,086.57			\$559.28			\$6,645.85
27	\$100.04						\$100.04
28			\$5,532.85	\$332.80			\$5,865.65
29			\$3,507.55				\$3,507.55
Page 2 SUBTOTAL	\$7,159.87	\$0.00	\$14,040.40	\$915.18	\$0.00	\$0.00	\$22,115.45
Page 1 SUBTOTAL	\$5,667.49	\$8,685.77	\$69.20	\$2,447.73	\$0.00	\$0.00	\$16,870.19
<b>TOTAL</b>	<b>\$12,827.36</b>	<b>\$8,685.77</b>	<b>\$14,109.60</b>	<b>\$3,362.91</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$38,985.64</b>

**Profile Audit Review Performance Rating of Randomly Selected Claims**

**Audit No: OAK-13-06-R1-5**

**Subject: Cannon Cochran Management Services, Inc.**

**Location: Concord**

**1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY**

A. Frequency Rate

# claims with unpd indem 0 divide by # claims with payable indem 7 = 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. 7  
Avg Unpd Ind = \$ -

C. Severity Rate

Avg Unpd Indem \$ - divide by avg unpd indem 2002-2004 of \$ 171.60 = 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	1	divide by # with TD payments	2	
# claims with late first SC notice	0	divide by # with salary continuation	2	
Totals	1	divide by	Totals 4	=
				0.25000

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

# claims with late first PD	1	divide by # with first PD	2	
# 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 2	=
				0.50000

**4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS**

# claims with late subsequent payments 0 divide by # with subsequent payments 1 = 0.00000

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

# claims with AME/QME notice violations	1	divide by # requiring notices	4	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
Totals	1		Totals 4	
				= 0.25000

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2006** 1.00000

Profile Audit Review Performance Rating of 1.83857 or greater is a failing score.

**Calendar Year: 2006**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	<b>7</b>
<b>Indemnity</b>	<b>7</b>
<b>Medical Only</b>	<b>0</b>
<b>Denied</b>	<b>0</b>
<b>Complaints</b>	<b>0</b>
<b>Additional</b>	<b>0</b>

**Audit No: OAK-13-06-R1-5**

**Subject: Cannon Cochran Management Services, Inc.**

**Location: Concord**

**Type: TPA**

Item #	# of Times Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	1	\$300	\$300	\$0	\$0		x
2	2	\$1,600	\$1,600	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	0	\$0	\$0	\$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	0	\$0	\$0	\$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	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
<b>TOTAL</b>	<b>4</b>	<b>\$2,300</b>	<b>\$2,300</b>	<b>\$0</b>	<b>\$0</b>		

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-11-06-R1-2**

**Subject: Chevron Corporation**

**Location: San Ramon**

**1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY**

A. Frequency Rate

# claims with unpd indem 0 divide by # claims with payable indem 40 = 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. 40  
Avg Unpd Ind = \$ -

C. Severity Rate

Avg Unpd Indem \$ - divide by avg unpd indem 2002-2004 of \$ 171.60 = 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	6	
# claims with late first SC notice	3	divide by # with salary continuation	26	
Totals	3	divide by	Totals 32	=
				0.09375

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

# claims with late first PD	2	divide by # with first PD	25	
# 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	2	divide by	Totals 27	=
				0.07407

**4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS**

# claims with late subsequent payments 2 divide by # with subsequent payments 24 = 0.08333

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

# claims with AME/QME notice violations	2	divide by # requiring notices	21	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	1	
Totals	2		Totals 22	
				= 0.09091

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2006** 0.34207

Profile Audit Review Performance Rating of 1.83857 or greater is a failing score.

**Calendar Year: 2006**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	<b>41</b>
<b>Indemnity</b>	<b>40</b>
<b>Medical Only</b>	<b>0</b>
<b>Denied</b>	<b>0</b>
<b>Complaints</b>	<b>1</b>
<b>Additional</b>	<b>0</b>

**Audit No: OAK-11-06-R1-2**

**Subject: Chevron Corporation**

**Location: San Ramon**

**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	\$400	\$400	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	2	\$600	\$600	\$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	1	\$400	\$400	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	2	\$500	\$500	\$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
<b>TOTAL</b>	<b>10</b>	<b>\$2,025</b>	<b>\$2,025</b>	<b>\$0</b>	<b>\$0</b>		

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





**Calendar Year: 2006**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	<b>43</b>
<b>Indemnity</b>	<b>43</b>
<b>Medical Only</b>	<b>0</b>
<b>Denied</b>	<b>0</b>
<b>Complaints</b>	<b>0</b>
<b>Additional</b>	<b>0</b>

**Audit No: VNO-09-06-R1-6**

**Subject: City of Burbank**

**Location: Burbank**

**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	3	\$2,000	\$2,000	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	0	\$0	\$0	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	12	\$555	\$555	\$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	0	\$0	\$0	\$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	1	\$400	\$400	\$0	\$0		x
18 b	1	\$400	\$400	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	2	\$1,000	\$1,000	\$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
<b>TOTAL</b>	<b>27</b>	<b>\$7,655</b>	<b>\$7,655</b>	<b>\$0</b>	<b>\$0</b>		

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

**Calendar Year: 2006**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: VNO-09-06-R1-6**

**Subject: City of Burbank**

**Location: Burbank**

**Type: SI**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1				\$640.00			\$640.00
2	\$382.31			\$38.23			\$420.54
3		\$240.00		\$24.00			\$264.00
4				\$362.86			\$362.86
<b>TOTAL</b>	<b>\$382.31</b>	<b>\$240.00</b>	<b>\$0.00</b>	<b>\$1,065.09</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$1,687.40</b>



**Calendar Year: 2006**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	<b>57</b>
<b>Indemnity</b>	<b>57</b>
<b>Medical Only</b>	<b>0</b>
<b>Denied</b>	<b>0</b>
<b>Complaints</b>	<b>0</b>
<b>Additional</b>	<b>0</b>

**Audit No: OAK-05-06-R1-6**

**Subject: City of San Jose**

**Location: San Jose**

**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	0	\$0	\$0	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	0	\$0	\$0	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	11	\$615	\$615	\$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	0	\$0	\$0	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	8	\$3,500	\$3,500	\$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	\$2,000	\$2,000	\$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
<b>TOTAL</b>	<b>20</b>	<b>\$6,115</b>	<b>\$6,115</b>	<b>\$0</b>	<b>\$0</b>		

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

**Calendar Year: 2006**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: OAK-05-06-R1-6**

**Subject: City of San Jose**

**Location: San Jose**

**Type: SI**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1		\$6,332.29		\$633.23			\$6,965.52
<b>TOTAL</b>	<b>\$0.00</b>	<b>\$6,332.29</b>	<b>\$0.00</b>	<b>\$633.23</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$6,965.52</b>

**Calendar Year: 2006**  
**Notices of Compensation Due**

**Audit No: SAC-19-06-T1-5**

**Subject: ClaimQuest, Inc.**

**Location: Walnut**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$1,322.94			\$71.28			\$1,394.22
2				\$25.87			\$25.87
3	\$11.12			\$48.28			\$59.40
4	\$138.45	\$2,545.71		\$219.13			\$2,903.29
5	\$3,434.99			\$170.39			\$3,605.38
6	\$737.61			\$241.37			\$978.98
7	\$4,463.20			\$408.30			\$4,871.50
8				\$149.34			\$149.34
9	\$437.34						\$437.34
10	\$298.86	\$9,775.81					\$10,074.67
11	\$6,853.94	\$972.21	\$21.00	\$772.38			\$8,619.53
12	\$0.00			\$167.16			\$167.16
13	\$129.52			\$51.80			\$181.32
14	\$271.43						\$271.43
15	\$6,665.67			\$666.22			\$7,331.89
16	\$66.21			\$6.62			\$72.83
17	\$116.58			\$10.94			\$127.52
18	\$0.00			\$16.28			\$16.28
19	\$0.00		\$214.11				\$214.11
20	\$91.39			\$9.14			\$100.53
21	\$522.00						\$522.00
<b>SUBTOTAL</b>	<b>\$25,561.25</b>	<b>\$13,293.73</b>	<b>\$235.11</b>	<b>\$3,034.50</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$42,124.59</b>

**Calendar Year: 2006**  
**Notices of Compensation Due**

**Audit No: SAC-19-06-T1-5**

**Subject: ClaimQuest, Inc.**

**Location: Walnut**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty interest, or other	Total
22	\$1,282.96			\$106.09			\$1,389.05
23	\$31.62						\$31.62
24	\$108.37						\$108.37
25	\$859.50	\$2,549.68		\$327.49			\$3,736.67
26				\$52.53			\$52.53
27	\$2,119.85	\$290.71		\$137.66			\$2,548.22
28	\$161.28						\$161.28
29	\$37.50						\$37.50
30	\$1,695.29	\$3,000.00		\$342.07			\$5,037.36
31	\$77.72						\$77.72
32	\$272.88						\$272.88
Page 2 SUBTOTAL	\$6,646.97	\$5,840.39	\$0.00	\$965.84	\$0.00	\$0.00	\$13,453.20
Page 1 SUBTOTAL	\$25,561.25	\$13,293.73	\$235.11	\$3,034.50	\$0.00	\$0.00	\$42,124.59
Pages 1 & 2 SUBTOTAL	\$32,208.22	\$19,134.12	\$235.11	\$4,000.34	\$0.00	\$0.00	\$55,577.79



**Calendar Year: 2006**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	<b>57</b>
<b>Indemnity</b>	<b>57</b>
<b>Medical Only</b>	<b>0</b>
<b>Denied</b>	<b>0</b>
<b>Complaints</b>	<b>0</b>
<b>Additional</b>	<b>0</b>

**Audit No: LAO-14-06-R1-5**

**Subject: Colen and Lee**

**Location: Diamond Bar**

**Type: TPA**

Item #	# of Times Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	3	\$300	\$300	\$0	\$0		x
2	2	\$2,500	\$2,500	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	0	\$0	\$0	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	20	\$920	\$920	\$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	7	\$1,900	\$1,900	\$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	0	\$0	\$0	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	1	\$500	\$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
<b>TOTAL</b>	<b>36</b>	<b>\$6,920</b>	<b>\$6,920</b>	<b>\$0</b>	<b>\$0</b>		

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

**Calendar Year: 2006**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-14-06-R1-5**

**Subject: Colen and Lee**

**Location: Diamond Bar**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$84.70			\$2.51			\$87.21
2				\$95.37			\$95.37
3	\$170.31						\$170.31
<b>TOTAL</b>	<b>\$255.01</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$97.88</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$352.89</b>

**Profile Audit Review Performance Rating of Randomly Selected Claims**

**Audit No: LAO-16-06-R3-5**

**Subject: Complink, Inc.**

**Location: Irvine**

**1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY**

A. Frequency Rate

# claims with unpd indem      11      divide by # claims with payable indem      21      =      0.52381

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

Total unpd indem. =      \$ 32,723.44      divide by      # of claims with obligation to pay indem.      21  
 Avg Unpd Ind =      \$ 1,558.26

C. Severity Rate

Avg Unpd Indem      \$ 1,558.26      divide by avg unpd indem 2002-2004 of      \$ 171.60      =      9.08076

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.52381      X      Severity rate      9.08076      X      modifier of      2  
 =      9.51318

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

# claims with late 1st TD	4	divide by # with TD payments	16	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	4	divide by	16	=
				0.25000

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

# claims with late first PD	2	divide by # with first PD	19	
# claims with late first VRMA	0	divide by # with first VRMA	6	
# claims with late first DB		divide by # with first DB paid		
Totals	2	divide by	25	=
				0.08000

**4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS**

# claims with late subsequent payments      9      divide by # with subsequent payments      20      =  
0.45000

**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	20	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	11	
Totals	9		31	
				=
				0.29032

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2006** **10.58350**

**Profile Audit Review Performance Rating of 1.83857 or greater is a failing score.**

**Full Compliance Audit Performance Rating of Randomly Selected Claims**

**Audit No: LAO-16-06-R3-5**

**Subject: Complink, Inc.**

**Location: Irvine**

**1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY**

A. Frequency Rate

# claims with unpd inden      12      divide by # claims with payable indem      22      =      0.54545

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

Total unpd indem =      \$ 32,570.66      divide by      # of claims with obligation to pay indem.      22  
 Avg Unpd Ind =      \$ 1,480.48

C. Severity Rate

Avg Unpd Ind.      \$ 1,480.48      divide by avg unpd indem 2002-2004 of      \$ 171.60      =      8.62753

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.54545      X      Severity rate      8.62753      X      modifier of      2  
 =      9.41185

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

# claims with late 1st TD	4	divide by # with TD payments	17	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	4	divide by	17	=
				<span style="border: 1px solid black; padding: 2px;">0.23529</span>

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

# claims with late first PD	3	divide by # with first PD	21	
# claims with late first VRMA	0	divide by # with first VRMA	8	
# claims/late first death benefits	0	divide by # with first death ben paid	0	
Totals	3	divide by	29	=
				<span style="border: 1px solid black; padding: 2px;">0.10345</span>

**4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS**

# claims with late subseq payments      10      divide by # with subseq payments      21      =  
0.47619

**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	22	
# claims with VR potential eligibilty notice violations	2	divide by # requiring notices	12	
Totals	14		34	
				=
				<span style="border: 1px solid black; padding: 2px;">0.41176</span>

**FULL COMPLIANCE AUDIT PERFORMANCE RATING - 2006**

**10.63855**

**Full Compliance Audit Performance Rating of indemnity files of 2.51921 or greater is a failing score.**

**Full Compliance Audit Performance Rating of Randomly Selected Claims**

**Audit No: LAO-16-06-R3-5**

**Subject: Complink, Inc.**

**Location: Irvine**

**1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY**

A. Frequency Rate

# claims with unpd inden      11      divide by # claims with payable indem      22      =      0.50000

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

Total unpd indem =      \$ 28,145.32      divide by      # of claims with obligation to pay indem.      22  
 Avg Unpd Ind =      \$ 1,279.33

C. Severity Rate

Avg Unpd Ind.      \$ 1,279.33      divide by avg unpd indem 2002-2004 of      \$ 171.60      =      7.45532

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.50000      X      Severity rate      7.45532      X      modifier of      2  
 =      7.45532

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

# claims with late 1st TD	4	divide by # with TD payments	17	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	4	divide by	Totals	17
				=
				<span style="border: 1px solid black; padding: 2px;">0.23529</span>

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

# claims with late first PD	3	divide by # with first PD	21	
# claims with late first VRMA	0	divide by # with first VRMA	9	
# claims/late first death benefits	0	divide by # with first death ben paid	0	
Totals	3	divide by	Totals	30
				=
				<span style="border: 1px solid black; padding: 2px;">0.10000</span>

**4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS**

# claims with late subseq payments      12      divide by # with subseq payments      22      =  
0.54545

**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	22	
# claims with VR potential eligibilty notice violations	3	divide by # requiring notices	12	
Totals	16		Totals	34
				=
				<span style="border: 1px solid black; padding: 2px;">0.47059</span>

**FULL COMPLIANCE AUDIT PERFORMANCE RATING - 2006** **8.80666**

**Full Compliance Audit Performance Rating for indemnity and denied files of 2.51921 or greater is a failing score.**

**Calendar Year: 2006**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	<b>35</b>
<b>Indemnity</b>	<b>22</b>
<b>Medical Only</b>	<b>0</b>
<b>Denied</b>	<b>13</b>
<b>Complaints</b>	<b>0</b>
<b>Additional</b>	<b>0</b>

**Audit No: LAO-16-06-R3-5**

**Subject: Complink, Inc.**

**Location: Irvine**

**Type: TPA**

Item #	# of Times Cited	Total \$ Penalties Assessable *	Total Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	5	\$3,280	\$0	\$3,280	\$0		x
2	3	\$2,540	\$0	\$2,540	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	42	\$12,560	\$0	\$12,560	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	10	\$1,000	\$0	\$1,000	\$0		x
7	25	\$1,170	\$0	\$1,170	\$0		x
8	25	\$4,600	\$0	\$4,600	\$0		x
9	0	\$0	\$0	\$0	\$0		x
10	1	\$75	\$0	\$75	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	1	\$300	\$0	\$300	\$0		x
13	3	\$380	\$0	\$380	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	14	\$6,300	\$0	\$6,300	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	4	\$2,000	\$0	\$2,000	\$0		x
18 b	9	\$9,300	\$0	\$9,300	\$0		x
18 c	1	\$600	\$0	\$600	\$0		x
18 d	15	\$3,150	\$0	\$3,150	\$0		x
18 e	0	\$0	\$0	\$0	\$0		x
18 f	0	\$0	\$0	\$0	\$0		x
19	2	\$50	\$0	\$50	\$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	19	\$1,900	\$0	\$1,900	\$0		x
21	2	\$6,400	\$0	\$6,400	\$0		x
<b>TOTAL</b>	<b>181</b>	<b>\$55,605</b>	<b>\$0</b>	<b>\$55,605</b>	<b>\$0</b>		

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

**Calendar Year: 2006**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-16-06-R3-5**

**Subject: Complink, Inc.**

**Location: Irvine**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$128.94	\$4,122.86		\$425.18			\$4,676.98
2	\$493.60	\$1,200.00		\$169.36			\$1,862.96
3				\$158.38			\$158.38
4		\$8,192.86		\$874.88			\$9,067.74
5	\$61.77			\$88.13			\$149.90
6	\$565.71			\$92.57			\$658.28
7				\$73.30			\$73.30
8		\$3,322.43		\$385.10			\$3,707.53
9		\$4,677.86		\$467.78			\$5,145.64
10	\$620.35	\$1,628.57		\$224.90			\$2,473.82
11			\$54.79	\$116.00			\$170.79
<b>TOTAL</b>	<b>\$1,870.37</b>	<b>\$23,144.58</b>	<b>\$54.79</b>	<b>\$3,075.58</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$28,145.32</b>

**Profile Audit Review Performance Rating of Randomly Selected Claims**

**Audit No: OAK-19-06-R1-6**

**Subject: County of Contra Costa Risk Management**

**Location: Martinez**

**1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY**

A. Frequency Rate

# claims with unpd indem 0 divide by # claims with payable indem 56 = 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. 56  
Avg Unpd Ind = \$ -

C. Severity Rate

Avg Unpd Indem \$ - divide by avg unpd indem 2002-2004 of \$ 171.60 = 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	1	divide by # with TD payments	1	
# claims with late first SC notice	28	divide by # with salary continuation	42	
Totals	29	divide by	Totals 43	=
				0.67442

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

# claims with late first PD	0	divide by # with first PD	15	
# 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	0	divide by	Totals 15	=
				0.00000

**4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS**

# claims with late subsequent payments 0 divide by # with subsequent payments 12 = 0.00000

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

# claims with AME/QME notice violations	3	divide by # requiring notices	17	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
Totals	3		Totals 17	
				=
				0.17647

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2006**

Profile Audit Review Performance Rating of 1.83857 or greater is a failing score.

**0.85089**

**Calendar Year: 2006**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	<b>57</b>
<b>Indemnity</b>	<b>56</b>
<b>Medical Only</b>	<b>0</b>
<b>Denied</b>	<b>0</b>
<b>Complaints</b>	<b>1</b>
<b>Additional</b>	<b>0</b>

**Audit No: OAK-19-06-R1-6**

**Subject: County of Contra Costa Risk Management**

**Location: Martinez**

**Type: SI**

Item #	# of Times Cited	Total \$ Penalties Assessable	Total Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	1	\$250	\$250	\$0	\$0		x
2	0	\$0	\$0	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	0	\$0	\$0	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	28	\$1,280	\$1,280	\$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	0	\$0	\$0	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	3	\$900	\$900	\$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
<b>TOTAL</b>	<b>32</b>	<b>\$2,430</b>	<b>\$2,430</b>	<b>\$0</b>	<b>\$0</b>		

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





**Calendar Year: 2006**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	<b>57</b>
<b>Indemnity</b>	<b>57</b>
<b>Medical Only</b>	<b>0</b>
<b>Denied</b>	<b>0</b>
<b>Complaints</b>	<b>0</b>
<b>Additional</b>	<b>0</b>

**Audit No: SAC-25-06-R1-6**

**Subject: County of Kern**

**Location: Bakersfield**

**Type: SI**

Item #	# of Times Cited	Total \$ Penalties Assessable	Total Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	9	\$2,025	\$2,025	\$0	\$0		x
2	7	\$3,590	\$3,590	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	10	\$2,415	\$2,415	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	7	\$255	\$255	\$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	0	\$0	\$0	\$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	1	\$600	\$600	\$0	\$0		x
18 b	1	\$1,500	\$1,500	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	1	\$500	\$500	\$0	\$0		x
18 e	1	\$400	\$400	\$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
<b>TOTAL</b>	<b>47</b>	<b>\$15,285</b>	<b>\$15,285</b>	<b>\$0</b>	<b>\$0</b>		

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

**Calendar Year: 2006**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: SAC-25-06-R1-6**

**Subject: County of Kern**

**Location: Bakersfield**

**Type: SI**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1				\$120.00			\$120.00
2	\$752.22			\$68.92			\$821.14
3				\$41.62		\$29.78	\$71.40
4		\$3,645.71		\$364.57			\$4,010.28
<b>TOTAL</b>	<b>\$752.22</b>	<b>\$3,645.71</b>	<b>\$0.00</b>	<b>\$595.11</b>	<b>\$0.00</b>	<b>\$29.78</b>	<b>\$5,022.82</b>

**Profile Audit Review Performance Rating of Randomly Selected Claims**

**Audit No: SAC-09-06-R1-5**

**Subject: Crawford & Company (Laidlaw)**

**Location: Fresno**

**1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY**

A. Frequency Rate

# claims with unpd indem 9 divide by # claims with payable indem 52 = 0.17308

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

Total unpd indem. = \$4,825.01 divide by # of claims with obligation to pay indem. 52  
Avg Unpd Ind = \$ 92.79

C. Severity Rate

Avg Unpd Indem \$ 92.79 divide by avg unpd indem 2002-2004 of \$ 171.60 = 0.54073

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.17308 X Severity rate 0.54073 X modifier of 2  
= 0.18717

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

# claims with late 1st TD	21	divide by # with TD payments	48	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	21	divide by	Totals 48	=
				0.43750

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

# claims with late first PD	2	divide by # with first PD	16	
# 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	2	divide by	Totals 17	=
				0.11765

**4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS**

# claims with late subsequent payments 10 divide by # with subsequent payments 35 = 0.28571

**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	36	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	1	
Totals	7		Totals 37	
				=
				0.18919

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2006** 1.21723

Profile Audit Review Performance Rating of 1.83857 or greater is a failing score.

**Calendar Year: 2006**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	<b>55</b>
<b>Indemnity</b>	<b>52</b>
<b>Medical Only</b>	<b>0</b>
<b>Denied</b>	<b>0</b>
<b>Complaints</b>	<b>3</b>
<b>Additional</b>	<b>0</b>

**Audit No: SAC-09-06-R1-5**

**Subject: Crawford & Company (Laidlaw)**

**Location: Fresno**

**Type: TPA**

Item #	# of Times Cited	Total \$ Penalties Assessable	Total Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	23	\$5,490	\$5,490	\$0	\$0		x
2	2	\$2,000	\$2,000	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	15	\$4,060	\$4,060	\$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	0	\$0	\$0	\$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	8	\$5,100	\$5,100	\$0	\$0		x
18 b	1	\$400	\$400	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	6	\$1,400	\$1,400	\$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
<b>TOTAL</b>	<b>62</b>	<b>\$21,150</b>	<b>\$21,150</b>	<b>\$0</b>	<b>\$0</b>		

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

**Calendar Year: 2006**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: SAC-09-06-R1-5**

**Subject: Crawford & Company (Laidlaw)**

**Location: Fresno**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1				\$177.61			\$177.61
2	\$98.11						\$98.11
3	\$30.52						\$30.52
4	\$2,277.27			\$86.61			\$2,363.88
5	\$446.84	\$391.25					\$838.09
6	\$237.74			\$9.70			\$247.44
7				\$13.53			\$13.53
8				\$72.87			\$72.87
9	\$925.46						\$925.46
10	\$235.11						\$235.11
<b>TOTAL</b>	<b>\$4,251.05</b>	<b>\$391.25</b>	<b>\$0.00</b>	<b>\$360.32</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$5,002.62</b>



**Calendar Year: 2006**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	<b>50</b>
<b>Indemnity</b>	<b>50</b>
<b>Medical Only</b>	<b>0</b>
<b>Denied</b>	<b>0</b>
<b>Complaints</b>	<b>0</b>
<b>Additional</b>	<b>0</b>

**Audit No: SAC-05-06-R1-2**

**Subject: E & J Gallo Winery**

**Location: Modesto**

**Type: SI**

Item #	# of Times Cited	Total \$ Penalties Assessable	Total Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	2	\$200	\$200	\$0	\$0		x
2	1	\$1,200	\$1,200	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	3	\$760	\$760	\$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	\$200	\$200	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	8	\$3,400	\$3,400	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	1	\$400	\$400	\$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
<b>TOTAL</b>	<b>16</b>	<b>\$6,160</b>	<b>\$6,160</b>	<b>\$0</b>	<b>\$0</b>		

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

**Calendar Year: 2006**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: SAC-05-06-R1-2**

**Subject: E & J Gallo Winery**

**Location: Modesto**

**Type: SI**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$257.48			\$25.74			\$283.22
<b>TOTAL</b>	<b>\$257.48</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$25.74</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$283.22</b>

**Profile Audit Review Performance Rating of Randomly Selected Claims**

**Audit No: VNO-06-06-R1-1**

**Subject: Employers Direct Insurance Company**

**Location: Agoura Hills**

**1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY**

A. Frequency Rate

# claims with unpd indem      10      divide by # claims with payable indem      57      =      0.17544

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

Total unpd indem. =      \$ 2,328.86      divide by      # of claims with obligation to pay indem.      57  
 Avg Unpd Ind =      \$ 40.86

C. Severity Rate

Avg Unpd Indem      \$ 40.86      divide by avg unpd indem 2002-2004 of      \$ 171.60      =      0.23810

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.17544      X      Severity rate      0.23810      X      modifier of      2  
 =      0.08354

**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	1	
Totals	11	divide by	Totals 53	=
				0.20755

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

# claims with late first PD	1	divide by # with first PD	18	
# 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	Totals 19	=
				0.05263

**4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS**

# claims with late subsequent payments      9      divide by # with subsequent payments      33      =  
 0.27273

**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	48	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	2	
Totals	5	Totals	50	=
				0.10000

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2006**

**Profile Audit Review Performance Rating of 1.83857 or greater is a failing score.**

**0.71645**

**Calendar Year: 2006**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	<b>57</b>
<b>Indemnity</b>	<b>57</b>
<b>Medical Only</b>	<b>0</b>
<b>Denied</b>	<b>0</b>
<b>Complaints</b>	<b>0</b>
<b>Additional</b>	<b>0</b>

**Audit No: VNO-06-06-R1-1**

**Subject: Employers Direct Insurance Company**

**Location: Agoura Hills**

**Type: INS**

Item #	# of Times Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	12	\$1,860	\$1,860	\$0	\$0		x
2	1	\$640	\$640	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	16	\$2,910	\$2,910	\$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	0	\$0	\$0	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	5	\$1,800	\$1,800	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	6	\$2,700	\$2,700	\$0	\$0		x
18 b	0	\$0	\$0	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	11	\$1,900	\$1,900	\$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
<b>TOTAL</b>	<b>51</b>	<b>\$11,810</b>	<b>\$11,810</b>	<b>\$0</b>	<b>\$0</b>		

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

**Calendar Year: 2006**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: VNO-06-06-R1-1**

**Subject: Employers Direct Insurance Company**

**Location: Agoura Hills**

**Type: INS**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1				\$277.50			\$277.50
2				\$49.40			\$49.40
3	\$83.81			\$8.38			\$92.19
4				\$201.51			\$201.51
5				\$241.98			\$241.98
6	\$102.86						\$102.86
7	\$109.72			\$57.01			\$166.73
8	\$852.81			\$160.28			\$1,013.09
9	\$61.90						\$61.90
10	\$121.70						\$121.70
<b>TOTAL</b>	<b>\$1,332.80</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$996.06</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$2,328.86</b>



**Calendar Year: 2006**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	<b>57</b>
<b>Indemnity</b>	<b>57</b>
<b>Medical Only</b>	<b>0</b>
<b>Denied</b>	<b>0</b>
<b>Complaints</b>	<b>0</b>
<b>Additional</b>	<b>0</b>

**Audit No: VNO-03-06-R1-3**

**Subject: Employers Compensation Insurance Corp.**

**Location: Glendale**

**Type: INS**

Item #	# of Times Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	12	\$2,460	\$2,460	\$0	\$0		x
2	1	\$320	\$320	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	3	\$700	\$700	\$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	3	\$1,000	\$1,000	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	5	\$1,600	\$1,600	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	3	\$1,800	\$1,800	\$0	\$0		x
18 b	0	\$0	\$0	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	3	\$550	\$550	\$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
<b>TOTAL</b>	<b>31</b>	<b>\$8,480</b>	<b>\$8,480</b>	<b>\$0</b>	<b>\$0</b>		

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

**Calendar Year: 2006**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: VNO-03-06-R1-3**

**Subject: Employers Compensation Insurance Corporation**

**Location: Glendale**

**Type: INS**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$282.93			\$30.86			\$313.79
2				\$16.38			\$16.38
3	\$643.78			\$59.51			\$703.29
4	\$97.20			\$168.40			\$265.60
<b>TOTAL</b>	<b>\$1,023.91</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$275.15</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$1,299.06</b>



**Calendar Year: 2006**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	<b>55</b>
<b>Indemnity</b>	<b>55</b>
<b>Medical Only</b>	<b>0</b>
<b>Denied</b>	<b>0</b>
<b>Complaints</b>	<b>0</b>
<b>Additional</b>	<b>0</b>

**Audit No: VNO-02-06-R1-3**

**Subject: Employers Compensation Insurance Corp.**

**Location: Newbury Park                      Type: INS**

Item #	# of Times Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	9	\$2,220	\$2,220	\$0	\$0		x
2	0	\$0	\$0	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	6	\$1,130	\$1,130	\$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	\$1,000	\$1,000	\$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	3	\$600	\$600	\$0	\$0		x
18 b	0	\$0	\$0	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	1	\$50	\$50	\$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
<b>TOTAL</b>	<b>27</b>	<b>\$7,300</b>	<b>\$7,300</b>	<b>\$0</b>	<b>\$0</b>		

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

**Calendar Year: 2006**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: VNO-02-06-R1-3**

**Subject: Employers Compensation Insurance Corporation**

**Location: Newbury Park**

**Type: INS**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1				\$72.16			\$72.16
2	\$17.99						\$17.99
3	\$51.81						\$51.81
4	\$145.08			\$14.51			\$159.59
<b>TOTAL</b>	<b>\$214.88</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$86.67</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$301.55</b>



**Calendar Year: 2006**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	<b>59</b>
<b>Indemnity</b>	<b>57</b>
<b>Medical Only</b>	<b>0</b>
<b>Denied</b>	<b>0</b>
<b>Complaints</b>	<b>2</b>
<b>Additional</b>	<b>0</b>

**Audit No: OAK-14-06-R1-3**

**Subject: Employer's Compensation Insurance Co.**

**Location: San Francisco**

**Type: INS / TPA**

Item #	# of Times Cited	Total \$ Penalties Assessable	Total Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	10	\$2,555	\$2,555	\$0	\$0		x
2	2	\$1,450	\$1,450	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	6	\$6,185	\$6,185	\$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	\$1,300	\$1,300	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	3	\$1,000	\$1,000	\$0	\$0		x
18 b	0	\$0	\$0	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	1	\$500	\$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
<b>TOTAL</b>	<b>29</b>	<b>\$13,390</b>	<b>\$13,390</b>	<b>\$0</b>	<b>\$0</b>		

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

**Calendar Year: 2006**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: OAK-14-06-R1-3**

**Subject: Employer's Compensation Insurance Company**

**Location: San Francisco**

**Type: INS / TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1				\$200.00			\$200.00
2	\$137.14			\$13.71			\$150.85
3	\$75.20			\$32.92			\$108.12
4	\$238.89						\$238.89
<b>TOTAL</b>	<b>\$451.23</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$246.63</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$697.86</b>

**Profile Audit Review Performance Rating of Randomly Selected Claims**

**Audit No: SAC-10-06-R1-1**

**Subject: Fireman's Fund Insurance Company**

**Location: Rancho Cordova**

**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. =      \$ 7,630.84      divide by      # of claims with obligation to pay indem.      55  
 Avg Unpd Ind =      \$ 138.74

C. Severity Rate

Avg Unpd Indem      \$ 138.74      divide by avg unpd indem 2002-2004 of      \$ 171.60      =      0.80852

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.20000      X      Severity rate      0.80852      X      modifier of      2  
 =      0.32341

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

# claims with late 1st TD	9	divide by # with TD payments	50	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	9	divide by	50	=
				0.18000

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

# claims with late first PD	3	divide by # with first PD	9	
# 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	3	divide by	10	=
				0.30000

**4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS**

# claims with late subsequent payments      8      divide by # with subsequent payments      35      =  
0.22857

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

# claims with AME/QME notice violations	17	divide by # requiring notices	36	
# claims with VR potential eligibility notice violations	3	divide by # requiring notices	3	
Totals	20		39	
				=
				0.51282

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2006** 1.54480

**Profile Audit Review Performance Rating of 1.83857 or greater is a failing score.**

**Calendar Year: 2006**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	<b>56</b>
<b>Indemnity</b>	<b>55</b>
<b>Medical Only</b>	<b>0</b>
<b>Denied</b>	<b>0</b>
<b>Complaints</b>	<b>1</b>
<b>Additional</b>	<b>0</b>

**Audit No: SAC-10-06-R1-1**

**Subject: Fireman's Fund Insurance Company**

**Location: Rancho Cordova      Type: INS**

Item #	# of Times Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	10	\$7,080	\$7,080	\$0	\$0		x
2	5	\$845	\$845	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	18	\$4,415	\$4,415	\$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	\$1,200	\$1,200	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	18	\$8,500	\$8,500	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	9	\$8,300	\$8,300	\$0	\$0		x
18 b	2	\$1,900	\$1,900	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	4	\$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
<b>TOTAL</b>	<b>69</b>	<b>\$32,890</b>	<b>\$32,890</b>	<b>\$0</b>	<b>\$0</b>		

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

**Calendar Year: 2006**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: SAC-10-06-R1-1**

**Subject: Fireman's Fund Insurance Company**

**Location: Rancho Cordova Type: INS**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$63.99			\$6.40			\$70.39
2	\$1,099.28			\$105.97			\$1,205.25
3	\$26.80						\$26.80
4	\$221.83						\$221.83
5	\$38.42	\$4,123.81		\$668.22			\$4,830.45
6	\$40.00						\$40.00
7	\$32.04						\$32.04
8	\$30.47						\$30.47
9				\$51.28			\$51.28
10				\$79.14			\$79.14
11	\$362.63						\$362.63
12		\$690.64		\$69.06			\$759.70
<b>TOTAL</b>	<b>\$1,915.46</b>	<b>\$4,814.45</b>	<b>\$0.00</b>	<b>\$980.07</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$7,709.98</b>

**Profile Audit Review Performance Rating of Randomly Selected Claims**

**Audit No: LAO-01-06-R2-5**

**Subject: Gallagher Bassett Services, Inc.**

**Location: Corona**

**1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY**

A. Frequency Rate

# claims with unpd indem      10      divide by # claims with payable indem      57      =      0.17544

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

Total unpd indem. =      \$ 10,461.64      divide by      # of claims with obligation to pay indem      57  
 Avg Unpd Ind =      \$ 183.54

C. Severity Rate

Avg Unpd Indem      \$ 183.54      divide by avg unpd indem 2002-2004 of      \$ 171.60      =      1.06957

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.17544      X      Severity rate      1.06957      X      modifier of      2  
 =      0.37529

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

# claims with late 1st TD	28	divide by # with TD payments	55	
# claims with late first SC notice		divide by # with salary continuation		
Totals	28	divide by	55	=
				0.50909

**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	1	divide by # with first VRMA	2	
# claims with late first DB		divide by # with first DB paid		
Totals	6	divide by	17	=
				0.35294

**4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS**

# claims with late subsequent payments      17      divide by # with subsequent payments      38      =  
0.44737

**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	43	
# claims with VR potential eligibility notice violations	2	divide by # requiring notices	3	
Totals	13		46	
				=
				0.28261

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2006** 1.96730

Profile Audit Review Performance Rating of 1.83857 or greater is a failing score.



**Calendar Year: 2006**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	<b>131</b>
<b>Indemnity</b>	<b>129</b>
<b>Medical Only</b>	<b>0</b>
<b>Denied</b>	<b>0</b>
<b>Complaints</b>	<b>2</b>
<b>Additional</b>	<b>0</b>

**Audit No: LAO-01-06-R2-5**

**Subject: Gallagher Bassett Services, Inc.**

**Location: Corona**

**Type: TPA**

Item #	# of Times Cited	Total \$ Penalties Assessable	Total Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	72	\$23,350	\$0	\$23,350	\$0		x
2	7	\$5,680	\$0	\$5,680	\$0		x
3	2	\$600	\$0	\$600	\$0		x
4	55	\$11,290	\$0	\$11,290	\$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	\$1,200	\$1,200	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	19	\$9,100	\$9,100	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	28	\$28,000	\$0	\$28,000	\$0		x
18 b	2	\$3,500	\$0	\$3,500	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	9	\$2,125	\$0	\$2,125	\$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
<b>TOTAL</b>	<b>197</b>	<b>\$84,845</b>	<b>\$10,300</b>	<b>\$74,545</b>	<b>\$0</b>		

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

**Calendar Year: 2006**  
**Notices of Compensation Due**

**Audit No: LAO-01-06-R2-5**

**Subject: Gallagher Bassett Services, Inc.**

**Location: Corona Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$124.40						\$124.40
2	\$996.87						\$996.87
3	\$134.85						\$134.85
4	\$53.83						\$53.83
5	\$3,083.04			\$280.43			\$3,363.47
6				\$1,186.26			\$1,186.26
7	\$120.00						\$120.00
8	\$339.38			\$67.90			\$407.28
9	\$2,855.76			\$210.27			\$3,066.03
10	\$54.25						\$54.25
11	\$523.46			\$52.35			\$575.81
12	\$104.41						\$104.41
13	\$3,262.98			\$419.29			\$3,682.27
14	\$4,087.01						\$4,087.01
15	\$131.25			\$24.65			\$155.90
16	\$116.74						\$116.74
17		\$3,624.00		\$362.40			\$3,986.40
18	\$396.86						\$396.86
19	\$49.51						\$49.51
20	\$607.96						\$607.96
21	\$83.83						\$83.83
<b>SUBTOTAL</b>	<b>\$17,126.39</b>	<b>\$3,624.00</b>	<b>\$0.00</b>	<b>\$2,603.55</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$23,353.94</b>

**Calendar Year: 2006**  
**Notices of Compensation Due**

**Individual Exhibit 3**  
**Page 2 of 2**

**Audit No: LAO-01-06-R2-5**

**Subject: Gallagher Bassett Services, Inc.**

**Location: Corona**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty interest, or other	Total
22		\$7,894.77		\$789.48			\$8,684.25
23	\$17.45						\$17.45
24	\$1,005.60			\$83.98			\$1,089.58
25	\$414.88						\$414.88
26	\$680.95						\$680.95
27	\$22.73			\$33.34			\$56.07
28	\$165.10			\$62.29			\$227.39
29	\$106.29						\$106.29
30	\$36.00						\$36.00
Page 2 SUBTOTAL	\$2,449.00	\$7,894.77	\$0.00	\$969.09	\$0.00	\$0.00	\$11,312.86
Page 1 SUBTOTAL	\$17,126.39	\$3,624.00	\$0.00	\$2,603.55	\$0.00	\$0.00	\$23,353.94
<b>TOTAL</b>	<b>\$19,575.39</b>	<b>\$11,518.77</b>	<b>\$0.00</b>	<b>\$3,572.64</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$34,666.80</b>

**Profile Audit Review Performance Rating of Randomly Selected Claims**

**Audit No: SAC-16-06-R1-5**

**Subject: Gallagher Bassett Services, Inc.**

**Location: Rancho Cordova**

**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. =      \$ 5,174.13      divide by      # of claims with obligation to pay indem.      58  
 Avg Unpd Ind =      \$ 89.21

C. Severity Rate

Avg Unpd Indem      \$ 89.21      divide by avg unpd indem 2002-2004 of      \$ 171.60      =      0.51987

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.18966      X      Severity rate      0.51987      X      modifier of      2  
 =      0.19719

**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	3	divide by # with first PD	14	
# 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	3	divide by	Totals	19
				=
				0.15789

**4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS**

# claims with late subsequent payments      4      divide by # with subsequent payments      44      =  
 0.09091

**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	46	
# claims with VR potential eligibility notice violations	5	divide by # requiring notices	9	
Totals	17	Totals	55	
				=
				0.30909

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2006**      **1.00963**

**Profile Audit Review Performance Rating of 1.83857 or greater is a failing score.**

**Calendar Year: 2006**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	<b>58</b>
<b>Indemnity</b>	<b>58</b>
<b>Medical Only</b>	<b>0</b>
<b>Denied</b>	<b>0</b>
<b>Complaints</b>	<b>0</b>
<b>Additional</b>	<b>0</b>

**Audit No: SAC-16-06-R1-5**

**Subject: Gallagher Bassett Services, Inc.**

**Location: Rancho Cordova      Type: TPA**

Item #	# of Times Cited	Total \$ Penalties Assessable	Total Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	25	\$4,940	\$4,940	\$0	\$0		x
2	5	\$3,140	\$3,140	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	4	\$650	\$650	\$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	\$1,700	\$1,700	\$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	8	\$7,700	\$7,700	\$0	\$0		x
18 b	0	\$0	\$0	\$0	\$0		x
18 c	1	\$200	\$200	\$0	\$0		x
18 d	8	\$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
<b>TOTAL</b>	<b>68</b>	<b>\$23,530</b>	<b>\$23,530</b>	<b>\$0</b>	<b>\$0</b>		

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

**Calendar Year: 2006**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: SAC-16-06-R1-5**

**Subject: Gallagher Bassett Services, Inc.**

**Location: Rancho Cordova                      Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$159.47			\$15.95			\$175.42
2	\$1,986.52			\$198.65			\$2,185.17
3	\$86.00			\$8.60			\$94.60
4	\$2,133.60						\$2,133.60
5	\$34.26						\$34.26
6	\$13.72						\$13.72
7	\$51.50						\$51.50
8			\$35.14				\$35.14
9	\$128.37			\$10.00			\$138.37
10				\$228.80			\$228.80
11	\$83.55						\$83.55
<b>TOTAL</b>	<b>\$4,676.99</b>	<b>\$0.00</b>	<b>\$35.14</b>	<b>\$462.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$5,174.13</b>

**Profile Audit Review Performance Rating of Randomly Selected Claims**

**Audit No: LAO-06-06-R1-5**

**Subject: Gallagher Bassett Services, Inc.**

**Location: Rancho Cucamonga**

**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. =      \$ 2,721.79      divide by      # of claims with obligation to pay indem.      58  
 Avg Unpd Ind =      \$ 46.93

C. Severity Rate

Avg Unpd Indem      \$ 46.93      divide by avg unpd indem 2002-2004 of      \$ 171.60      =      0.27347

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.18966      X      Severity rate      0.27347      X      modifier of      2  
 =      0.10373

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

# claims with late 1st TD	16	divide by # with TD payments	56	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	16	divide by	Totals 56	=
				0.28571

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

# claims with late first PD	3	divide by # with first PD	14	
# 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	3	divide by	Totals 15	=
				0.20000

**4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS**

# claims with late subsequent payments      13      divide by # with subsequent payments      42      =  
 0.30952

**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	49	
# claims with VR potential eligibility notice violations	1	divide by # requiring notices	1	
Totals	5		Totals 50	
				=
				0.10000

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2006**      **0.99897**

**Profile Audit Review Performance Rating of 1.83857 or greater is a failing score.**

**Calendar Year: 2006**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	<b>58</b>
<b>Indemnity</b>	<b>58</b>
<b>Medical Only</b>	<b>0</b>
<b>Denied</b>	<b>0</b>
<b>Complaints</b>	<b>0</b>
<b>Additional</b>	<b>0</b>

**Audit No: LAO-06-06-R1-5**

**Subject: Gallagher Bassett Services, Inc.**

**Location: Rancho Cucamonga Type: TPA**

Item #	# of Times Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	16	\$4,220	\$4,220	\$0	\$0		x
2	3	\$1,920	\$1,920	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	19	\$4,050	\$4,050	\$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	4	\$1,600	\$1,600	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	9	\$3,800	\$3,800	\$0	\$0		x
18 b	0	\$0	\$0	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	6	\$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
<b>TOTAL</b>	<b>58</b>	<b>\$16,640</b>	<b>\$16,640</b>	<b>\$0</b>	<b>\$0</b>		

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

**Calendar Year: 2006**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-06-06-R1-5**

**Subject: Gallagher Bassett Services, Inc.**

**Location: Rancho Cucamonga                      Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$586.70						\$586.70
2	\$10.80						\$10.80
3	\$49.07						\$49.07
4	\$41.35						\$41.35
5	\$1,503.30						\$1,503.30
6				\$19.93			\$19.93
7	\$190.86			\$20.54			\$211.40
8				\$147.00			\$147.00
9	\$27.03						\$27.03
10	\$40.26			\$4.03			\$44.29
11				\$80.92			\$80.92
<b>TOTAL</b>	<b>\$2,449.37</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$272.42</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$2,721.79</b>



Calendar Year: 2006

Individual Exhibit 2

**Penalty Assessments and Collections**

<b>Files Audited:</b>	<b>58</b>
<b>Indemnity</b>	<b>57</b>
<b>Medical Only</b>	<b>0</b>
<b>Denied</b>	<b>0</b>
<b>Complaints</b>	<b>1</b>
<b>Additional</b>	<b>0</b>

**Audit No: SAC-28-06-R1-05**

**Subject: Gallagher Bassett Services, Inc.**

**Location: Sacramento**

**Type: TPA**

Item #	# of Times Cited	Total \$ Penalties Assessable	Total Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	17	\$3,360	\$3,360	\$0	\$0		x
2	5	\$2,500	\$2,500	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	7	\$5,170	\$5,170	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	4	\$260	\$260	\$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	\$2,300	\$2,300	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	14	\$4,100	\$4,100	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	6	\$1,400	\$1,400	\$0	\$0		x
18 b	2	\$1,200	\$1,200	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	7	\$2,000	\$2,000	\$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
<b>TOTAL</b>	<b>68</b>	<b>\$22,290</b>	<b>\$22,290</b>	<b>\$0</b>	<b>\$0</b>		

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

**Calendar Year: 2006**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: SAC-28-06-R1-5**

**Subject: Gallagher Bassett Services, Inc.**

**Location: Sacramento**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1				\$258.00			\$258.00
2	\$79.21						\$79.21
3	\$21.56			\$1.44			\$23.00
4	\$184.09			\$136.60			\$320.69
5	\$161.93			\$16.19			\$178.12
6	\$10.27						\$10.27
7		\$1,314.29		\$611.43			\$1,925.72
8		\$21.78		\$156.46			\$178.24
9	\$35.22						\$35.22
10				\$199.11			\$199.11
11	\$1,588.50			\$290.85			\$1,879.35
<b>TOTAL</b>	<b>\$2,080.78</b>	<b>\$1,336.07</b>	<b>\$0.00</b>	<b>\$1,670.08</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$5,086.93</b>

**Profile Audit Review Performance Rating of Randomly Selected Claims**

**Audit No: OAK-12-06-R1-5**

**Subject: Gates, McDonald & Company**

**Location: Concord**

<b>1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY</b>									
<u>A. Frequency Rate</u>									
# claims with unpd indem	11	divide by # claims with payable indem	57	=					0.19298
<u>B. Average Amount of Unpaid Indemnity per Claim with Obligation to Pay Indemnity</u>									
Total unpd indem. =	\$ 3,043.93	divide by	# of claims with obligation to pay indem						57
								Avg Unpd Ind =	\$ 53.40
<u>C. Severity Rate</u>									
Avg Unpd Indem	\$ 53.40	divide by avg unpd indem 2002-2004 of	\$ 171.60	=					0.31120
<u>D. Factor for Failure to pay Undisputed Accrued Indemnity</u>									
Frequency rate	0.19298	X	Severity rate	0.31120	X	modifier of	2	=	0.12011
<b>2. FACTOR FOR LATE FIRST PAYMENT OF TEMPORARY DISABILITY OR FIRST NOTICE</b>									
# claims with late 1st TD	9	divide by # with TD payments	41						
# claims with late first SC notice	6	divide by # with salary continuation	11						
Totals	15	divide by	Totals	52	=				0.28846
<b>3. FACTOR FOR LATE FIRST PAYMENT OF PERMANENT DISABILITY, VRMA, AND DEATH BENEFITS</b>									
# claims with late first PD	3	divide by # with first PD	20						
# 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	3	divide by	Totals	22	=				0.13636
<b>4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS</b>									
# claims with late subsequent payments	8	divide by # with subsequent payments	37	=					0.21622
<b>5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION</b>									
# claims with AME/QME notice violations	8	divide by # requiring notices	36						
# claims with VR potential eligibility notice violations	3	divide by # requiring notices	5						
Totals	11		Totals	41	=				0.26829
<b>PROFILE AUDIT REVIEW PERFORMANCE RATING - 2006</b>									<b>1.02945</b>

**Profile Audit Review Performance Rating of 1.83857 or greater is a failing score.**

**Calendar Year: 2006**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	<b>62</b>
<b>Indemnity</b>	<b>57</b>
<b>Medical Only</b>	<b>0</b>
<b>Denied</b>	<b>0</b>
<b>Complaints</b>	<b>5</b>
<b>Additional</b>	<b>0</b>

**Audit No: OAK-12-06-R1-5**

**Subject: Gates, McDonald & Company**

**Location: Concord**

**Type: TPA**

Item #	# of Times Cited	Total \$ Penalties Assessable	Total Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	17	\$2,665	\$2,665	\$0	\$0		x
2	2	\$1,920	\$1,920	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	16	\$3,785	\$3,785	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	6	\$275	\$275	\$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	\$1,200	\$1,200	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	8	\$2,800	\$2,800	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	5	\$1,900	\$1,900	\$0	\$0		x
18 b	0	\$0	\$0	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	10	\$1,250	\$1,250	\$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
<b>TOTAL</b>	<b>67</b>	<b>\$15,795</b>	<b>\$15,795</b>	<b>\$0</b>	<b>\$0</b>		

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

**Calendar Year: 2006**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: OAK-12-06-R1-5**

**Subject: Gates, McDonald & Company**

**Location: Concord**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1				\$68.81			\$68.81
2				\$111.46			\$111.46
3	\$528.61						\$528.61
4				\$59.84			\$59.84
5				\$97.84			\$97.84
6	\$263.30						\$263.30
7				\$894.11			\$894.11
8				\$49.42			\$49.42
9				\$32.00			\$32.00
10	\$82.57						\$82.57
11	\$980.00						\$980.00
12	\$139.27						\$139.27
<b>TOTAL</b>	<b>\$1,993.75</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$1,313.48</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$3,307.23</b>



**Calendar Year: 2006**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	<b>50</b>
<b>Indemnity</b>	<b>50</b>
<b>Medical Only</b>	<b>0</b>
<b>Denied</b>	<b>0</b>
<b>Complaints</b>	<b>0</b>
<b>Additional</b>	<b>0</b>

**Audit No: SAC-24-06-R1-5**

**Subject: Gregory Bragg & Associates**

**Location: Redding**

**Type: TPA**

Item #	# of Times Cited	Total \$ Penalties Assessable	Total Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	4	\$1,310	\$1,310	\$0	\$0		x
2	0	\$0	\$0	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	3	\$740	\$740	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	4	\$180	\$180	\$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	\$200	\$200	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	4	\$1,500	\$1,500	\$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	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
<b>TOTAL</b>	<b>18</b>	<b>\$4,330</b>	<b>\$4,330</b>	<b>\$0</b>	<b>\$0</b>		

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

**Calendar Year: 2006**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: SAC-24-06-R1-5**

**Subject: Gregory Bragg & Associates**

**Location: Redding**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$60.25						\$60.25
2	\$71.58			\$7.16			\$78.74
<b>TOTAL</b>	<b>\$131.83</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$7.16</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$138.99</b>



**Calendar Year: 2006**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	<b>57</b>
<b>Indemnity</b>	<b>57</b>
<b>Medical Only</b>	<b>0</b>
<b>Denied</b>	<b>0</b>
<b>Complaints</b>	<b>0</b>
<b>Additional</b>	<b>0</b>

**Audit No: SAC-14-06-R1-5**

**Subject: Gregory Bragg & Associates**

**Location: Stockton**

**Type: TPA**

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	1	\$250	\$250	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	0	\$0	\$0	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	13	\$555	\$555	\$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	0	\$0	\$0	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	3	\$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	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
<b>TOTAL</b>	<b>18</b>	<b>\$1,705</b>	<b>\$1,705</b>	<b>\$0</b>	<b>\$0</b>		

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





**Calendar Year: 2006**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	<b>57</b>
<b>Indemnity</b>	<b>57</b>
<b>Medical Only</b>	<b>0</b>
<b>Denied</b>	<b>0</b>
<b>Complaints</b>	<b>0</b>
<b>Additional</b>	<b>0</b>

**Audit No: OAK-21-06-R1-5**

**Subject: Gregory B. Bragg & Associates**

**Location: Walnut Creek                      Type: TPA**

Item #	# of Times Cited	Total \$ Penalties Assessable	Total Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	3	\$650	\$650	\$0	\$0		x
2	4	\$1,340	\$1,340	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	6	\$940	\$940	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	14	\$685	\$685	\$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	11	\$3,900	\$3,900	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	2	\$600	\$600	\$0	\$0		x
18 b	3	\$1,200	\$1,200	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	5	\$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
<b>TOTAL</b>	<b>50</b>	<b>\$11,415</b>	<b>\$11,415</b>	<b>\$0</b>	<b>\$0</b>		

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

**Calendar Year: 2006**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: OAK-21-06-R1-5**

**Subject: Gregory B. Bragg & Associates**

**Location: Walnut Creek**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1				\$220.80			\$220.80
2				\$37.00			\$37.00
3	\$213.94						\$213.94
4		\$561.00		\$56.10			\$617.10
5	\$401.14						\$401.14
6		\$21.79		\$1,111.43			\$1,133.22
7		\$265.00		\$26.50			\$291.50
8				\$37.00			\$37.00
9				\$176.80			\$176.80
<b>TOTAL</b>	<b>\$615.08</b>	<b>\$847.79</b>	<b>\$0.00</b>	<b>\$1,665.63</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$3,128.50</b>

**Profile Audit Review Performance Rating of Randomly Selected Claims**

**Audit No: LAO-09-06-R1-5**

**Subject: Hazelrigg Risk Management Services, Inc.**

**Location: Chino**

**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. =      \$ 2,060.88      divide by      # of claims with obligation to pay indem.      58  
 Avg Unpd Ind =      \$ 35.53

C. Severity Rate

Avg Unpd Indem      \$ 35.53      divide by avg unpd indem 2002-2004 of      \$ 171.60      =      0.20707

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.18966      X      Severity rate      0.20707      X      modifier of      2  
 =      0.07854

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

# claims with late 1st TD	4	divide by # with TD payments	22	
# claims with late first SC notice	15	divide by # with salary continuation	35	
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	6	divide by # with first PD	25	
# 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	27
				=
				0.22222

**4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS**

# claims with late subsequent payments      3      divide by # with subsequent payments      43      =  
 0.06977

**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	53	
# claims with VR potential eligibility notice violations	1	divide by # requiring notices	4	
Totals	6		Totals	57
				=
				0.10526

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2006**

**Profile Audit Review Performance Rating of 1.83857 or greater is a failing score.**

**0.80913**

**Calendar Year: 2006**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	<b>61</b>
<b>Indemnity</b>	<b>58</b>
<b>Medical Only</b>	<b>0</b>
<b>Denied</b>	<b>0</b>
<b>Complaints</b>	<b>3</b>
<b>Additional</b>	<b>0</b>

**Audit No: LAO-09-06-R1-5**

**Subject: Hazelrigg Risk Management Services, Inc.**

**Location: Chino**

**Type: TPA**

Item #	# of Times Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	4	\$950	\$950	\$0	\$0		x
2	6	\$5,360	\$5,360	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	5	\$990	\$990	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	15	\$650	\$650	\$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	5	\$2,400	\$2,400	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	4	\$2,000	\$2,000	\$0	\$0		x
18 b	0	\$0	\$0	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	13	\$1,925	\$1,925	\$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
<b>TOTAL</b>	<b>53</b>	<b>\$14,675</b>	<b>\$14,675</b>	<b>\$0</b>	<b>\$0</b>		

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

**Calendar Year: 2006**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-09-06-R1-5**

**Subject: Hazelrigg Risk Management Services, Inc.**

**Location: Chino**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1				\$120.00			\$120.00
2	\$632.69						\$632.69
3				\$19.52			\$19.52
4	\$40.99						\$40.99
5	\$708.64			\$70.86			\$779.50
6	\$71.69						\$71.69
7				\$44.33			\$44.33
8				\$222.00			\$222.00
9				\$19.80			\$19.80
10				\$19.25			\$19.25
11				\$91.11			\$91.11
12				\$429.04			\$429.04
<b>TOTAL</b>	<b>\$1,454.01</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$1,035.91</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$2,489.92</b>

**Profile Audit Review Performance Rating of Randomly Selected Claims**

**Audit No:** VNO-04-06-R1-5

**Subject:** Hazelrigg Risk Management Services, Inc.

**Location:** Oxnard

**1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY**

A. Frequency Rate

# claims with unpd indem 9 divide by # claims with payable indem 55 = 0.16364

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

Total unpd indem. = \$ 4,905.63 divide by # of claims with obligation to pay indem. 55  
Avg Unpd Ind = \$ 89.19

C. Severity Rate

Avg Unpd Indem \$ 89.19 divide by avg unpd indem 2002-2004 of \$ 171.60 = 0.51977

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.16364 X Severity rate 0.51977 X modifier of 2  
= 0.17011

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

# claims with late 1st TD	5	divide by # with TD payments	22	
# claims with late first SC notice	12	divide by # with salary continuation	32	
Totals	17	divide by	Totals 54	=
				0.31481

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

# claims with late first PD	7	divide by # with first PD	15	
# 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	7	divide by	Totals 15	=
				0.46667

**4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS**

# claims with late subsequent payments 9 divide by # with subsequent payments 21 = 0.42857

**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	48	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
Totals	10		Totals 48	
				=
				0.20833

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2006** 1.58849

Profile Audit Review Performance Rating of 1.83857 or greater is a failing score.

**Calendar Year: 2006**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	<b>58</b>
<b>Indemnity</b>	<b>55</b>
<b>Medical Only</b>	<b>0</b>
<b>Denied</b>	<b>0</b>
<b>Complaints</b>	<b>3</b>
<b>Additional</b>	<b>0</b>

**Audit No: VNO-04-06-R1-5**

**Subject: Hazelrigg Risk Management Services, Inc.**

**Location: Oxnard**

**Type: TPA**

Item #	# of Times Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	5	\$1,260	\$1,260	\$0	\$0		x
2	7	\$4,300	\$4,300	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	15	\$2,355	\$2,355	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	12	\$730	\$730	\$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	0	\$0	\$0	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	10	\$4,100	\$4,100	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	7	\$2,200	\$2,200	\$0	\$0		x
18 b	2	\$1,200	\$1,200	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	2	\$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
<b>TOTAL</b>	<b>60</b>	<b>\$16,795</b>	<b>\$16,795</b>	<b>\$0</b>	<b>\$0</b>		

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

**Calendar Year: 2006**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: VNO-04-06-R1-5**

**Subject: Hazelrigg Risk Management Services, Inc.**

**Location: Oxnard**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$281.91			\$28.19			\$310.10
2	\$123.73	\$1,215.00		\$311.50			\$1,650.23
3		\$433.43		\$43.34			\$476.77
4	\$312.00						\$312.00
5	\$274.93			\$21.07			\$296.00
6				\$262.16			\$262.16
7	\$159.60			\$15.96			\$175.56
8	\$53.26						\$53.26
9	\$1,369.55						\$1,369.55
<b>TOTAL</b>	<b>\$2,574.98</b>	<b>\$1,648.43</b>	<b>\$0.00</b>	<b>\$682.22</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$4,905.63</b>



**Calendar Year: 2006**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	<b>57</b>
<b>Indemnity</b>	<b>57</b>
<b>Medical Only</b>	<b>0</b>
<b>Denied</b>	<b>0</b>
<b>Complaints</b>	<b>0</b>
<b>Additional</b>	<b>0</b>

**Audit No: OAK-16-06-R1-5**

**Subject: Innovative Claim Solutions, 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	3	\$460	\$460	\$0	\$0		x
2	5	\$1,040	\$1,040	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	3	\$900	\$900	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	18	\$890	\$890	\$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	7	\$1,900	\$1,900	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	2	\$600	\$600	\$0	\$0		x
18 b	2	\$2,300	\$2,300	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	2	\$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
<b>TOTAL</b>	<b>43</b>	<b>\$9,240</b>	<b>\$9,240</b>	<b>\$0</b>	<b>\$0</b>		

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

**Calendar Year: 2006**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: OAK-16-06-R1-5**

**Subject: Innovative Claim Solutions, Inc**

**Location: San Ramon**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1		\$3,065.71		\$306.57			\$3,372.28
2				\$37.14			\$37.14
3	\$416.00						\$416.00
4		\$1,540.00		\$154.00			\$1,694.00
5				\$352.00			\$352.00
6	\$537.47						\$537.47
<b>TOTAL</b>	<b>\$953.47</b>	<b>\$4,605.71</b>	<b>\$0.00</b>	<b>\$849.71</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$6,408.89</b>

**Profile Audit Review Performance Rating of Randomly Selected Claims**

**Audit No: OAK-09-06-R1-5**

**Subject: JT<sup>2</sup> Integrated Resources**

**Location: Oakland**

**1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY**

A. Frequency Rate

# claims with unpd indem      9      divide by # claims with payable indem      56      =      0.16071

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

Total unpd indem. =      \$ 14,171.04      divide by      # of claims with obligation to pay indem.      56  
 Avg Unpd Ind =      \$      253.05

C. Severity Rate

Avg Unpd Indem      \$      253.05      divide by avg unpd indem 2002-2004 of      \$ 171.60      =      1.47468

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.16071      X      Severity rate      1.47468      X      modifier of      2  
 =      0.47400

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

# claims with late 1st TD	3	divide by # with TD payments	19	
# claims with late first SC notice	29	divide by # with salary continuation	45	
Totals	32	divide by	Totals 64	=
				0.50000

**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	3	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	3	divide by	Totals 14	=
				0.21429

**4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS**

# claims with late subsequent payments      2      divide by # with subsequent payments      21      =  
0.09524

**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	42	
# claims with VR potential eligibility notice violations	2	divide by # requiring notices	5	
Totals	17		Totals 47	
				=
				0.36170

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2006**      1.64523

**Profile Audit Review Performance Rating of 1.83857 or greater is a failing score.**

**Calendar Year: 2006**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	<b>58</b>
<b>Indemnity</b>	<b>56</b>
<b>Medical Only</b>	<b>0</b>
<b>Denied</b>	<b>0</b>
<b>Complaints</b>	<b>2</b>
<b>Additional</b>	<b>0</b>

**Audit No: OAK-09-06-R1-5**

**Subject: JT<sup>2</sup> Integrated Resources**

**Location: Oakland**

**Type: TPA**

Item #	# of Times Cited	Total \$ Penalties Assessable	Total Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	2	\$400	\$400	\$0	\$0		x
2	1	\$320	\$320	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	2	\$380	\$380	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	1	\$100	\$100	\$0	\$0		x
7	27	\$1,275	\$1,275	\$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	\$300	\$300	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	11	\$4,500	\$4,500	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	4	\$6,200	\$6,200	\$0	\$0		x
18 b	1	\$2,000	\$2,000	\$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
<b>TOTAL</b>	<b>53</b>	<b>\$15,800</b>	<b>\$15,800</b>	<b>\$0</b>	<b>\$0</b>		

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

**Calendar Year: 2006**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: OAK-09-06-R1-1**

**Subject: JT<sup>2</sup> Integrated Resources**

**Location: Oakland**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$240.00			\$24.00			\$264.00
2		\$7,056.43		\$673.93			\$7,730.36
3				\$28.23			\$28.23
4	\$27.82						\$27.82
5	\$3,764.57			\$376.46			\$4,141.03
6		\$536.61	\$284.21	\$53.66			\$874.48
7				\$44.49			\$44.49
8	\$1,048.06						\$1,048.06
9				\$12.57			\$12.57
<b>TOTAL</b>	<b>\$5,080.45</b>	<b>\$7,593.04</b>	<b>\$284.21</b>	<b>\$1,213.34</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$14,171.04</b>



**Calendar Year: 2006**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	<b>62</b>
<b>Indemnity</b>	<b>58</b>
<b>Medical Only</b>	<b>0</b>
<b>Denied</b>	<b>0</b>
<b>Complaints</b>	<b>3</b>
<b>Additional</b>	<b>1</b>

**Audit No: OAK-04-06-T1-2**

**Subject: Kaiser Permanente Medical Care**

**Location: Oakland**

**Type: SI**

Item #	# of Times Cited	Total \$ Penalties Assessable	Total Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	31	\$7,730	\$7,730	\$0	\$0		x
2	1	\$640	\$640	\$0	\$0		x
3	1	\$1,600	\$1,600	\$0	\$0		x
4	13	\$2,430	\$2,430	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	1	\$25	\$25	\$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	9	\$2,500	\$2,500	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	7	\$1,800	\$1,800	\$0	\$0		x
18 b	2	\$1,600	\$1,600	\$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
<b>TOTAL</b>	<b>69</b>	<b>\$19,475</b>	<b>\$19,475</b>	<b>\$0</b>	<b>\$0</b>		

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

**Calendar Year: 2006**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: OAK-04-06-R1-2**

**Subject: Kaiser Permanente Medical Care**

**Location: Oakland**

**Type: SI**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$165.19			\$10.68			\$175.87
2	\$82.64	\$2,816.00		\$281.60			\$3,180.24
3		\$3,111.43		\$311.14			\$3,422.57
4				\$215.80			\$215.80
5	\$26.01						\$26.01
6	\$328.58						\$328.58
7	\$89.26						\$89.26
8	\$258.00						\$258.00
9	\$469.60			\$46.28			\$515.88
<b>TOTAL</b>	<b>\$1,419.28</b>	<b>\$5,927.43</b>	<b>\$0.00</b>	<b>\$865.50</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$8,212.21</b>



Calendar Year: 2006

Individual Exhibit 2

**Penalty Assessments and Collections**

<b>Files Audited:</b>	<b>46</b>
<b>Indemnity</b>	<b>46</b>
<b>Medical Only</b>	<b>0</b>
<b>Denied</b>	<b>0</b>
<b>Complaints</b>	<b>0</b>
<b>Additional</b>	<b>0</b>

**Audit No: SAC-23-06-R1-05**

**Subject: Keenan & Associates**

**Location: Eureka**

**Type: TPA**

Item #	# of Times Cited	Total \$ Penalties Assessable	Total Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	5	\$2,205	\$2,205	\$0	\$0		x
2	4	\$325	\$325	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	3	\$795	\$795	\$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	0	\$0	\$0	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	0	\$0	\$0	\$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	4	\$850	\$850	\$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
<b>TOTAL</b>	<b>18</b>	<b>\$4,250</b>	<b>\$4,250</b>	<b>\$0</b>	<b>\$0</b>		

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

**Calendar Year: 2006**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: SAC-23-06-R1-5**

**Subject: Keenan & Associates**

**Location: Eureka**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1				\$16.19			\$16.19
2				\$151.08			\$151.08
3				\$28.25			\$28.25
<b>TOTAL</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$195.52</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$195.52</b>

**Profile Audit Review Performance Rating of Randomly Selected Claims**

**Audit No: LAO-08-06-R1-2**

**Subject: Loma Linda University**

**Location: Loma Linda**

**1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY**

A. Frequency Rate

# claims with unpd indem      11      divide by # claims with payable indem      51      =      0.21569

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

Total unpd indem. =      \$ 10,978.26      divide by      # of claims with obligation to pay indem.      51  
 Avg Unpd Ind =      \$ 215.26

C. Severity Rate

Avg Unpd Indem      \$ 215.26      divide by avg unpd indem 2002-2004 of      \$ 171.60      =      1.25443

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.21569      X      Severity rate      1.25443      X      modifier of      2  
 =      0.54113

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

# claims with late 1st TD	18	divide by # with TD payments	45	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	18	divide by	45	=
				<span style="border: 1px solid black; padding: 2px;">0.40000</span>

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

# claims with late first PD	6	divide by # with first PD	24	
# 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	6	divide by	27	=
				<span style="border: 1px solid black; padding: 2px;">0.22222</span>

**4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS**

# claims with late subsequent payments      17      divide by # with subsequent payments      42      =  
0.40476

**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	48	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	3	
Totals	4		51	
				=
				<span style="border: 1px solid black; padding: 2px;">0.07843</span>

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2006** **1.64654**

**Profile Audit Review Performance Rating of 1.83857 or greater is a failing score.**

**Calendar Year: 2006**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	<b>51</b>
<b>Indemnity</b>	<b>51</b>
<b>Medical Only</b>	<b>0</b>
<b>Denied</b>	<b>0</b>
<b>Complaints</b>	<b>0</b>
<b>Additional</b>	<b>0</b>

**Audit No: LAO-08-06-R1-2**

**Subject: Loma Linda University**

**Location: Loma Linda**

**Type: SI**

Item #	# of Times Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	19	\$3,550	\$3,550	\$0	\$0		x
2	7	\$2,920	\$2,920	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	28	\$4,760	\$4,760	\$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	0	\$0	\$0	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	4	\$1,800	\$1,800	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	6	\$6,400	\$6,400	\$0	\$0		x
18 b	0	\$0	\$0	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	9	\$1,000	\$1,000	\$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
<b>TOTAL</b>	<b>73</b>	<b>\$20,430</b>	<b>\$20,430</b>	<b>\$0</b>	<b>\$0</b>		

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

**Calendar Year: 2006**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-08-06-R1-2**

**Subject: Loma Linda University**

**Location: Loma Linda**

**Type: SI**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty Interest or Other	Total
1				\$19.42			\$19.42
2				\$74.29			\$74.29
3				\$12.83			\$12.83
4				\$60.05			\$60.05
5	\$60.40			\$25.30			\$85.70
6	\$210.74			\$21.07			\$231.81
7	\$55.53			\$49.49			\$105.02
8				\$15.46			\$15.46
9	\$687.05			\$68.71			\$755.76
10				\$57.50			\$57.50
11	\$8,691.29			\$869.13			\$9,560.42
<b>TOTAL</b>	<b>\$9,705.01</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$1,273.25</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$10,978.26</b>

**Profile Audit Review Performance Rating of Randomly Selected Claims**

**Audit No: VNO-05-06-R1-5**

**Subject: LWP Claims Solutions, Inc.**

**Location: Glendale**

**1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY**

A. Frequency Rate

# claims with unpd indem 9 divide by # claims with payable indem 56 = 0.16071

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

Total unpd indem. = \$ 2,698.02 divide by # of claims with obligation to pay indem. 56  
Avg Unpd Ind = \$ 48.18

C. Severity Rate

Avg Unpd Indem \$ 48.18 divide by avg unpd indem 2002-2004 of \$ 171.60 = 0.28076

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.16071 X Severity rate 0.28076 X modifier of 2  
= 0.09025

**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	1	
Totals	17	divide by	Totals 56	=
				0.30357

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

# claims with late first PD	3	divide by # with first PD	16	
# claims with late first VRMA	0	divide by # with first VRMA	8	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	3	divide by	Totals 24	=
				0.12500

**4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS**

# claims with late subsequent payments 7 divide by # with subsequent payments 42 = 0.16667

**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	47	
# claims with VR potential eligibility notice violations	5	divide by # requiring notices	10	
Totals	23		Totals 57	
				= 0.40351

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2006**

**Profile Audit Review Performance Rating of 1.83857 or greater is a failing score.**

**1.08899**

**Calendar Year: 2006**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	<b>56</b>
<b>Indemnity</b>	<b>56</b>
<b>Medical Only</b>	<b>0</b>
<b>Denied</b>	<b>0</b>
<b>Complaints</b>	<b>0</b>
<b>Additional</b>	<b>0</b>

**Audit No: VNO-05-06-R1-5**

**Subject: LWP Claims Solutions, Inc.**

**Location: Glendale**

**Type: TPA**

Item #	# of Times Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	17	\$5,410	\$5,410	\$0	\$0		x
2	3	\$3,000	\$3,000	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	18	\$4,730	\$4,730	\$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	18	\$7,700	\$7,700	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	7	\$2,000	\$2,000	\$0	\$0		x
18 b	0	\$0	\$0	\$0	\$0		x
18 c	1	\$1,000	\$1,000	\$0	\$0		x
18 d	2	\$1,000	\$1,000	\$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
<b>TOTAL</b>	<b>72</b>	<b>\$26,640</b>	<b>\$26,640</b>	<b>\$0</b>	<b>\$0</b>		

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

**Calendar Year: 2006**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: VNO-05-06-R1-5**

**Subject: LWP Claims Solutions, Inc.**

**Location: Glendale**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1				\$720.00			\$720.00
2	\$44.39						\$44.39
3	\$29.53						\$29.53
4	\$76.19						\$76.19
5	\$416.00			\$343.20			\$759.20
6	\$101.74						\$101.74
7			\$625.54				\$625.54
8	\$90.00						\$90.00
9	\$228.57			\$22.86			\$251.43
<b>TOTAL</b>	<b>\$986.42</b>	<b>\$0.00</b>	<b>\$625.54</b>	<b>\$1,086.06</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$2,698.02</b>



**Full Compliance Audit Performance Rating of Randomly Selected Claims**

**Audit No: LAO-11-06-R2-1**

**Subject: Majestic Insurance Company**

**Location: Long Beach**

**1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY**

A. Frequency Rate

# claims with unpd indem      21      divide by # of claims with payable indem      115      0.18261

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

Total unpd indem. =      \$ 25,911.55      divide by      # of claims with obligation to pay indem.      115  
 Avg Unpd Ind =      \$ 225.32

C. Severity Rate

Avg Unpd Indem      \$ 225.32      divide by avg unpd indem 2002-2004 of      \$ 171.60      =      1.31304

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.18261      X      Severity rate      1.31304      X      modifier of      2  
 =      0.47955

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

# claims with late 1st TD	48			112
# claims with late first SC notice	0	divide by # with salary continuation		0
Totals	48	divide by	Totals	112
				=
				<span style="border: 1px solid black; padding: 2px;">0.42857</span>

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

# claims with late first PD	10	divide by # with first PD	52
# claims with late first VRMA	2	divide by # with first VRMA	13
# claims with late first DB	0	divide by # with first DB paid	0
Totals	12	divide by	Totals
			65
			=
			<span style="border: 1px solid black; padding: 2px;">0.18462</span>

**4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS**

# claims with late subsequent payments      41      divide by # with subsequent payments      80      =  
0.51250

**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	71
# claims with VR potential eligibility notice violations	12	divide by # requiring notices	20
Totals	24	Totals	91
			=
			<span style="border: 1px solid black; padding: 2px;">0.26374</span>

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2006**

**Full Compliance Audit Performance Rating of indemnity files of 2.51921 or greater is a failing score.**

1.86897

**Calendar Year: 2006**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	<b>115</b>
<b>Indemnity</b>	<b>115</b>
<b>Medical Only</b>	<b>0</b>
<b>Denied</b>	<b>0</b>
<b>Complaints</b>	<b>0</b>
<b>Additional</b>	<b>0</b>

**Audit No: LAO-11-06-R2-1**

**Subject: Majestic Insurance Company**

**Location: Long Beach**

**Type: INS**

Item #	# of Times Cited	Total \$ Penalties Assessable	Total Penalties Waived	Total \$ Amount Collected	Balance Due	Appealed	
						Yes	No
1	49	\$19,750	\$0	\$19,750	\$0		x
2	10	\$6,350	\$0	\$6,350	\$0		x
3	2	\$600	\$0	\$600	\$0		x
4	114	\$23,870	\$6,360	\$17,510	\$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	12	\$3,000	\$3,000	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	12	\$4,700	\$4,700	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	14	\$8,800	\$0	\$8,800	\$0		x
18 b	6	\$5,500	\$0	\$5,500	\$0		x
18 c	1	\$1,000	\$0	\$1,000	\$0		x
18 d	15	\$3,200	\$0	\$3,200	\$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
<b>TOTAL</b>	<b>235</b>	<b>\$76,770</b>	<b>\$14,060</b>	<b>\$62,710</b>	<b>\$0</b>		

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

**Calendar Year: 2006**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-11-06-R2-1**

**Subject: Majestic Insurance Company**

**Location: Long Beach**

**Type: INS**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$437.36						\$437.36
2	\$102.86						\$102.86
3	\$4,730.47						\$4,730.47
4	\$529.21						\$529.21
5	\$418.87	\$1,507.43					\$1,926.30
6		\$498.79					\$498.79
7	\$2,413.80			\$277.62			\$2,691.42
8			\$1,459.62	\$860.00			\$2,319.62
9	\$99.42			\$48.51			\$147.93
10		\$6,901.81		\$698.11			\$7,599.92
11	\$9.75			\$0.72			\$10.47
12	\$40.44						\$40.44
13	\$112.53			\$248.68			\$361.21
14	\$127.26			\$449.68			\$576.94
15		\$942.86		\$94.29			\$1,037.15
16	\$26.69			\$2.67			\$29.36
17	\$173.81			\$108.78			\$282.59
18	\$23.35						\$23.35
19				\$160.00			\$35.37
20	\$35.37						\$35.37
21	\$2,370.79						\$2,370.79
<b>TOTAL</b>	<b>\$11,651.98</b>	<b>\$9,850.89</b>	<b>\$1,459.62</b>	<b>\$2,949.06</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$25,911.55</b>

**Profile Audit Review Performance Rating of Randomly Selected Claims**

**Audit No: VNO-08-06-R1-5**

**Subject: Murphy & Beane, Inc.**

**Location: Culver City**

**1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY**

A. Frequency Rate

# claims with unpd indem 15 divide by # claims with payable indem 51 = 0.29412

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

Total unpd indem. = \$ 4,165.42 divide by # of claims with obligation to pay indem. 51  
Avg Unpd Ind = \$ 81.67

C. Severity Rate

Avg Unpd Indem \$ 81.67 divide by avg unpd indem 2002-2004 of \$ 171.60 = 0.47596

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.29412 X Severity rate 0.47596 X modifier of 2  
= 0.27998

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

# claims with late 1st TD	8	divide by # with TD payments	45	
# claims with late first SC notice	1	divide by # with salary continuation	3	
Totals	9	divide by	Totals 48	=
				0.18750

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

# claims with late first PD	9	divide by # with first PD	22	
# 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	9	divide by	Totals 25	=
				0.36000

**4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS**

# claims with late subsequent payments 14 divide by # with subsequent payments 41 = 0.34146

**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	42	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	5	
Totals	7		Totals 47	
				=
				0.14894

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2006**

**Profile Audit Review Performance Rating of 1.83857 or greater is a failing score.**

**1.31788**

**Calendar Year: 2006**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	<b>51</b>
<b>Indemnity</b>	<b>51</b>
<b>Medical Only</b>	<b>0</b>
<b>Denied</b>	<b>0</b>
<b>Complaints</b>	<b>0</b>
<b>Additional</b>	<b>0</b>

**Audit No: VNO-08-06-R1-5**

**Subject: Murphy & Beane, Inc.**

**Location: Culver City**

**Type: TPA**

Item #	# of Times Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	8	\$1,850	\$1,850	\$0	\$0		x
2	11	\$4,110	\$4,110	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	25	\$7,925	\$7,925	\$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	0	\$0	\$0	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	7	\$1,800	\$1,800	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	7	\$1,400	\$1,400	\$0	\$0		x
18 b	1	\$400	\$400	\$0	\$0		x
18 c	2	\$1,200	\$1,200	\$0	\$0		x
18 d	17	\$5,150	\$5,150	\$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
<b>TOTAL</b>	<b>79</b>	<b>\$23,885</b>	<b>\$23,885</b>	<b>\$0</b>	<b>\$0</b>		

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

**Calendar Year: 2006**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: VNO-08-06-R1-5**

**Subject: Murphy & Beane, Inc.**

**Location: Culver City**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1				\$126.00			\$126.00
2				\$192.93			\$192.93
3	\$360.00			\$36.00			\$396.00
4				\$178.09			\$178.09
5				\$45.00			\$45.00
6	\$104.00			\$204.00			\$308.00
7				\$647.16			\$647.16
8	\$82.26						\$82.26
9				\$122.40			\$122.40
10				\$641.98			\$641.98
11	\$91.66						\$91.66
12			\$300.53				\$300.53
13				\$301.60			\$301.60
14				\$348.57			\$348.57
15		\$343.59		\$39.65			\$383.24
<b>TOTAL</b>	<b>\$637.92</b>	<b>\$343.59</b>	<b>\$300.53</b>	<b>\$2,883.38</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$4,165.42</b>



**Calendar Year: 2006**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	<b>49</b>
<b>Indemnity</b>	<b>49</b>
<b>Medical Only</b>	<b>0</b>
<b>Denied</b>	<b>0</b>
<b>Complaints</b>	<b>0</b>
<b>Additional</b>	<b>0</b>

**Audit No: OAK-10-06-R1-1**

**Subject: National Interstate Insurance Company**

**Location: Richfield, OH      Type: INS**

Item #	# of Times Cited	Total \$ Penalties Assessable	Total Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	20	\$7,850	\$7,850	\$0	\$0		x
2	2	\$200	\$200	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	44	\$13,235	\$13,235	\$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	0	\$0	\$0	\$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	1	\$200	\$200	\$0	\$0		x
18 b	2	\$800	\$800	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	8	\$1,200	\$1,200	\$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
<b>TOTAL</b>	<b>84</b>	<b>\$26,185</b>	<b>\$26,185</b>	<b>\$0</b>	<b>\$0</b>		

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

**Calendar Year: 2006**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: OAK-10-06-R1-1**

**Subject: National Interstate Insurance Company**

**Location: Richfield, OH Type: INS**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1				\$235.77			\$235.77
2	\$206.55			\$117.05			\$323.60
3				\$67.80			\$67.80
4		\$660.00		\$88.00			\$748.00
5				\$299.37			\$299.37
6				\$112.23			\$112.23
<b>TOTAL</b>	<b>\$206.55</b>	<b>\$660.00</b>	<b>\$0.00</b>	<b>\$920.22</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$1,786.77</b>



**Calendar Year: 2006**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	<b>55</b>
<b>Indemnity</b>	<b>54</b>
<b>Medical Only</b>	<b>0</b>
<b>Denied</b>	<b>0</b>
<b>Complaints</b>	<b>1</b>
<b>Additional</b>	<b>0</b>

**Audit No: LAO-12-06-R1-2**

**Subject: Nordstrom, Inc.**

**Location: Santa Ana**

**Type: SI**

Item #	# of Times Cited	Total \$ Penalties Assessable	Total Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	7	\$1,790	\$1,790	\$0	\$0		x
2	2	\$450	\$450	\$0	\$0		x
3	1	\$250	\$250	\$0	\$0		x
4	11	\$3,000	\$3,000	\$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	9	\$3,800	\$3,800	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	3	\$1,900	\$1,900	\$0	\$0		x
18 b	0	\$0	\$0	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	6	\$1,000	\$1,000	\$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
<b>TOTAL</b>	<b>42</b>	<b>\$13,590</b>	<b>\$13,590</b>	<b>\$0</b>	<b>\$0</b>		

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

**Calendar Year: 2006**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-12-06-R1-2**

**Subject: Nordstrom, Inc.**

**Location: Santa Ana**

**Type: SI**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$952.23			\$144.35			\$1,096.58
2				\$80.00			\$80.00
3				\$111.00			\$111.00
4				\$126.05			\$126.05
5				\$23.15			\$23.15
6		\$407.84		\$66.22			\$474.06
7	\$63.99						\$63.99
8	\$200.01			\$20.00			\$220.01
<b>TOTAL</b>	<b>\$1,216.23</b>	<b>\$407.84</b>	<b>\$0.00</b>	<b>\$570.77</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$2,194.84</b>

**Profile Audit Review Performance Rating of Randomly Selected Claims**

**Audit No: LAO-07-06-R2-5**

**Subject: Octagon Risk Services, Inc.**

**Location: Long Beach**

**1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY**

A. Frequency Rate

# claims with unpd indem 17 divide by # claims with payable indem 52 = 0.32692

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

Total unpd indem. = \$ 25,343.80 divide by # of claims with obligation to pay indem. 52  
Avg Unpd Ind = \$ 487.38

C. Severity Rate

Avg Unpd Indem \$ 487.38 divide by avg unpd indem 2002-2004 of \$ 171.60 = 2.84021

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.32692 X Severity rate 2.84021 X modifier of 2  
= 1.85706

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

# claims with late 1st TD	2	divide by # with TD payments	6	
# claims with late first SC notice	21	divide by # with salary continuation	46	
Totals	23	divide by	Totals 52	=
				0.44231

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

# claims with late first PD	8	divide by # with first PD	16	
# claims with late first VRMA		divide by # with first VRMA		
# claims with late first DB		divide by # with first DB paid		
Totals	8	divide by	Totals 16	=
				0.50000

**4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS**

# claims with late subsequent payments 7 divide by # with subsequent payments 18 = 0.38889

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

# claims with AME/QME notice violations	3	divide by # requiring notices	41	
# claims with VR potential eligibility notice violations	2	divide by # requiring notices	2	
Totals	5		Totals 43	
				= 0.11628

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2006** 3.30454

**Profile Audit Review Performance Rating of 1.83857 or greater is a failing score.**



**Calendar Year: 2006**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	<b>103</b>
<b>Indemnity</b>	<b>103</b>
<b>Medical Only</b>	<b>0</b>
<b>Denied</b>	<b>0</b>
<b>Complaints</b>	<b>0</b>
<b>Additional</b>	<b>0</b>

**Audit No: LAO-07-06-R2-5**

**Subject: Octagon Risk Services, Inc.**

**Location: Long Beach**

**Type: TPA**

Item #	# of Times Cited	Total \$ Penalties Assessable	Total Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	2	\$1,200	\$0	\$1,200	\$0		x
2	13	\$6,590	\$0	\$6,590	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	32	\$6,505	\$0	\$6,505	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	45	\$2,345	\$2,345	\$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	\$1,100	\$1,100	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	6	\$1,600	\$1,600	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	11	\$3,400	\$0	\$3,400	\$0		x
18 b	9	\$11,700	\$0	\$11,700	\$0		x
18 c	1	\$600	\$0	\$600	\$0		x
18 d	20	\$5,250	\$0	\$5,250	\$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
<b>TOTAL</b>	<b>142</b>	<b>\$40,290</b>	<b>\$5,045</b>	<b>\$35,245</b>	<b>\$0</b>		

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

**Calendar Year: 2006**  
**Notices of Compensation Due**

**Individual Exhibit 3**  
**Page 1 of 2**

**Audit No: LAO-07-06-R2-5**

**Subject: Octagon Risk Services, Inc.**

**Location: Long Beach Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1				\$21.00			\$21.00
2	\$138.41						\$138.41
3		\$31.43					\$31.43
4				\$25.14			\$25.14
5		\$1,495.66		\$549.57			\$2,045.23
6				\$1,016.84			\$1,016.84
7	\$18.00	\$4,485.00		\$473.70			\$4,976.70
8		\$314.29		\$31.43			\$345.72
9	\$109.88						\$109.88
10		\$3,242.50		\$561.39			\$3,803.89
11		\$6,662.85		\$666.29			\$7,329.14
12	\$273.63						\$273.63
13			\$482.36				\$482.36
14	\$74.24						\$74.24
15		\$10,069.29		\$1,117.93			\$11,187.22
16	\$2,110.14						\$2,110.14
17	\$95.23						\$95.23
18	\$90.38						\$90.38
19	\$351.81						\$351.81
20	\$74.60						\$74.60
21				\$380.00			\$380.00
<b>SUBTOTAL</b>	<b>\$3,336.32</b>	<b>\$26,301.02</b>	<b>\$482.36</b>	<b>\$4,843.29</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$34,962.99</b>

**Calendar Year: 2006**  
**Notices of Compensation Due**

**Audit No: LAO-07-06-R2-5**

**Subject: Octagon Risk Services, Inc.**

**Location: Long Beach**                      **Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty interest, or other	Total
22		\$1,742.86		\$420.00			\$2,162.86
23				\$477.14			\$477.14
24	\$15.30			\$33.68			\$48.98
Page 2 SUBTOTAL	\$15.30	\$1,742.86	\$0.00	\$930.82	\$0.00	\$0.00	\$2,688.98
Page 1 SUBTOTAL	\$3,336.32	\$26,301.02	\$482.36	\$4,843.29	\$0.00	\$0.00	\$34,962.99
<b>TOTAL</b>	<b>\$3,351.62</b>	<b>\$28,043.88</b>	<b>\$482.36</b>	<b>\$5,774.11</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$37,651.97</b>

**Profile Audit Review Performance Rating of Randomly Selected Claims**

**Audit No: SAC-13-06-R1-5**

**Subject: Octagon Risk Services, Inc**

**Location: Rancho Cordova**

**1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY**

A. Frequency Rate

# claims with unpd indem      11      divide by # claims with payable indem      50      =      0.22000

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

Total unpd indem. =      \$ 3,151.78      divide by      # of claims with obligation to pay indem.      50  
 Avg Unpd Ind =      \$ 63.04

C. Severity Rate

Avg Unpd Indem      \$ 63.04      divide by avg unpd indem 2002-2004 of      \$ 171.60      =      0.36734

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.22000      X      Severity rate      0.36734      X      modifier of      2  
 =      0.16163

**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	0	divide by # with salary continuation	0	
Totals	2	divide by	48	=
				0.04167

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

# claims with late first PD	4	divide by # with first PD	18	
# 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	4	divide by	21	=
				0.19048

**4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS**

# claims with late subsequent payments      6      divide by # with subsequent payments      35      =  
0.17143

**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	45	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	5	
Totals	5		50	=
				0.10000

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2006** **0.66520**

**Profile Audit Review Performance Rating of 1.83857 or greater is a failing score.**

Calendar Year: 2006

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	52
Indemnity	50
Medical Only	0
Denied	0
Complaints	2
Additional	0

Audit No: SAC-13-06-R1-05

Subject: Octagon Risk Services, Inc

Location: Rancho Cordova Type: TPA

Item #	# of Times Cited	Total \$ Penalties Assessable	Total Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	2	\$500	\$500	\$0	\$0		x
2	6	\$4,665	\$4,665	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	10	\$1,625	\$1,625	\$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	5	\$2,100	\$2,100	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	7	\$2,200	\$2,200	\$0	\$0		x
18 b	1	\$400	\$400	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	4	\$400	\$400	\$0	\$0		x
18 e	0	\$0	\$0	\$0	\$0		x
18 f	1	\$200	\$200	\$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
<b>TOTAL</b>	<b>37</b>	<b>\$12,490</b>	<b>\$12,490</b>	<b>\$0</b>	<b>\$0</b>		

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

**Calendar Year: 2006**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: SAC-13-06-R1-5**

**Subject: Octagon Risk Services, Inc**

**Location: Rancho Cordova Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1				\$74.00		\$93.13	\$167.13
2				\$37.00			\$37.00
3		\$1,057.14		\$105.71			\$1,162.85
4	\$146.16						\$146.16
5				\$59.14			\$59.14
6	\$312.00						\$312.00
7	\$147.66						\$147.66
8	\$98.34						\$98.34
9	\$283.31						\$283.31
10	\$648.64			\$52.55			\$701.19
11				\$37.00			\$37.00
<b>TOTAL</b>	<b>\$1,636.11</b>	<b>\$1,057.14</b>	<b>\$0.00</b>	<b>\$365.40</b>	<b>\$0.00</b>	<b>\$93.13</b>	<b>\$3,151.78</b>

**Profile Audit Review Performance Rating of Randomly Selected Claims**

**Audit No: SAC-26-06-R1-5**

**Subject: Octagon Risk Services, Inc.**

**Location: Rancho Cordova**

**1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY**

A. Frequency Rate

# claims with unpd indem 10 divide by # claims with payable indem 31 = 0.32258

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

Total unpd indem. = \$ 1,126.76 divide by # of claims with obligation to pay indem. 31  
Avg Unpd Ind = \$ 36.35

C. Severity Rate

Avg Unpd Indem \$ 36.35 divide by avg unpd indem 2002-2004 of \$171.60 = 0.21181

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.32258 X Severity rate 0.21181 X modifier of 2  
= 0.13665

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

# claims with late 1st TD	10	divide by # with TD payments	29	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	10	divide by	Totals 29	=

0.34483

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

# claims with late first PD	4	divide by # with first PD	11	
# 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	4	divide by	Totals 11	=

0.36364

**4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS**

# claims with late subsequent payments 10 divide by # with subsequent payments 22 = 0.45455

**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	17	
# claims with VR potential eligibility notice violations	1	divide by # requiring notices	2	
Totals	10		Totals 19	

= 0.52632

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2006** 0.82598

Profile Audit Review Performance Rating of 1.83857 or greater is a failing score.

**Calendar Year: 2006**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	<b>31</b>
<b>Indemnity</b>	<b>31</b>
<b>Medical Only</b>	<b>0</b>
<b>Denied</b>	<b>0</b>
<b>Complaints</b>	<b>0</b>
<b>Additional</b>	<b>0</b>

**Audit No: SAC-26-06-R1-5**

**Subject: Octagon Risk Services, Inc.**

**Location: Rancho Cordova      Type: TPA**

Item #	# of Times Cited	Total \$ Penalties Assessable	Total Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	13	\$6,080	\$6,080	\$0	\$0		x
2	7	\$6,445	\$6,445	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	21	\$2,460	\$2,460	\$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	8	\$2,200	\$2,200	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	4	\$1,000	\$1,000	\$0	\$0		x
18 b	0	\$0	\$0	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	14	\$2,400	\$2,400	\$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
<b>TOTAL</b>	<b>68</b>	<b>\$20,985</b>	<b>\$20,985</b>	<b>\$0</b>	<b>\$0</b>		

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

**Calendar Year: 2006**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: SAC-26-06-R1-5**

**Subject: Octagon Risk Services, Inc.**

**Location: Rancho Cordova Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1				\$50.40			\$50.40
2				\$267.15			\$267.15
3				\$110.33			\$110.33
4				\$82.09			\$82.09
5	\$94.40			\$9.44			\$103.84
6	\$152.79			\$15.28			\$168.07
7				\$57.22			\$57.22
8	\$105.12			\$11.44			\$116.56
9				\$142.36			\$142.36
10				\$28.74			\$28.74
<b>TOTAL</b>	<b>\$352.31</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$774.45</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$1,126.76</b>

**Profile Audit Review Performance Rating of Randomly Selected Claims**

**Audit No: SAC-08-06-R1-5**

**Subject: Octagon Risk Services, Inc**

**Location: Sacramento**

**1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY**

A. Frequency Rate

# claims with unpd indem 7 divide by # claims with payable indem 51 = 0.13725

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

Total unpd indem. = \$ 753.00 divide by # of claims with obligation to pay indem. 51  
Avg Unpd Ind = \$ 14.76

C. Severity Rate

Avg Unpd Indem \$ 14.76 divide by avg unpd indem 2002-2004 of \$ 171.60 = 0.08604

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.13725 X Severity rate 0.08604 X modifier of 2  
= 0.02362

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

# claims with late 1st TD	9	divide by # with TD payments	50	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	9	divide by	Totals 50	=
				0.18000

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

# claims with late first PD	2	divide by # with first PD	13	
# 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	2	divide by	Totals 14	=
				0.14286

**4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS**

# claims with late subsequent payments 4 divide by # with subsequent payments 34 = 0.11765

**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	39	
# claims with VR potential eligibility notice violations	3	divide by # requiring notices	5	
Totals	11		Totals 44	
				= 0.25000

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2006 0.71412**

Profile Audit Review Performance Rating of 1.83857 or greater is a failing score.

**Calendar Year: 2006**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	<b>51</b>
<b>Indemnity</b>	<b>51</b>
<b>Medical Only</b>	<b>0</b>
<b>Denied</b>	<b>0</b>
<b>Complaints</b>	<b>0</b>
<b>Additional</b>	<b>0</b>

**Audit No: SAC-08-06-R1-5**

**Subject: Octagon Risk Services, Inc**

**Location: Sacramento**

**Type: TPA**

Item #	# of Times Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	10	\$1,800	\$1,800	\$0	\$0		x
2	2	\$2,240	\$2,240	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	5	\$780	\$780	\$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	\$900	\$900	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	8	\$2,700	\$2,700	\$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	0	\$0	\$0	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	5	\$850	\$850	\$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
<b>TOTAL</b>	<b>35</b>	<b>\$9,670</b>	<b>\$9,670</b>	<b>\$0</b>	<b>\$0</b>		

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

**Calendar Year: 2006**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: SAC-08-06-R1-5**

**Subject: Octagon Risk Services, Inc**

**Location: Sacramento**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$55.00						\$55.00
2				\$168.00			\$168.00
3	\$198.17			\$28.42			\$226.59
4				\$11.36			\$11.36
5	\$100.58						\$100.58
6				\$153.71			\$153.71
7				\$37.76			\$37.76
<b>TOTAL</b>	<b>\$353.75</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$399.25</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$753.00</b>



**Calendar Year: 2006**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	<b>30</b>
<b>Indemnity</b>	<b>30</b>
<b>Medical Only</b>	<b>0</b>
<b>Denied</b>	<b>0</b>
<b>Complaints</b>	<b>0</b>
<b>Additional</b>	<b>0</b>

**Audit No: OAK-17-06-R1-2**

**Subject: Pacific Lumber Company**

**Location: Scotia**

**Type: SI**

Item #	# of Times Cited	Total \$ Penalties Assessable	Total Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	4	\$760	\$760	\$0	\$0		x
2	5	\$1,660	\$1,660	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	5	\$1,070	\$1,070	\$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	\$2,900	\$2,900	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	4	\$800	\$800	\$0	\$0		x
18 b	1	\$400	\$400	\$0	\$0		x
18 c	1	\$200	\$200	\$0	\$0		x
18 d	2	\$1,000	\$1,000	\$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
<b>TOTAL</b>	<b>29</b>	<b>\$9,190</b>	<b>\$9,190</b>	<b>\$0</b>	<b>\$0</b>		

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

**Calendar Year: 2006**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: OAK-17-06-R1-2**

**Subject: Pacific Lumber Company**

**Location: Scotia**

**Type: SI**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$47.43	\$925.00	\$69.35				\$1,041.78
2				\$288.57			\$288.57
3				\$481.00			\$481.00
4	\$56.93			\$971.39			\$1,028.32
5	\$13.64						\$13.64
6	\$93.29			\$9.33			\$102.62
<b>TOTAL</b>	<b>\$211.29</b>	<b>\$925.00</b>	<b>\$69.35</b>	<b>\$1,750.29</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$2,955.93</b>



**Calendar Year: 2006**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	<b>57</b>
<b>Indemnity</b>	<b>57</b>
<b>Medical Only</b>	<b>0</b>
<b>Denied</b>	<b>0</b>
<b>Complaints</b>	<b>0</b>
<b>Additional</b>	<b>0</b>

**Audit No: SAC-27-06-R1-5**

**Subject: Pegasus Risk Management, Inc.**

**Location: Modesto**

**Type: TPA**

Item #	# of Times Cited	Total \$ Penalties Assessable	Total Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	9	\$9,400	\$9,400	\$0	\$0		x
2	6	\$3,940	\$3,940	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	6	\$620	\$620	\$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	\$300	\$300	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	9	\$2,700	\$2,700	\$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	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
<b>TOTAL</b>	<b>34</b>	<b>\$17,560</b>	<b>\$17,560</b>	<b>\$0</b>	<b>\$0</b>		

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

**Calendar Year: 2006**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: SAC-27-06-R1-5**

**Subject: Pegasus Risk Management, Inc.**

**Location: Modesto**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$260.90						\$260.90
2	\$54.33			\$1.63			\$55.96
3	\$72.16			\$7.22			\$79.38
<b>TOTAL</b>	<b>\$387.39</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$8.85</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$396.24</b>



**Calendar Year: 2006**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	<b>41</b>
<b>Indemnity</b>	<b>41</b>
<b>Medical Only</b>	<b>0</b>
<b>Denied</b>	<b>0</b>
<b>Complaints</b>	<b>0</b>
<b>Additional</b>	<b>0</b>

**Audit No: OAK-03-06-R1-6**

**Subject: Port of Oakland**

**Location: Oakland**

**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	\$200	\$200	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	3	\$890	\$890	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	5	\$200	\$200	\$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	0	\$0	\$0	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	6	\$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	0	\$0	\$0	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	1	\$500	\$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
<b>TOTAL</b>	<b>17</b>	<b>\$2,990</b>	<b>\$2,990</b>	<b>\$0</b>	<b>\$0</b>		

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

**Calendar Year: 2006**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: OAK-03-06-R1-6**

**Subject: Port of Oakland**

**Location: Oakland**

**Type: SI**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1				\$192.00			\$192.00
<b>TOTAL</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$192.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$192.00</b>

**Profile Audit Review Performance Rating of Randomly Selected Claims**

**Audit No: OAK-01-06-R1-6**

**Subject: Redwood Empire Muni Insurance Fund**

**Location: Sonoma**

<b>1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY</b>									
<u>A. Frequency Rate</u>									
# claims with unpd indem	0	divide by # claims with payable indem	55	=	0.00000				
<u>B. Average Amount of Unpaid Indemnity per Claim with Obligation to Pay Indemnity</u>									
Total unpd indem. =		divide by	# of claims with obligation to pay indem		55				
				Avg Unpd Ind =	\$ -				
<u>C. Severity Rate</u>									
Avg Unpd Indem	\$ -	divide by avg unpd indem 2002-2004 of	\$ 171.60	=	0.00000				
<u>D. Factor for Failure to pay Undisputed Accrued Indemnity</u>									
Frequency rate	0.00000	X	Severity rate	0.00000	X	modifier of	2	=	0.00000
<b>2. FACTOR FOR LATE FIRST PAYMENT OF TEMPORARY DISABILITY OR FIRST NOTICE</b>									
# claims with late 1st TD	1	divide by # with TD payments	6						
# claims with late first SC notice	7	divide by # with salary continuation	51						
Totals	8	divide by	Totals	57	=	0.14035			
<b>3. FACTOR FOR LATE FIRST PAYMENT OF PERMANENT DISABILITY, VRMA, AND DEATH BENEFITS</b>									
# claims with late first PD	0	divide by # with first PD	9						
# 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	0	divide by	Totals	10	=	0.00000			
<b>4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS</b>									
# claims with late subsequent payments	0	divide by # with subsequent payments	11	=	0.00000				
<b>5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION</b>									
# claims with AME/QME notice violations	3	divide by # requiring notices	44						
# claims with VR potential eligibility notice violations	1	divide by # requiring notices	1						
Totals	4		Totals	45	=	0.08889			
									<b>0.22924</b>

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2006**  
**Profile Audit Review Performance Rating of 1.83857 or greater is a failing score.**

**Calendar Year: 2006**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	<b>55</b>
<b>Indemnity</b>	<b>55</b>
<b>Medical Only</b>	<b>0</b>
<b>Denied</b>	<b>0</b>
<b>Complaints</b>	<b>0</b>
<b>Additional</b>	<b>0</b>

**Audit No: OAK-01-06-R1-6**

**Subject: Redwood Empire Muni Insurance**

**Location: Sonoma**

**Type: SI**

Item #	# of Times Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	1	\$200	\$200	\$0	\$0		x
2	0	\$0	\$0	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	0	\$0	\$0	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	7	\$225	\$225	\$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	\$100	\$100	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	3	\$700	\$700	\$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
<b>TOTAL</b>	<b>12</b>	<b>\$1,225</b>	<b>\$1,225</b>	<b>\$0</b>	<b>\$0</b>		

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-20-06-R2-2**

**Subject: Safeway, Inc**

**Location: Pleasanton**

**1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY**

A. Frequency Rate

# claims with unpd indem      12      divide by # claims with payable indem      58      =      0.20690

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

Total unpd indem. =      \$ 20,175.15      divide by      # of claims with obligation to pay indem.      58  
 Avg Unpd Ind =      \$ 347.85

C. Severity Rate

Avg Unpd Indem      \$ 347.85      divide by avg unpd indem 2002-2004 of      \$ 171.60      =      2.02708

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.20690      X      Severity rate      2.02708      X      modifier of      2  
 =      0.83879

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

# claims with late 1st TD	15	divide by # with TD payments	57	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	15	divide by	Totals	57
				=
				<span style="border: 1px solid black; padding: 2px;">0.26316</span>

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

# claims with late first PD	5	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	5	divide by	Totals	23
				=
				<span style="border: 1px solid black; padding: 2px;">0.21739</span>

**4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS**

# claims with late subsequent payments      10      divide by # with subsequent payments      45      =  
0.22222

**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	25	
# claims with VR potential eligibility notice violations	3	divide by # requiring notices	6	
Totals	14		Totals	31
				=
				<span style="border: 1px solid black; padding: 2px;">0.45161</span>

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2006** **1.99318**

**Profile Audit Review Performance Rating of 1.83857 or greater is a failing score.**



**Calendar Year: 2006**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	<b>132</b>
<b>Indemnity</b>	<b>130</b>
<b>Medical Only</b>	<b>0</b>
<b>Denied</b>	<b>0</b>
<b>Complaints</b>	<b>2</b>
<b>Additional</b>	<b>0</b>

**Audit No: OAK-20-06-R2-2**

**Subject: Safeway, Inc**

**Location: Pleasanton**

**Type: SI**

Item #	# of Times Cited	Total \$ Penalties Assessable	Total Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	32	\$12,430	\$0	\$12,430	\$0		x
2	16	\$9,290	\$0	\$9,290	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	46	\$9,530	\$350	\$9,180	\$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	9	\$1,900	\$1,900	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	29	\$11,100	\$11,100	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	21	\$19,800	\$0	\$19,800	\$0		x
18 b	4	\$2,400	\$0	\$2,400	\$0		x
18 c	1	\$600	\$0	\$600	\$0		x
18 d	14	\$1,400	\$0	\$1,400	\$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
<b>TOTAL</b>	<b>172</b>	<b>\$68,450</b>	<b>\$13,350</b>	<b>\$55,100</b>	<b>\$0</b>		

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

**Calendar Year: 2006**  
**Notices of Compensation Due**

**Audit No: OAK-20-06-R2-2**

**Subject: Safeway, Inc**

**Location: Pleasanton Type: SI**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$495.69						\$495.69
2		\$640.46					\$640.46
3				\$65.19			\$65.19
4	\$126.79			\$13.24			\$140.03
5	\$612.44			\$51.61			\$664.05
6	\$388.76						\$388.76
7	\$855.48	\$880.00					\$1,735.48
8	\$28.32						\$28.32
9				\$284.20			\$284.20
10	\$459.75			\$14.86			\$474.61
11	\$361.62			\$36.16			\$397.78
12	\$278.79						\$278.79
13	\$215.45						\$215.45
14	\$53.61						\$53.61
15	\$3,629.61			\$399.96			\$4,029.57
16	\$2,593.54		\$556.66	\$340.75			\$3,490.95
17	\$266.08						\$266.08
18		\$12.00					\$12.00
19				\$215.80			\$215.80
20	\$230.63						\$230.63
21	\$192.35						\$192.35
<b>SUBTOTAL</b>	<b>\$10,788.91</b>	<b>\$1,532.46</b>	<b>\$556.66</b>	<b>\$1,421.77</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$14,299.80</b>

**Calendar Year: 2006**  
**Notices of Compensation Due**

**Audit No: OAK-20-06-R2-2**

**Subject: Safeway Inc**

**Location: Pleasanton**

**Type: SI**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty interest, or other	Total
22		\$2,304.00					\$2,304.00
23				\$109.22			\$109.22
24	\$6,247.89			\$592.83			\$6,840.72
Page 2 SUBTOTAL	\$6,247.89	\$2,304.00	\$0.00	\$702.05	\$0.00	\$0.00	\$9,253.94
Page 1 SUBTOTAL	\$10,788.91	\$1,532.46	\$556.66	\$1,421.77	\$0.00	\$0.00	\$14,299.80
<b>TOTAL</b>	<b>\$17,036.80</b>	<b>\$3,836.46</b>	<b>\$556.66</b>	<b>\$2,123.82</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$23,553.74</b>

**Profile Audit Review Performance Rating of Randomly Selected Claims**

**Audit No: LAO-03-06-R1-3**

**Subject: SeaBright Insurance Company**

**Location: Orange**

**1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY**

A. Frequency Rate

# claims with unpd indem      14      divide by # claims with payable indem      56      =      0.25000

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

Total unpd indem. =      \$ 1,879.18      divide by      # of claims with obligation to pay indem.      56  
 Avg Unpd Ind =      \$ 33.56

C. Severity Rate

Avg Unpd Indem      \$ 33.56      divide by avg unpd indem 2002-2004 of      \$ 171.60      =      0.19555

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.25000      X      Severity rate      0.19555      X      modifier of      2  
 =      0.09778

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

# claims with late 1st TD	9	divide by # with TD payments	52	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	9	divide by	Totals 52	=
				0.17308

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

# claims with late first PD	2	divide by # with first PD	18	
# 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	2	divide by	Totals 19	=
				0.10526

**4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS**

# claims with late subsequent payments      9      divide by # with subsequent payments      39      =  
 0.23077

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

# claims with AME/QME notice violations	1	divide by # requiring notices	45	
# claims with VR potential eligibility notice violations	1	divide by # requiring notices	2	
Totals	2	Totals	47	
				=
				0.04255

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2006**

**Profile Audit Review Performance Rating of 1.83857 or greater is a failing score.**

**0.64944**

**Calendar Year: 2006**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	<b>56</b>
<b>Indemnity</b>	<b>56</b>
<b>Medical Only</b>	<b>0</b>
<b>Denied</b>	<b>0</b>
<b>Complaints</b>	<b>0</b>
<b>Additional</b>	<b>0</b>

**Audit No: LAO-03-06-R1-3**

**Subject: SeaBright Insurance Company**

**Location: Orange**

**Type: TPA**

Item #	# of Times Cited	Total \$ Penalties Assessable	Total Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	9	\$3,800	\$3,800	\$0	\$0		x
2	2	\$1,850	\$1,850	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	28	\$2,515	\$2,515	\$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	\$200	\$200	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	1	\$500	\$500	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	12	\$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	3	\$500	\$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
<b>TOTAL</b>	<b>56</b>	<b>\$12,165</b>	<b>\$12,165</b>	<b>\$0</b>	<b>\$0</b>		

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

**Calendar Year: 2006**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-03-06-R1-3**

**Subject: SeaBright Insurance Company**

**Location: Orange**

**Type: INS**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$408.00			\$161.20			\$569.20
2	\$46.71			\$4.67			\$51.38
3	\$229.71			\$22.97			\$252.68
4	\$80.89			\$8.09			\$88.98
5				\$40.00			\$40.00
6	\$162.96						\$162.96
7	\$11.16			\$1.12			\$12.28
8	\$68.68			\$6.87			\$75.55
9				\$40.00			\$40.00
10	\$17.26						\$17.26
11	\$239.09			\$23.91			\$263.00
12	\$20.64						\$20.64
13	\$49.92						\$49.92
14	\$213.94			\$21.39			\$235.33
<b>TOTAL</b>	<b>\$1,548.96</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$330.22</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$1,879.18</b>

**Profile Audit Review Performance Rating of Randomly Selected Claims**

**Audit No: LAO-04-06-R1-5**

**Subject: Sedgwick Claims Management Services, Inc.**

**Location: Riverside**

**1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY**

A. Frequency Rate

# claims with unpd indem 18 divide by # claims with payable indem 58 = 0.31034

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

Total unpd indem. = \$ 10,272.27 divide by # of claims with obligation to pay indem. 58  
Avg Unpd Ind = \$ 177.11

C. Severity Rate

Avg Unpd Indem \$ 177.11 divide by avg unpd indem 2002-2004 of \$ 171.60 = 1.03210

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.31034 X Severity rate 1.03210 X modifier of 2  
= 0.64061

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

# claims with late 1st TD	15	divide by # with TD payments	56	
# claims with late first SC notice	2	divide by # with salary continuation	2	
Totals	17	divide by	Totals 58	=
				0.29310

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

# claims with late first PD	0	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	0	divide by	Totals 19	=
				0.00000

**4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS**

# claims with late subsequent payments 19 divide by # with subsequent payments 46 = 0.41304

**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	47	
# claims with VR potential eligibility notice violations	3	divide by # requiring notices	4	
Totals	9		Totals 51	
				= 0.17647

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2006**

**Profile Audit Review Performance Rating of 1.83857 or greater is a failing score.**

**1.52323**

**Calendar Year: 2006**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	<b>58</b>
<b>Indemnity</b>	<b>58</b>
<b>Medical Only</b>	<b>0</b>
<b>Denied</b>	<b>0</b>
<b>Complaints</b>	<b>0</b>
<b>Additional</b>	<b>0</b>

**Audit No: LAO-04-06-R1-5**

**Subject: Sedgwick Claims Management Svc.**

**Location: Riverside**

**Type: TPA**

Item #	# of Times Cited	Total \$ Penalties Assessable	Total Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	15	\$3,570	\$3,570	\$0	\$0		x
2	0	\$0	\$0	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	52	\$14,930	\$14,930	\$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	\$300	\$300	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	6	\$2,800	\$2,800	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	15	\$4,400	\$4,400	\$0	\$0		x
18 b	4	\$3,500	\$3,500	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	22	\$4,300	\$4,300	\$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
<b>TOTAL</b>	<b>119</b>	<b>\$33,900</b>	<b>\$33,900</b>	<b>\$0</b>	<b>\$0</b>		

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

**Calendar Year: 2006**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-04-06-R1-5**

**Subject: Sedgwick Claims Management Services, Inc.**

**Location: Riverside**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$596.88						\$596.88
2		\$1,025.69		\$275.16			\$1,300.85
3	\$195.75	\$478.00					\$673.75
4	\$29.64			\$2.96			\$32.60
5				\$118.00			\$118.00
6		\$2,220.00		\$179.98			\$2,399.98
7	\$110.43			\$7.09			\$117.52
8	\$65.50			\$6.55			\$72.05
9	\$322.76			\$14.45			\$337.21
10	\$27.25						\$27.25
11	\$11.86						\$11.86
12		\$3,111.00		\$607.10			\$3,718.10
13	\$55.76						\$55.76
14				\$240.00			\$240.00
15	\$37.00						\$37.00
16	\$184.02			\$128.97			\$312.99
17	\$49.52			\$54.47			\$103.99
18				\$116.48			\$116.48
<b>TOTAL</b>	<b>\$1,686.37</b>	<b>\$6,834.69</b>	<b>\$0.00</b>	<b>\$1,751.21</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$10,272.27</b>

**Profile Audit Review Performance Rating of Randomly Selected Claims**

**Audit No:** OAK-02-06-R1-5

**Subject:** Sedgwick Claims Management Services

**Location:** Walnut Creek

**1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY**

A. Frequency Rate

# claims with unpd indem 21 divide by # claims with payable indem 58 = 0.36207

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

Total unpd indem. = \$ 9,462.69 divide by # of claims with obligation to pay indem. 58  
Avg Unpd Ind = \$ 163.15

C. Severity Rate

Avg Unpd Indem \$ 163.15 divide by avg unpd indem 2002-2004 of \$ 171.60 = 0.95076

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.36207 X Severity rate 0.95076 X modifier of 2  
= 0.68848

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

# claims with late 1st TD	12	divide by # with TD payments	56	
# claims with late first SC notice	0	divide by # with salary continuation	1	
Totals	12	divide by	Totals 57	=
				0.21053

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

# claims with late first PD	1	divide by # with first PD	9	
# 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	Totals 10	=
				0.10000

**4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS**

# claims with late subsequent payments 10 divide by # with subsequent payments 36 = 0.27778

**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	44	
# claims with VR potential eligibility notice violations	1	divide by # requiring notices	5	
Totals	6		Totals 49	
				= 0.12245

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2006** 1.39923

Profile Audit Review Performance Rating of 1.83857 or greater is a failing score.

**Calendar Year: 2006**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	<b>59</b>
<b>Indemnity</b>	<b>58</b>
<b>Medical Only</b>	<b>0</b>
<b>Denied</b>	<b>0</b>
<b>Complaints</b>	<b>1</b>
<b>Additional</b>	<b>0</b>

**Audit No: OAK-02-06-R1-5**

**Subject: Sedgwick Claims Management Services**

**Location: Walnut Creek                      Type: TPA**

Item #	# of Times Cited	Total \$ Penalties Assessable	Total Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	12	\$1,920	\$1,920	\$0	\$0		x
2	1	\$320	\$320	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	29	\$3,555	\$3,555	\$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	5	\$800	\$800	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	22	\$8,200	\$8,200	\$0	\$0		x
18 b	0	\$0	\$0	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	14	\$2,000	\$2,000	\$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
<b>TOTAL</b>	<b>84</b>	<b>\$17,195</b>	<b>\$17,195</b>	<b>\$0</b>	<b>\$0</b>		

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

**Calendar Year: 2006**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: OAK-02-06-R1-5**

**Subject: Sedgwick Claims Management Services**

**Location: Walnut Creek**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$837.40			\$52.40			\$889.80
2	\$79.12						\$79.12
3	\$222.51						\$222.51
4				\$47.16			\$47.16
5	\$334.30			\$33.43			\$367.73
6				\$138.61			\$138.61
7	\$3,417.18						\$3,417.18
8	\$11.20						\$11.20
9				\$399.94			\$399.94
10	\$358.33			\$31.63			\$389.96
11				\$40.43			\$40.43
12	\$44.46						\$44.46
13	\$53.69						\$53.69
14	\$1,188.91			\$115.62			\$1,304.53
15	\$260.63			\$38.89			\$299.52
16	\$10.57						\$10.57
17	\$527.33			\$31.91			\$559.24
18	\$148.00			\$28.03			\$176.03
19	\$146.67						\$146.67
20	\$600.84			\$83.89			\$684.73
21	\$120.26			\$59.35			\$179.61
22	\$340.06			\$113.62			\$453.68
<b>TOTAL</b>	<b>\$8,701.46</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$1,214.91</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$9,916.37</b>



**Calendar Year: 2006**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	<b>46</b>
<b>Indemnity</b>	<b>46</b>
<b>Medical Only</b>	<b>0</b>
<b>Denied</b>	<b>0</b>
<b>Complaints</b>	<b>0</b>
<b>Additional</b>	<b>0</b>

**Audit No: SAC-11-06-R1-6**

**Subject: Shasta County Risk Management**

**Location: Redding**

**Type: SI**

Item #	# of Times Cited	Total \$ Penalties Assessable	Total Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	4	\$840	\$840	\$0	\$0		x
2	0	\$0	\$0	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	3	\$4,200	\$4,200	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	4	\$205	\$205	\$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	0	\$0	\$0	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	3	\$1,200	\$1,200	\$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	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
<b>TOTAL</b>	<b>16</b>	<b>\$6,845</b>	<b>\$6,845</b>	<b>\$0</b>	<b>\$0</b>		

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





**Calendar Year: 2006**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	<b>60</b>
<b>Indemnity</b>	<b>59</b>
<b>Medical Only</b>	<b>0</b>
<b>Denied</b>	<b>0</b>
<b>Complaints</b>	<b>1</b>
<b>Additional</b>	<b>0</b>

**Audit No: VNO-01-06-R1-5**

**Subject: Southern California Risk Management, Inc**

**Location: Upland**

**Type: TPA**

Item #	# of Times Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	4	\$2,400	\$2,400	\$0	\$0		x
2	0	\$0	\$0	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	3	\$1,300	\$1,300	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	16	\$665	\$665	\$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	12	\$3,500	\$3,500	\$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	1	\$3,000	\$3,000	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	1	\$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
<b>TOTAL</b>	<b>42</b>	<b>\$12,365</b>	<b>\$12,365</b>	<b>\$0</b>	<b>\$0</b>		

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

**Calendar Year: 2006**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: VNO-01-06-R1-5**

**Subject: Southern California Risk Management Associates, Inc.**

**Location: Upland**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1		\$13,346.43		\$1,334.64			\$14,681.07
2	\$11.93			\$1.19			\$13.12
3	\$137.16						\$137.16
4				\$322.40			\$322.40
<b>TOTAL</b>	<b>\$149.09</b>	<b>\$13,346.43</b>	<b>\$0.00</b>	<b>\$1,658.23</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$15,153.75</b>

**Profile Audit Review Performance Rating of Randomly Selected Claims**

**Audit No:** SAC-22-06-R1-5

**Subject:** Specialty Risk Services

**Location:** Las Vegas, NV

**1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY**

A. Frequency Rate

# claims with unpd indem      10      divide by # claims with payable indem      57      =      0.17544

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

Total unpd indem. =      \$ 7,096.08      divide by      # of claims with obligation to pay indem      57  
 Avg Unpd Ind =      \$ 124.49

C. Severity Rate

Avg Unpd Indem      \$ 124.49      divide by avg unpd indem 2002-2004 of      \$ 171.60      =      0.72548

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.17544      X      Severity rate      0.72548      X      modifier of      2  
 =      0.25455

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

# claims with late 1st TD	10	divide by # with TD payments	56	
# claims with late first SC notice	15	divide by # with salary continuation	28	
Totals	25	divide by	Totals	84
				=
				0.29762

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

# claims with late first PD	4	divide by # with first PD	16	
# 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	4	divide by	Totals	18
				=
				0.22222

**4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS**

# claims with late subsequent payments      17      divide by # with subsequent payments      38      =  
 0.44737

**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	35	
# claims with VR potential eligibility notice violations	4	divide by # requiring notices	5	
Totals	15		Totals	40
				=
				0.37500

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2006**

Profile Audit Review Performance Rating of 1.83857 or greater is a failing score.

**1.59676**

**Calendar Year: 2006**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	<b>58</b>
<b>Indemnity</b>	<b>57</b>
<b>Medical Only</b>	<b>0</b>
<b>Denied</b>	<b>0</b>
<b>Complaints</b>	<b>1</b>
<b>Additional</b>	<b>0</b>

**Audit No: SAC-22-06-R1-5**

**Subject: Specialty Risk Services**

**Location: Las Vegas, NV      Type: TPA**

Item #	# of Times Cited	Total \$ Penalties Assessable	Total Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	11	\$9,870	\$9,870	\$0	\$0		x
2	3	\$2,480	\$2,480	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	29	\$5,075	\$5,075	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	15	\$630	\$630	\$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	\$1,800	\$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	10	\$11,600	\$11,600	\$0	\$0		x
18 b	0	\$0	\$0	\$0	\$0		x
18 c	1	\$2,000	\$2,000	\$0	\$0		x
18 d	2	\$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
<b>TOTAL</b>	<b>86</b>	<b>\$37,605</b>	<b>\$37,605</b>	<b>\$0</b>	<b>\$0</b>		

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

**Calendar Year: 2006**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: SAC-22-06-R1-5**

**Subject: Specialty Risk Services**

**Location: Las Vegas, NV**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$17.81						\$17.81
2	\$65.45						\$65.45
3	\$10.85						\$10.85
4	\$1,462.45		\$2,339.31	\$8.78			\$3,810.54
5	\$2,759.59						\$2,759.59
6	\$37.78						\$37.78
7	\$88.92			\$38.89			\$127.81
8				\$77.40			\$77.40
9	\$42.70			\$4.22			\$46.92
10	\$141.93						\$141.93
<b>TOTAL</b>	<b>\$4,627.48</b>	<b>\$0.00</b>	<b>\$2,339.31</b>	<b>\$129.29</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$7,096.08</b>



**Calendar Year: 2006**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	<b>52</b>
<b>Indemnity</b>	<b>52</b>
<b>Medical Only</b>	<b>0</b>
<b>Denied</b>	<b>0</b>
<b>Complaints</b>	<b>0</b>
<b>Additional</b>	<b>0</b>

**Audit No: SAC-18-06-R1-5**

**Subject: Specialty Risk Services**

**Location: Rancho Cordova      Type: TPA**

Item #	# of Times Cited	Total \$ Penalties Assessable	Total Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	11	\$2,740	\$2,740	\$0	\$0		x
2	5	\$2,640	\$2,640	\$0	\$0		x
3	3	\$5,280	\$5,280	\$0	\$0		x
4	18	\$8,730	\$8,730	\$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	\$1,700	\$1,700	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	11	\$4,300	\$4,300	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	5	\$1,600	\$1,600	\$0	\$0		x
18 b	0	\$0	\$0	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	1	\$500	\$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
<b>TOTAL</b>	<b>59</b>	<b>\$27,490</b>	<b>\$27,490</b>	<b>\$0</b>	<b>\$0</b>		

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

**Calendar Year: 2006**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: SAC-18-06-R1-5**

**Subject: Specialty Risk Services**

**Location: Rancho Cordova                      Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$437.81						\$437.81
2	\$484.22						\$484.22
3				\$440.00			\$440.00
4	\$70.46						\$70.46
5	\$27.94						\$27.94
6	\$182.80						\$182.80
<b>TOTAL</b>	<b>\$1,203.23</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$440.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$1,643.23</b>

**Profile Audit Review Performance Rating of Randomly Selected Claims**

**Audit No: VNO-07-06-R1-5**

**Subject: Specialty Risk Services**

**Location: Riverside**

**1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY**

A. Frequency Rate

# claims with unpd indem 14 divide by # claims with payable indem 58 = 0.24138

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

Total unpd indem. = \$ 17,833.13 divide by # of claims with obligation to pay indem. 58  
 Avg Unpd Ind = \$ 307.47

C. Severity Rate

Avg Unpd Indem \$ 307.47 divide by avg unpd indem 2002-2004 of \$ 171.60 = 1.79177

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.24138 X Severity rate 1.79177 X modifier of 2  
 = 0.86499

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

# claims with late 1st TD	13	divide by # with TD payments	52	
# claims with late first SC notice	0	divide by # with salary continuation	1	
Totals	13	divide by	Totals 53	=
				0.24528

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

# claims with late first PD	4	divide by # with first PD	25	
# 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	4	divide by	Totals 29	=
				0.13793

**4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS**

# claims with late subsequent payments 9 divide by # with subsequent payments 43 = 0.20930

**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	48	
# claims with VR potential eligibility notice violations	2	divide by # requiring notices	7	
Totals	8		Totals 55	
				= 0.14545

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2006**

**Profile Audit Review Performance Rating of 1.83857 or greater is a failing score.**

**1.60296**

**Calendar Year: 2006**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	<b>58</b>
<b>Indemnity</b>	<b>58</b>
<b>Medical Only</b>	<b>0</b>
<b>Denied</b>	<b>0</b>
<b>Complaints</b>	<b>0</b>
<b>Additional</b>	<b>0</b>

**Audit No: VNO-07-06-R1-5**

**Subject: Specialty Risk Services**

**Location: Riverside**

**Type: TPA**

Item #	# of Times Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	14	\$3,150	\$3,150	\$0	\$0		x
2	5	\$2,190	\$2,190	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	14	\$2,910	\$2,910	\$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	\$2,500	\$2,500	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	11	\$17,000	\$17,000	\$0	\$0		x
18 b	2	\$1,200	\$1,200	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	9	\$2,250	\$2,250	\$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
<b>TOTAL</b>	<b>64</b>	<b>\$31,800</b>	<b>\$31,800</b>	<b>\$0</b>	<b>\$0</b>		

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

**Calendar Year: 2006**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: VNO-07-06-R1-5**

**Subject: Specialty Risk Services**

**Location: Riverside**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1				\$63.00			\$63.00
2	\$128.43	\$66.99		\$39.20			\$234.62
3	\$105.98						\$105.98
4	\$5,220.16			\$663.56			\$5,883.72
5		\$1,665.00		\$166.50			\$1,831.50
6	\$41.00						\$41.00
7	\$7,586.36			\$758.64			\$8,345.00
8	\$131.79			\$0.74			\$132.53
9				\$257.14			\$257.14
10				\$222.00			\$222.00
11	\$286.29						\$286.29
12				\$19.74			\$19.74
13	\$66.61						\$66.61
14	\$344.00						\$344.00
<b>TOTAL</b>	<b>\$13,910.62</b>	<b>\$1,731.99</b>	<b>\$0.00</b>	<b>\$2,190.52</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$17,833.13</b>

**Profile Audit Review Performance Rating of Randomly Selected Claims**

**Audit No: SAC-01-06-R1-1**

**Subject: State Compensation Insurance Fund**

**Location: Fresno**

**1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY**

A. Frequency Rate

# claims with unpd indem 7 divide by # claims with payable indem 59 = 0.11864

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

Total unpd indem. = \$ 1,948.25 divide by # of claims with obligation to pay indem. 59  
Avg Unpd Ind = \$ 33.02

C. Severity Rate

Avg Unpd Indem \$ 33.02 divide by avg unpd indem 2002-2004 of \$ 171.60 = 0.19243

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.11864 X Severity rate 0.19243 X modifier of 2  
= 0.04566

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

# claims with late 1st TD	16	divide by # with TD payments	57	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	16	divide by	Totals 57	=
				0.28070

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

# claims with late first PD	4	divide by # with first PD	17	
# 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	4	divide by	Totals 21	=
				0.19048

**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	9	divide by # requiring notices	43	
# claims with VR potential eligibility notice violations	1	divide by # requiring notices	9	
Totals	10		Totals 52	
				= 0.19231

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2006 0.83735**

**Profile Audit Review Performance Rating of 1.83857 or greater is a failing score.**

**Calendar Year: 2006**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	<b>60</b>
<b>Indemnity</b>	<b>59</b>
<b>Medical Only</b>	<b>0</b>
<b>Denied</b>	<b>0</b>
<b>Complaints</b>	<b>1</b>
<b>Additional</b>	<b>0</b>

**Audit No: SAC-01-06-R1-1**

**Subject: State Compensation Insurance Fund**

**Location: Fresno**

**Type: INS**

Item #	# of Times Cited	Total \$ Penalties Assessable	Total Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	18	\$9,260	\$9,260	\$0	\$0		x
2	4	\$1,690	\$1,690	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	5	\$1,100	\$1,100	\$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	\$300	\$300	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	9	\$1,700	\$1,700	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	4	\$1,600	\$1,600	\$0	\$0		x
18 b	0	\$0	\$0	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	3	\$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
<b>TOTAL</b>	<b>44</b>	<b>\$16,100</b>	<b>\$16,100</b>	<b>\$0</b>	<b>\$0</b>		

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

**Calendar Year: 2006**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: SAC-01-06-R1-1**

**Subject: State Compensation Insurance Fund**

**Location: Fresno**

**Type: INS**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$996.68			\$99.67			\$1,096.35
2				\$200.86			\$200.86
3	\$120.00						\$120.00
4				\$48.42			\$48.42
5	\$312.00			\$31.20			\$343.20
6	\$92.48						\$92.48
7				\$46.94			\$46.94
<b>TOTAL</b>	<b>\$1,521.16</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$427.09</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$1,948.25</b>



**Calendar Year: 2006**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	<b>37</b>
<b>Indemnity</b>	<b>37</b>
<b>Medical Only</b>	<b>0</b>
<b>Denied</b>	<b>0</b>
<b>Complaints</b>	<b>0</b>
<b>Additional</b>	<b>0</b>

**Audit No: LAO-05-06-R1-5**

**Subject: State Compensation Ins. Fund**

**Location: San Bernaradino      Type: TPA**

Item #	# of Times Cited	Total \$ Penalties Assessable	Total Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	2	\$300	\$300	\$0	\$0		x
2	0	\$0	\$0	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	9	\$1,710	\$1,710	\$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	\$300	\$300	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	3	\$1,000	\$1,000	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	10	\$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	1	\$500	\$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
<b>TOTAL</b>	<b>26</b>	<b>\$6,010</b>	<b>\$6,010</b>	<b>\$0</b>	<b>\$0</b>		

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

**Calendar Year: 2006**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-05-06-R1-5**

**Subject: State Compensation Insurance Fund - Claims Mgmt. Service**

**Location: San Bernardino Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$360.00			\$36.00			\$396.00
2	\$116.13						\$116.13
3				\$97.14			\$97.14
4	\$258.00						\$258.00
5	\$310.06						\$310.06
6	\$325.22			\$32.52			\$357.74
7	\$299.87						\$299.87
<b>TOTAL</b>	<b>\$1,669.28</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$165.66</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$1,834.94</b>



**Calendar Year: 2006**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	<b>60</b>
<b>Indemnity</b>	<b>59</b>
<b>Medical Only</b>	<b>0</b>
<b>Denied</b>	<b>0</b>
<b>Complaints</b>	<b>1</b>
<b>Additional</b>	<b>0</b>

**Audit No: OAK-07-06-R1-5**

**Subject: State Compensations Insurance Fund  
State Contract Claims**

**Location: Rohnert Park Type: TPA**

Item #	# of Times Cited	Total \$ Penalties Assessable	Total Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	2	\$650	\$650	\$0	\$0		x
2	2	\$1,920	\$1,920	\$0	\$0		x
3	1	\$250	\$250	\$0	\$0		x
4	3	\$940	\$940	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	25	\$1,205	\$1,205	\$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	18	\$6,500	\$6,500	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	4	\$1,600	\$1,600	\$0	\$0		x
18 b	1	\$300	\$300	\$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
<b>TOTAL</b>	<b>59</b>	<b>\$14,265</b>	<b>\$14,265</b>	<b>\$0</b>	<b>\$0</b>		

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

**Calendar Year: 2006**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: OAK-07-06-R1-5**

**Subject: State Compensation Insurance Fund  
State Contract Claims**

**Location: Rohnert Park Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$12.26						\$12.26
2	\$713.99						\$713.99
3		\$2,632.55		\$333.06			\$2,965.61
4	\$240.00						\$240.00
5	\$868.47						\$868.47
<b>TOTAL</b>	<b>\$1,834.72</b>	<b>\$2,632.55</b>	<b>\$0.00</b>	<b>\$333.06</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$4,800.33</b>

**Profile Audit Review Performance Rating of Randomly Selected Claims**

**Audit No: SAC-15-06-R1-2**

**Subject: Sutter Health**

**Location: Sacramento**

**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. = \$ 1,282.45 divide by # of claims with obligation to pay indem. 57  
Avg Unpd Ind = \$ 22.50

C. Severity Rate

Avg Unpd Indem \$ 22.50 divide by avg unpd indem 2002-2004 of \$172.00 = 0.13081

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.05263 X Severity rate 0.13081 X modifier of 2  
= 0.01377

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

# claims with late 1st TD	11	divide by # with TD payments	56	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	11	divide by	Totals 56	=
				0.19643

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

# claims with late first PD	2	divide by # with first PD	12	
# 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	3	divide by	Totals 13	=
				0.23077

**4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS**

# claims with late subsequent payments 9 divide by # with subsequent payments 40 = 0.22500

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

# claims with AME/QME notice violations	3	divide by # requiring notices	45	
# claims with VR potential eligibility notice violations	1	divide by # requiring notices	2	
Totals	4		Totals 47	
				=
				0.08511

**PROFILE AUDIT REVIEW PERFORMANCE RATING: 0.75107**

**Profile Audit Review Performance Rating of 1.83856 is a failing score.**

**Calendar Year: 2006**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	<b>58</b>
<b>Indemnity</b>	<b>57</b>
<b>Medical Only</b>	<b>0</b>
<b>Denied</b>	<b>0</b>
<b>Complaints</b>	<b>1</b>
<b>Additional</b>	<b>0</b>

**Audit No: SAC-15-06-R1-2**

**Subject: Sutter Health**

**Location: Sacramento**

**Type: SI**

Item #	# of Times Cited	Total \$ Penalties Assessable	Total Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	11	\$3,850	\$3,850	\$0	\$0		x
2	1	\$300	\$300	\$0	\$0		x
3	2	\$920	\$920	\$0	\$0		x
4	12	\$3,960	\$3,960	\$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	2	\$900	\$900	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	3	\$700	\$700	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	2	\$800	\$800	\$0	\$0		x
18 b	1	\$500	\$500	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	0	\$0	\$0	\$0	\$0		x
18 e	2	\$1,200	\$1,200	\$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
<b>TOTAL</b>	<b>36</b>	<b>\$13,130</b>	<b>\$13,130</b>	<b>\$0</b>	<b>\$0</b>		

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

**Calendar Year: 2006**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: SAC-15-06-R1-2**

**Subject: Sutter Health**

**Location: Sacramento**

**Type: SI**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1				\$157.12			\$157.12
2	\$440.04			\$44.00			\$484.04
3	\$641.29						\$641.29
4	\$70.00	\$616.43		\$68.64		\$44.82	\$799.89
<b>TOTAL</b>	<b>\$1,151.33</b>	<b>\$616.43</b>	<b>\$0.00</b>	<b>\$269.76</b>	<b>\$0.00</b>	<b>\$44.82</b>	<b>\$2,082.34</b>



**Calendar Year: 2006**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	<b>60</b>
<b>Indemnity</b>	<b>58</b>
<b>Medical Only</b>	<b>0</b>
<b>Denied</b>	<b>0</b>
<b>Complaints</b>	<b>2</b>
<b>Additional</b>	<b>0</b>

**Audit No: SAC-06-06-R1-1**

**Subject: The Hartford**

**Location: Rancho Cordova      Type: INS**

Item #	# of Times Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived *	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	18	\$8,800	\$8,800	\$0	\$0		x
2	6	\$1,760	\$1,760	\$0	\$0		x
3	1	\$250	\$250	\$0	\$0		x
4	20	\$5,790	\$5,790	\$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	\$1,080	\$1,080	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	12	\$5,400	\$5,400	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	9	\$6,600	\$6,600	\$0	\$0		x
18 b	0	\$0	\$0	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	6	\$1,225	\$1,225	\$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
<b>TOTAL</b>	<b>76</b>	<b>\$30,905</b>	<b>\$30,905</b>	<b>\$0</b>	<b>\$0</b>		

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

**Calendar Year: 2006**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: SAC-06-06-R1-1**

**Subject: The Hartford**

**Location: Rancho Cordova**

**Type: INS**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$2,272.13			\$167.63			\$2,439.76
2	\$976.08						\$976.08
3	\$35.71			\$3.57			\$39.28
4	\$540.61						\$540.61
5				\$274.32			\$274.32
6	\$131.69			\$1.79			\$133.48
7				\$184.98			\$184.98
8				\$98.00			\$98.00
9	\$2,507.44						\$2,507.44
<b>TOTAL</b>	<b>\$6,463.66</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$730.29</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$7,193.95</b>

**Profile Audit Review Performance Rating of Randomly Selected Claims**

**Audit No: LAO-15-06-R1-2**

**Subject: The Walt Disney Company**

**Location: Anaheim**

**1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY**

A. Frequency Rate

# claims with unpd indem      11      divide by # claims with payable indem      57      =      0.19298

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

Total unpd indem. =      \$ 2,672.89      divide by      # of claims with obligation to pay indem.      57  
 Avg Unpd Ind =      \$ 46.89

C. Severity Rate

Avg Unpd Indem      \$ 46.89      divide by avg unpd indem 2002-2004 of      \$ 171.60      =      0.27327

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.19298      X      Severity rate      0.27327      X      modifier of      2  
 =      0.10547

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

# claims with late 1st TD	15	divide by # with TD payments	54	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	15	divide by	Totals	54
				=
				0.27778

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

# claims with late first PD	2	divide by # with first PD	22	
# claims with late first VRMA	0	divide by # with first VRMA	1	
# claims with late first DB	0	divide by # with first DB paid	1	
Totals	2	divide by	Totals	24
				=
				0.08333

**4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS**

# claims with late subsequent payments      11      divide by # with subsequent payments      41      =  
 0.26829

**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	1	divide by # requiring notices	2	
Totals	9	Totals	54	
				=
				0.16667

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2006**      **0.90154**

**Profile Audit Review Performance Rating of 1.83857 or greater is a failing score.**

**Calendar Year: 2006**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	<b>59</b>
<b>Indemnity</b>	<b>57</b>
<b>Medical Only</b>	<b>0</b>
<b>Denied</b>	<b>0</b>
<b>Complaints</b>	<b>2</b>
<b>Additional</b>	<b>0</b>

**Audit No: LAO-15-06-R1-2**

**Subject: The Walt Disney Company**

**Location: Anaheim**

**Type: SI**

Item #	# of Times Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	19	\$7,860	\$7,860	\$0	\$0		x
2	2	\$450	\$450	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	21	\$3,870	\$3,870	\$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	8	\$3,900	\$3,900	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	5	\$2,000	\$2,000	\$0	\$0		x
18 b	2	\$800	\$800	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	9	\$2,450	\$2,450	\$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
<b>TOTAL</b>	<b>67</b>	<b>\$21,830</b>	<b>\$21,830</b>	<b>\$0</b>	<b>\$0</b>		

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

**Calendar Year: 2006**

**Individual Exhibit 3**

**Notices of Compensation Due**

**Audit No: LAO-15-06-R1-2**

**Subject: The Walt Disney Company**

**Location: Anaheim**

**Type: SI**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$73.33			\$7.33			\$80.66
2		\$166.78		\$16.68			\$183.46
3		\$875.32		\$87.53			\$962.85
4	\$319.21			\$28.08			\$347.29
5	\$435.48			\$115.39			\$550.87
6				\$30.00			\$30.00
7				\$46.46			\$46.46
8	\$79.98			\$8.00			\$87.98
9				\$142.84			\$142.84
10				\$122.47			\$122.47
11				\$118.01			\$118.01
<b>TOTAL</b>	<b>\$908.00</b>	<b>\$1,042.10</b>	<b>\$0.00</b>	<b>\$722.79</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$2,672.89</b>



**Calendar Year: 2006**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	<b>58</b>
<b>Indemnity</b>	<b>58</b>
<b>Medical Only</b>	<b>0</b>
<b>Denied</b>	<b>0</b>
<b>Complaints</b>	<b>0</b>
<b>Additional</b>	<b>0</b>

**Audit No: LAO-18-06-R1-5**

**Subject: Tri Star Risk Management**

**Location: Irvine**

**Type: TPA**

Item #	# of Times Cited	Total \$ Penalties Assessable	Total Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	3	\$600	\$600	\$0	\$0		x
2	8	\$5,710	\$5,710	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	8	\$2,440	\$2,440	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	29	\$1,390	\$1,390	\$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	8	\$3,900	\$3,900	\$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	3	\$2,700	\$2,700	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	9	\$2,950	\$2,950	\$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
<b>TOTAL</b>	<b>70</b>	<b>\$20,190</b>	<b>\$20,190</b>	<b>\$0</b>	<b>\$0</b>		

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

**Calendar Year: 2006**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-18-06-R1-5**

**Subject: Tri Star Risk Management**

**Location: Irvine**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1				\$247.51			\$247.51
2		\$2,440.00		\$244.00			\$2,684.00
3				\$333.00			\$333.00
4				\$277.50			\$277.50
5				\$62.40			\$62.40
6				\$141.53			\$141.53
7		\$5,162.14		\$516.21			\$5,678.35
8				\$37.00			\$37.00
<b>TOTAL</b>	<b>\$0.00</b>	<b>\$7,602.14</b>	<b>\$0.00</b>	<b>\$1,859.15</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$9,461.29</b>

**Profile Audit Review Performance Rating of Randomly Selected Claims**

**Audit No: LAO-17-06-R2-5**

**Subject: Tristar Risk Management**

**Location: Santa Ana**

**1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY**

A. Frequency Rate

# claims with unpd indem      22      divide by # claims with payable indem      58      =      0.37931

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

Total unpd indem. =      \$ 14,220.97      divide by      # of claims with obligation to pay indem.      58  
 Avg Unpd Ind =      \$      245.19

C. Severity Rate

Avg Unpd Indem      \$      245.19      divide by avg unpd indem 2002-2004 of      \$ 171.60      =      1.42884

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.37931      X      Severity rate      1.42884      X      modifier of      2  
 =      1.08395

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

# claims with late 1st TD	8	divide by # with TD payments	27	
# claims with late first SC notice	9	divide by # with salary continuation	20	
Totals	17	divide by	Totals	47
				=
				0.36170

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

# claims with late first PD	4	divide by # with first PD	22	
# claims with late first VRMA	2	divide by # with first VRMA	4	
# claims with late first DB		divide by # with first DB paid		
Totals	6	divide by	Totals	26
				=
				0.23077

**4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS**

# claims with late subsequent payments      15      divide by # with subsequent payments      32      =  
 0.46875

**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	46	
# claims with VR potential eligibility notice violations	5	divide by # requiring notices	5	
Totals	11		Totals	51
				=
				0.21569

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2006**      **2.36086**

**Profile Audit Review Performance Rating of 1.83857 or greater is a failing score.**

**Full Compliance Audit Performance Rating of Randomly Selected Claims**

**Audit No: LAO-17-06-R2-5**

**Subject: Tri Star Risk Management**

**Location: Santa Ana**

**1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY**

A. Frequency Rate

# claims with unpd inden      37      divide by # claims with payable indem      127      =      0.29134

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

Total unpd indem =      \$ 25,881.12      divide by      # of claims with obligation to pay indem.      127  
 Avg Unpd Ind =      \$ 203.79

C. Severity Rate

Avg Unpd Ind.      \$ 203.79      divide by avg unpd indem 2002-2004 of      \$ 171.60      =      1.18758

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.29134      X      Severity rate      1.18758      X      modifier of      2  
 =      0.69197

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

# claims with late 1st TD	12	divide by # with TD payments	55		
# claims with late first SC notice	21	divide by # with salary continuation	47		
Totals	33	divide by	Totals	102	=
					<span style="border: 1px solid black; padding: 2px;">0.32353</span>

**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	3		
# claims/late first death benefits	14	divide by # with first death ben paid	53		
Totals	14	divide by	Totals	53	=
					<span style="border: 1px solid black; padding: 2px;">0.26415</span>

**4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS**

# claims with late subseq payments      33      divide by # with subseq payments      72      =  
0.45833

**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	101		
# claims with VR potential eligibilty notice violations	9	divide by # requiring notices	9		
Totals	20		Totals	110	
					=
					<span style="border: 1px solid black; padding: 2px;">0.18182</span>

**FULL COMPLIANCE AUDIT PERFORMANCE RATING - 2006**

**Full Compliance Audit Performance Rating of indemnity files of 2.51921 or greater is a failing score.**

1.91981

**Calendar Year: 2006**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	<b>128</b>
<b>Indemnity</b>	<b>126</b>
<b>Medical Only</b>	<b>0</b>
<b>Denied</b>	<b>0</b>
<b>Complaints</b>	<b>1</b>
<b>Additional</b>	<b>1</b>

**Audit No: LAO-17-06-R2-5**

**Subject: Tri Star Risk Management**

**Location: Santa Ana**

**Type: TPA**

Item #	# of Times Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	14	\$3,680	\$0	\$3,680	\$0		x
2	12	\$7,110	\$0	\$7,110	\$0		x
3	2	\$450	\$0	\$450	\$0		x
4	84	\$22,330	\$300	\$22,030	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	21	\$1,085	\$1,085	\$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	\$2,800	\$2,800	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	11	\$3,900	\$3,900	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	18	\$12,100	\$0	\$12,100	\$0		x
18 b	7	\$3,600	\$0	\$3,600	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	29	\$6,050	\$0	\$6,050	\$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
<b>TOTAL</b>	<b>207</b>	<b>\$63,105</b>	<b>\$8,085</b>	<b>\$55,020</b>	<b>\$0</b>		

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

**Calendar Year: 2006**  
**Notices of Compensation Due**

**Audit No: LAO-17-06-R2-5**

**Subject: Tri Star Risk Management**

**Location: Santa Ana**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$354.29						
2				\$130.18			
3	\$450.99						
4				\$148.61			
5		\$517.20		\$51.72			
6	\$2,184.00						
7	\$3,246.05			\$460.60			
8		\$800.00		\$160.00			
9				\$560.00			
10		\$2,758.56		\$275.86			
11	\$355.96						
12				\$55.50			
13				\$35.20			
14		\$2,969.69		\$333.97			
15		\$374.00		\$34.49			
16				\$60.00			
17				\$144.00			
18	\$33.03			\$3.30			
19				\$14.10			
20	\$445.26			\$60.09			
21				\$125.92			
<b>SUBTOTAL</b>	<b>\$7,069.58</b>	<b>\$7,419.45</b>	<b>\$0.00</b>	<b>\$2,653.54</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$17,142.57</b>

**Calendar Year: 2006**  
**Notices of Compensation Due**

**Audit No: LAO-17-06-R2-5**

**Subject: Tri Star Risk Management**

**Location: Santa Ana**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty interest, or other	Total
22	\$498.78			\$27.21			
23				\$246.15			
24	\$85.76						
25		\$126.84		\$141.13			
26				\$28.23			
27	\$185.28						
28	\$1,774.28			\$177.43			
29				\$27.64			
30		\$414.28		\$41.43			
31	\$965.75			\$217.83			
32	\$189.46						
33				\$94.86			
34	\$1,330.35			\$303.68			
35				\$40.00			
36	\$1,485.10			\$148.51			
37				\$188.57			
Page 2 SUBTOTAL	\$6,514.76	\$541.12	\$0.00	\$1,682.67	\$0.00	\$0.00	\$8,738.55
Page 1 SUBTOTAL	\$7,069.58	\$7,419.45	\$0.00	\$2,653.54	\$0.00	\$0.00	\$17,142.57
<b>TOTAL</b>	<b>\$13,584.34</b>	<b>\$7,960.57</b>	<b>\$0.00</b>	<b>\$4,336.21</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$25,881.12</b>



**Calendar Year: 2006**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	<b>58</b>
<b>Indemnity</b>	<b>58</b>
<b>Medical Only</b>	<b>0</b>
<b>Denied</b>	<b>0</b>
<b>Complaints</b>	<b>0</b>
<b>Additional</b>	<b>0</b>

**Audit No: SAC-29-06-R1-1**

**Subject: Zenith Insurance Company**

**Location: Fresno**

**Type: INS**

Item #	# of Times Cited	Total \$ Penalties Assessable	Total Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	12	\$2,600	\$2,600	\$0	\$0		x
2	4	\$2,730	\$2,730	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	4	\$425	\$425	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	1	\$25	\$25	\$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	0	\$0	\$0	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	4	\$1,300	\$1,300	\$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	0	\$0	\$0	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	1	\$500	\$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
<b>TOTAL</b>	<b>28</b>	<b>\$7,980</b>	<b>\$7,980</b>	<b>\$0</b>	<b>\$0</b>		

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

**Calendar Year: 2006**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: SAC-29-06-R1-1**

**Subject: Zenith Insurance Company**

**Location: Fresno**

**Type: INS**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$12.68						\$12.68
2	\$66.35						\$66.35
3				\$243.14			\$243.14
<b>TOTAL</b>	<b>\$79.03</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$243.14</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$322.17</b>



**Calendar Year: 2006**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	<b>61</b>
<b>Indemnity</b>	<b>58</b>
<b>Medical Only</b>	<b>0</b>
<b>Denied</b>	<b>0</b>
<b>Complaints</b>	<b>3</b>
<b>Additional</b>	<b>0</b>

**Audit No: 0AK-06-06-R1-1**

**Subject: Zenith Insurance Company**

**Location: Pleasanton**

**Type: INS**

Item #	# of Times Cited	Total \$ Penalties Assessable	Total Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	13	\$3,815	\$3,815	\$0	\$0		x
2	0	\$0	\$0	\$0	\$0		x
3	1	\$4,000	\$4,000	\$0	\$0		x
4	20	\$1,990	\$1,990	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	1	\$25	\$25	\$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	\$1,200	\$1,200	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	13	\$4,100	\$4,100	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	6	\$1,600	\$1,600	\$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
<b>TOTAL</b>	<b>60</b>	<b>\$16,880</b>	<b>\$16,880</b>	<b>\$0</b>	<b>\$0</b>		

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

**Calendar Year: 2006**  
**Notices of Compensation Due**

**Individual Exhibit 3**

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

**Subject: Zenith Insurance Company**

**Location: Pleasanton**

**Type: INS**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$68.00						\$68.00
2	\$542.86			\$32.86			\$575.72
3	\$258.89			\$1.36			\$260.25
4				\$48.52			\$48.52
5	\$68.63			\$6.86			\$75.49
6	\$285.71						\$285.71
<b>TOTAL</b>	<b>\$1,224.09</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$89.60</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$1,313.69</b>

**Profile Audit Review Performance Rating of Randomly Selected Claims**

**Audit No: SAC-07-06-R1-3**

**Subject: Zurich North America**

**Location: Rancho Cordova**

**1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY**

A. Frequency Rate

# claims with unpd indem 10 divide by # claims with payable indem 58 = 0.17241

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

Total unpd indem. = \$ 15,057.01 divide by # of claims with obligation to pay indem. 58  
Avg Unpd Ind = \$ 259.60

C. Severity Rate

Avg Unpd Indem \$ 259.60 divide by avg unpd indem 2002-2004 of \$ 171.60 = 1.51284

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.17241 X Severity rate 1.51284 X modifier of 2  
= 0.52167

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

# claims with late 1st TD	19	divide by # with TD payments	52	
# claims with late first SC notice	0	divide by # with salary continuation	1	
Totals	19	divide by	Totals 53	=
				0.35849

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

# claims with late first PD	3	divide by # with first PD	16	
# 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 19	=
				0.15789

**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	12	divide by # requiring notices	39	
# claims with VR potential eligibility notice violations	2	divide by # requiring notices	8	
Totals	14		Totals 47	
				= 0.29787

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2006** 1.79934

**Profile Audit Review Performance Rating of 1.83857 or greater is a failing score.**

Calendar Year: 2006

Individual Exhibit 2

**Penalty Assessments and Collections**

<b>Files Audited:</b>	<b>59</b>
<b>Indemnity</b>	<b>58</b>
<b>Medical Only</b>	<b>0</b>
<b>Denied</b>	<b>0</b>
<b>Complaints</b>	<b>1</b>
<b>Additional</b>	<b>0</b>

**Audit No: SAC-07-06-T1-3**

**Subject: Zurich North America**

**Location: Rancho Cordova      Type: INS/TPA**

Item #	# of Times Cited	Total \$ Penalties Assessable	Total Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	22	\$6,590	\$6,590	\$0	\$0		x
2	3	\$3,200	\$3,200	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	58	\$14,340	\$14,340	\$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	\$900	\$900	\$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	\$8,600	\$8,600	\$0	\$0		x
18 b	1	\$1,500	\$1,500	\$0	\$0		x
18 c	1	\$5,000	\$5,000	\$0	\$0		x
18 d	6	\$1,300	\$1,300	\$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
<b>TOTAL</b>	<b>111</b>	<b>\$46,530</b>	<b>\$46,530</b>	<b>\$0</b>	<b>\$0</b>		

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

**Calendar Year: 2006**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: SAC-07-06-T1-3**

**Subject: Zurich North America**

**Location: Rancho Cordova**

**Type: INS & TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1			\$5,379.66	\$1,170.79			\$6,550.45
2				\$153.01			\$153.01
3		\$70.00				\$4.51	\$74.51
4	\$24.50						\$24.50
5	\$40.63						\$40.63
6		\$4,704.55		\$507.46			\$5,212.01
7				\$34.78			\$34.78
8	\$1,764.42			\$176.44			\$1,940.86
9	\$882.00						\$882.00
10	\$148.77						\$148.77
<b>TOTAL</b>	<b>\$2,860.32</b>	<b>\$4,774.55</b>	<b>\$5,379.66</b>	<b>\$2,042.48</b>	<b>\$0.00</b>	<b>\$4.51</b>	<b>\$15,061.52</b>

**Profile Audit Review Performance Rating of Randomly Selected Claims**

**Audit No: LAO-13-06-T1-3**

**Subject: Zurich North America and Zurich Services Corporation**

**Location: Woodland Hills**

**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. =      \$ 6,007.95      divide by      # of claims with obligation to pay indem.      59  
 Avg Unpd Ind =      \$ 101.83

C. Severity Rate

Avg Unpd Indem      \$ 101.83      divide by avg unpd indem 2002-2004 of      \$ 171.60      =      0.59341

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.20339      X      Severity rate      0.59341      X      modifier of      2  
 =      0.24139

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

# claims with late 1st TD	29	divide by # with TD payments	55	
# claims with late first SC notice	0	divide by # with salary continuation	2	
Totals	29	divide by	Totals	57
				=
				0.50877

**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      25      divide by # with subsequent payments      50      =  
 0.50000

**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	43	
# claims with VR potential eligibility notice violations	5	divide by # requiring notices	8	
Totals	17	Totals	51	
				=
				0.33333

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2006**      **1.83349**

**Profile Audit Review Performance Rating of 1.83857 or greater is a failing score.**

**Calendar Year: 2006**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	<b>59</b>
<b>Indemnity</b>	<b>59</b>
<b>Medical Only</b>	<b>0</b>
<b>Denied</b>	<b>0</b>
<b>Complaints</b>	<b>0</b>
<b>Additional</b>	<b>0</b>

**Audit No: LAO-13-06-T1-3**

**Subject: Zurich North America & Zurich Services Corporation**

**Location: Woodland Hills**

**Type: INS & TPA**

Item #	# of Times Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	32	\$18,500	\$18,500	\$0	\$0		x
2	8	\$5,050	\$5,050	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	73	\$19,370	\$19,370	\$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	\$2,100	\$2,100	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	12	\$4,700	\$4,700	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	11	\$6,000	\$6,000	\$0	\$0		x
18 b	0	\$0	\$0	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	6	\$1,600	\$1,600	\$0	\$0		x
18 e	2	\$1,800	\$1,800	\$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
<b>TOTAL</b>	<b>149</b>	<b>\$59,120</b>	<b>\$59,120</b>	<b>\$0</b>	<b>\$0</b>		

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

**Calendar Year: 2006**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-13-06-T1-3**

**Subject: Zurich North America & Zurich Services Corporation**

**Location: Woodland Hills**

**Type: INS**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$1,462.27			\$235.24			\$1,697.51
2	\$1,227.60			\$119.04			\$1,346.64
3	\$519.52			\$126.26			\$645.78
4	\$146.67						\$146.67
5	\$29.71						\$29.71
6	\$80.73						\$80.73
7				\$396.00			\$396.00
8	\$284.84						\$284.84
9	\$379.78						\$379.78
10	\$165.71			\$77.34			\$243.05
11				\$75.60			\$75.60
12	\$369.00			\$281.70		\$30.94	\$681.64
<b>TOTAL</b>	<b>\$4,665.83</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$1,311.18</b>	<b>\$0.00</b>	<b>\$30.94</b>	<b>\$6,007.95</b>