

## **2007 Audits of Workers' Compensation Insurers, Self-Insured Employers, and Third-Party Administrators**

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.

### **2007 Audit Results**

**Profile Audit Review (PAR) standard - 1.83201 / Full Compliance Audit (FCA) standard - 2.21982**

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 79 profile audit reviews (PAR audits). Of the PAR audits, 76 were routinely selected and three were target audits conducted based upon results from audits concluded calendar years 2004 and 2005. The total number of PAR audit subjects included 22 insurance companies, 16 self-administered, self-insured employers, 37 third-party administrators (TPA), three insurance company / third-party administrator combined claims adjusting locations, and one self-insured self-administered/ third party administrator combined adjusting location. In addition to the PAR audits, the investigative section of the Audit Unit is conducting investigation/audits for administrating locations for alleged business practices for failure to comply with the law and the regulations of the Administrative Director.

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).

Pursuant to Title 8, California Code of Regulations, Section 10107.1(c) and (d), either a "PAR sample" of up to 59 or a "full compliance audit (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. Title 8, California Code of Regulations, Section 10107.1(e), provides for 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 2007, within the PAR/FCA audits, compliance officers audited 4,195 claim files, of which 3,962 were randomly selected claims in which some form of indemnity benefits were paid. Five audits included 80 randomly selected claims in which the employer or insurer denied all liability. Targeted claims audited included 128 based on complaints received by the DWC. Fifty-nine claims were designated as "additional" files. "Additional" files include:

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

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

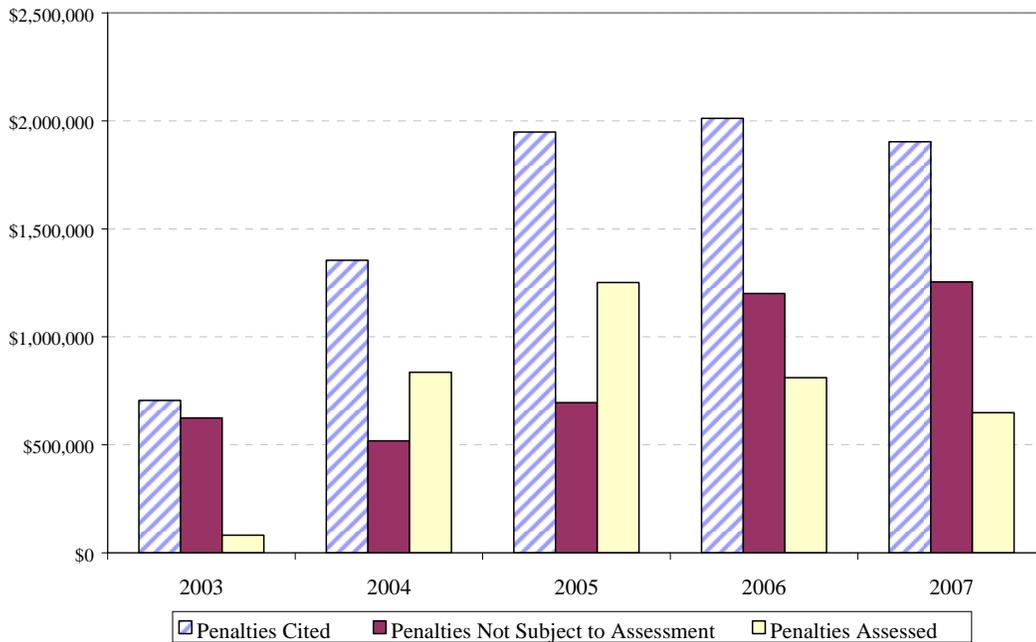
As a result of PAR/FCA audits conducted during the calendar year 2007, the Audit Unit found and cited 5,399 administrative violations against claims administrators totaling \$1,904,160 (Statewide Exhibit 1). However, under the Labor Code, no penalties are assessed on those "cited" violations unless the 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 audit subjects failing the PAR and passing the FCA stage 1 audit, 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, a comprehensive file review is conducted and 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 \$1,254,320 of the cited violations. The violations which, by law, were not assessed occurred within 65 of the audits that met or exceeded the PAR performance

standard, and six audits that met or exceeded the FCA Stage 1 performance standard. All violations cited in the eight audits that failed the FCA Stage 2 standard were assessed. The assessed penalties subject to collection from claims administrators for PAR/FCA audits were \$649,840. The following table provides an analysis of violations cited and penalties assessed and collected in the PAR/FCA audit process for years 2003 through 2007:

**Penalty Assessments and Collections for 2003-2007**



The administrative penalties subject to assessment for collection for routine and target audits conducted in 2007 total \$649,840 (Statewide Exhibit 1).

**Unpaid Compensation Due to Employees**

In the review of files for the PAR/FCA audits and target investigation/audit, there were 667 claims in which injured workers were owed unpaid compensation, 648 of these claims were randomly selected and the remaining 19 claims were audited because of complaints received by the Audit Unit. The total compensation cited to be paid was \$663,625.80 (Statewide Exhibit 3), an average of \$994.94 per file in which there was unpaid compensation. The unpaid compensation is broken down as follows:

- \$310,055.79 in temporary disability indemnity and salary continuation in lieu of temporary disability (46.721% of the unpaid compensation)
- \$257,177.26 in permanent disability indemnity (38.753% of the unpaid compensation)

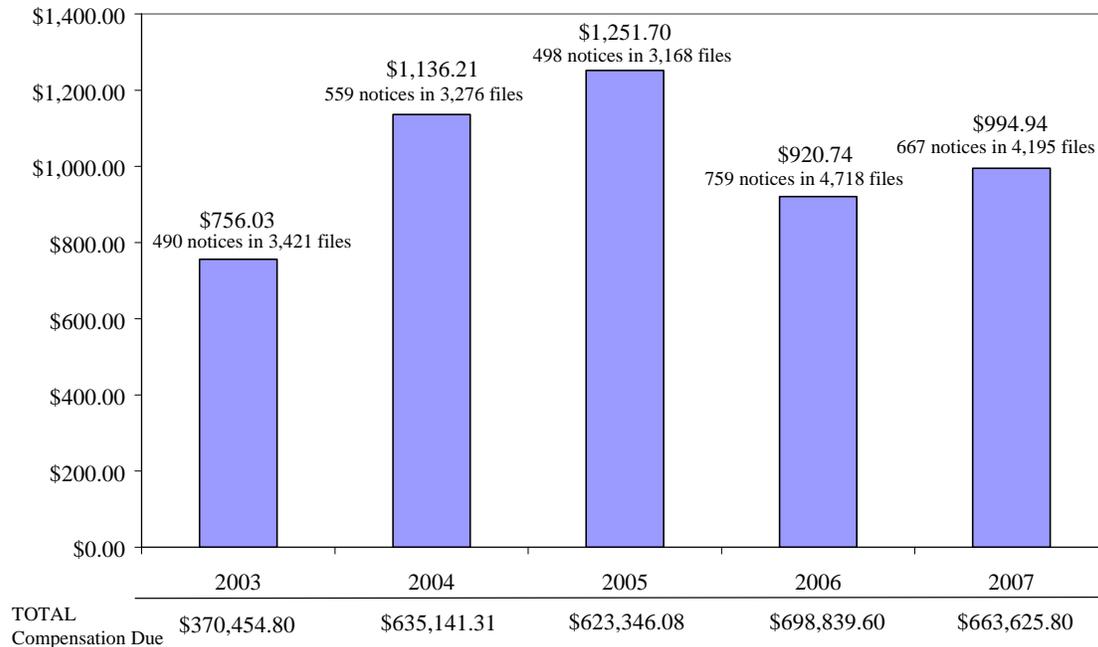
- \$523.99 in vocational rehabilitation maintenance allowance (0.008% of the unpaid compensation)
- \$93,226.41 in 10% self-imposed increases for late indemnity payments (14.048% of the unpaid compensation)
- \$40.00 in death benefits (0.006% of the unpaid compensation)
- \$2,602.35 in interest and penalty and/or failure to reimburse medical expenses (0.392% 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 appealed in accordance with Title 8, California Code of Regulations Section 10115](#).

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. For audits conducted in 2007, \$6,796.25 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 years 2003 through 2005 of the PAR/FCA process the average compensation due per file increased annually. In 2006, the average decreased but in 2007, the average compensation found due has again increased.

### Average Compensation Due Per File



## **Performance Ratings of Audit Subjects**

The Audit Unit has been conducting profile audit reviews since 2003. The performance for the 79 audit subjects in 2007 is broken down as follows:

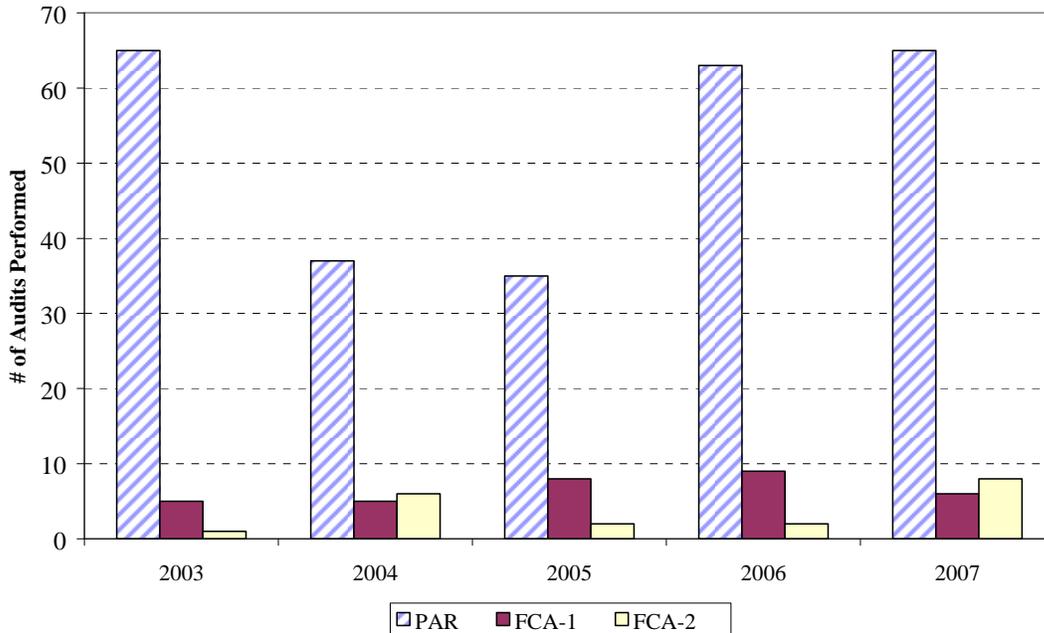
- Sixty-five audit subjects (82.28%) met or exceeded the PAR 2007 performance standard thereby having all penalty citations not assessed in accordance with Labor Code section 129.5(c) and Title 8, California Code of Regulations section 10107.1(c)(3)(B). These audit subjects were ordered to pay all unpaid compensation.
- Fourteen audit subjects (17.72%) 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). Six of these audit subjects (7.59%) then met or exceeded the FCA-1 2007 standard. For these six 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).
- Eight of the 79 audit subjects (10.13%) 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 2007 Audit Results Ranking Report** (Statewide Exhibit 4) is part of this annual report and the complete list of the performance standard scores for the 79 audit subjects can be reviewed in order, from the best to worst performer. The Ranking Report also give an accounting of the number of Notice(s) of Compensation Due issued for the individual adjusting locations.

The specifics for the performance of individual adjusting locations are presented within this report. For each audit conducted in 2007, there will be record(s) for the performance rating of the audit subject, an analysis of the types of violations cited by type and amount subject to collection, and, an analysis for the individual Notice(s) of Compensation Due of the type(s) of indemnity for due and unpaid to the injured employees.

The following table provides a synopsis of audit performance since the inception of the PAR process.

### Audit Results for 2003-2007



### PAR and FCA Standards Comparison

In reviewing the results of the PAR audit process, it should be noted that for those administrators passing PAR, the sample of indemnity files subject to audit is based on the population reported by the administrator. The individual audit exhibits within in this report provide a record of the number of files audited (at PAR from one to 59 indemnity; at FCA stage 1 from one to 138; at FCA stage 2 indemnity as noted in FCA stage 1, plus one to 67 denials).

Following are calculations combining all individual audit findings within each of the three audit performances levels for the average rating within each level.

- PAR standard (1.83201)  
2007 average score of the 65 audit subjects passing PAR: 1.17051  
2007 average score of the 14 audit subjects failing PAR: 5.46308
- FCA-1 standard (2.21982)  
2007 average score of the six audit subjects passing FCA stage-1: 1.89699  
2007 average score of the eight audit subjects failing FCA stage-1: 7.71507
- FCA-2 standard (2.21982)  
2007 average score of the eight audit subjects failing FCA stage-2: 8.15830

It should be noted that within the eight administrators failing at the FCA stage 2 level, three of the eight had performance in five or fewer claims subject to consideration for the performance rating. A more realistic average for performance at this level is 4.44015, the average rating of the five remaining administrators at FCA stage 2.

## **Appeals**

In 2007, there was an appeal to the PAR/FCA findings for three assessments cited for failure to pay indemnity. Subsequent to filing the Notice of Appeal the audit subject concurred with the audit findings and withdrew its appeal.

## **Civil Penalty Issues**

### **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.

In 2007, the investigative section of the Audit Unit completed two return target audits for administrators who failed at the FCA stage 2 level of their prior audits. In each audit, the administrator passed at the PAR level demonstrating correction of past problems.

The investigative section is involved in ongoing investigations for issues related to potential business practices for lack of compliance in the administration of claims.

## **Other Issues**

### **Penalty Pursuant to Labor Code Section 5814.6**

The regulations for administrative penalties pursuant to Labor Code § 5814.6, Title 8, California Code of Regulations, sections 10225, 10225.1 and 10225.2, became effective May 26, 2007. By law, the administrative director may impose penalties in amounts up to \$400,000 against employers and insurers who knowingly and unreasonably delay or refuse payment of compensation to injured workers in violation of Labor Code section 5814, with a frequency that indicates a general business practice.

The regulations implement, interpret and make specific the provisions of Labor Code section 5814.6 by:

- Defining particular entities subject to the administrative penalties
- Specifying criteria the DWC administrative director (AD) must consider in finding that violations were committed knowingly
- Specifying the criteria the AD must consider when determining the frequency of violations indicates the existence of a general business practice
- Establishing a schedule of penalties to be imposed based upon the nature, severity, frequency and duration of the relevant violations
- Specifying administrative procedures to be followed in assessing the administrative penalties and in appealing penalty assessments, allowing for due process.

The Audit Unit investigative section is currently reviewing records and awards related to the awarding of penalties pursuant to Labor Code section 5814. If necessary, on-site investigations may be scheduled. Penalties will be assessed as specified in the regulations and all penalties collected will be deposited into the Workers' Compensation Return-to-Work Fund, established to promote the early and sustained return to work of employees following work-related injuries or illnesses.

### **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 2007 identify approximately 427 locations adjusting claims, of which 358 are in California and 69 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 were reviewed in comparison with WCIS submissions for claims reported in that year. Compliance with the above regulation was not found for any of the reports submitted in 2007. Only 5% of the locations submitting the Annual Report of Inventory were accurate to within 4% of the total claims reported to the WCIS. The breakdown of the claims reported by type was not accurate for any administrator, a primary problem being the submission of the Subsequent Report of Injury (SROI) to WCIS for identification of the species of claim (indemnity, medical-only, denial).

The Audit Unit is working closely with the WCIS to confirm the accuracy for numbers of claims reported. The tracking of claims will be linked to the 9-digit postal code for the physical location of the claims administrator both in the log for the Annual Report of Inventory and in the WCIS reporting elements.

### **Profile Audit Performance Standards / Full Compliance Audit Standards for 2008**

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 2006 audit results and using data for the five major keys subject to the profile audit review program. The results are then combined with the 2005 and 2004 performance rating scores to develop the 2008 PAR/FCA standards. **The PAR standard for 2008 is 1.82401 and the FCA standard is 2.14048.** Profile audit review audits (PAR audits) commencing after January 1, 2008 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** separates and describes 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 statewide audit finding.

**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 Cited	\$ Penalties Not Subject to Assessment	\$ Penalties Assessed	Balance \$ Due	Appeals	
			I	D	C	A	Total						Y	N
			<b>PAR/FCA Audits</b>											
AIG Domestic Claims, Inc/ San Ramon	T	TPA	58	0	16	0	74	70	\$34,240	\$34,240	\$0	\$0		x
Alaska National Insurance/ San Francisco	R	INS	53	0	0	0	53	35	\$7,400	\$7,400	\$0	\$0		x
American Financial Group/ Walnut Creek	R	INS	42	0	0	0	42	62	\$19,090	\$19,090	\$0	\$0		x
Balboa Insurance/ Irvine	R	INS	1	4	0	0	5	13	\$8,125	\$0	\$8,125	\$0		x
Berkley Risk & Insurance Services/ Novato	R	TPA	14	3	0	0	17	62	\$23,450	\$0	\$23,450	\$0		x
Broadspire/ Fresno	R	TPA	58	0	2	0	60	63	\$28,420	\$28,420	\$0	\$0		x
Chubb Group of Insurance Cos/ Los Angeles	R	INS	58	0	0	0	58	98	\$35,800	\$35,800	\$0	\$0		x
Chubb Services Corporation / Los Angeles	R	TPA	56	0	3	0	59	150	\$45,780	\$45,780	\$0	\$0		x
City of Anaheim / Anaheim	R	SI	48	0	0	0	48	27	\$6,715	\$6,715	\$0	\$0		x
City of Compton / Compton	R	SI	31	0	1	0	32	53	\$9,700	\$0	\$9,700	\$0		x
City of Los Angeles-Dept of Water & Power / Los Angeles	T	SI	51	0	1	0	52	41	\$14,580	\$14,580	\$0	\$0		x
City of Oceanside/ Oceanside	R	SI	41	0	0	0	41	30	\$7,470	\$7,470	\$0	\$0		x
City of Pomona/ Pomona	R	SI	63	0	0	0	63	55	\$24,360	\$3,075	\$21,285	\$0		x
City of Sacramento/ Sacramento	R	SI	54	0	0	0	54	10	\$1,700	\$1,700	\$0	\$0		x
Claimetrics (fmlly Hallmark W/ C Svcs)/ Folsom	R	TPA	98	0	0	0	98	174	\$46,865	\$5,400	\$41,465	\$0		x
Claimsquest / Walnut	R	TPA	39	0	2	0	41	53	\$22,905	\$22,905	\$0	\$0		x
CNA Insurance/ Lake Oswego, OR	R	INS	21	0	2	0	23	66	\$24,910	\$24,910	\$0	\$0		x
CNA Insurance/ San Francisco	R	INS	57	0	0	0	57	73	\$19,590	\$19,590	\$0	\$0		x
Constitution State Services/ Ft. Smith, AR	R	TPA	35	0	0	0	35	43	\$18,710	\$18,710	\$0	\$0		x
Corporate Claims Management / Chesterfield, MO	R	TPA	1	0	0	0	1	4	\$800	\$0	\$800	\$0		x
County of Santa Clara / San Jose	R	SI	55	0	5	0	60	67	\$28,805	\$28,805	\$0	\$0		x
Crawford & Company / Tarzana	R	TPA	1	0	0	0	1	0	\$0	\$0	\$0	\$0		x
ESIS/ Woodland Hills	R	TPA	59	0	13	0	72	148	\$51,770	\$51,770	\$0	\$0		x
Fontana USD / Fontana	R	SI	38	0	0	0	38	37	\$8,690	\$8,690	\$0	\$0		x
Ford Motor Company / Rancho Cucamonga	R	SI	5	0	0	0	5	8	\$1,500	\$1,500	\$0	\$0		x
Frank Gates Service Company / El Dorado Hills	R	TPA	59	0	4	0	63	94	\$43,930	\$43,930	\$0	\$0		x
GAB Robins Risk Management / Burbank	R	TPA	52	0	0	0	52	46	\$14,790	\$14,790	\$0	\$0		x
Gallagher Bassett / Aliso Viejo	R	TPA	57	0	0	0	57	66	\$30,420	\$30,420	\$0	\$0		x
Gallagher Bassett / Sacramento	R	TPA	57	0	0	0	57	66	\$21,510	\$21,510	\$0	\$0		x
Gallagher Bassett / Woodland Hills	R	TPA	128	0	1	0	129	197	\$97,380	\$6,700	\$90,680	\$0		x
Garden Grove USD / Garden Grove	R	SI	44	0	1	0	45	29	\$13,035	\$13,035	\$0	\$0		x
GuideOne Insurance Company / Rocklin	R	INS	54	0	0	0	54	38	\$10,375	\$10,375	\$0	\$0		x

Audit Penalty Assessments and Collections

Audit Subject & Location	R / T	INS/ SI/ TPA	Number of Files Audited					# of AP's Cited	Total \$ Penalties Cited	\$ Penalties Not Subject to Assessment	\$ Penalties Assessed	Balance \$ Due	Appeals	
			I	D	C	A	Total						Y	N
			Innovative Claims Solutions/ Rancho Cordova	R	TPA	49	0						0	0
Intercare Insurance Services/ Fresno	R	TPA	32	0	0	0	32	31	\$5,705	\$5,705	\$0	\$0		x
Intercare Insurance Services/ Irvine	R	TPA	53	0	0	0	53	74	\$19,335	\$19,335	\$0	\$0		x
Intercare Insurance Services/ Orange	R	TPA	58	0	1	0	59	39	\$16,665	\$16,665	\$0	\$0		x
Intercare Insurance Services/ Pasadena	R	TPA	43	0	0	0	43	47	\$16,745	\$16,745	\$0	\$0		x
JT <sup>2</sup> Integrated Resources/ Ontario	R	TPA	56	0	1	0	57	49	\$8,075	\$8,075	\$0	\$0		x
Keenan & Associates/ Redwood City	R	TPA	51	0	0	0	51	24	\$1,915	\$1,915	\$0	\$0		x
Keenan & Associates/ San Jose	R	TPA	57	0	5	0	62	49	\$16,270	\$16,270	\$0	\$0		x
Metro Risk Management/ Wilmington	R	TPA	1	0	0	0	1	2	\$2,500	\$0	\$2,500	\$0		x
Municipal Pooling Authority/ Walnut Creek	R	SI/TPA	49	0	0	0	49	6	\$960	\$960	\$0	\$0		x
North Bay Schools Insurance Authority/ Fairfield	R	SI	52	0	0	0	52	31	\$6,210	\$6,210	\$0	\$0		x
Pacific Gas & Electric/ San Francisco	R	SI	57	0	1	0	58	52	\$20,345	\$20,345	\$0	\$0		x
Petroleum Casualty Company/ Houston, TX	R	INS	19	0	0	0	19	21	\$7,390	\$7,390	\$0	\$0		x
Redwood Empire Schools Insurance Group/ Windsor	R	SI	50	0	3	0	53	49	\$13,280	\$13,280	\$0	\$0		x
Republic Indemnity Insurance Company/ San Diego	R	INS	52	0	0	0	52	40	\$8,920	\$8,920	\$0	\$0		x
Robert's Transport/ Corona	R	SI	84	0	1	0	85	298	\$73,120	\$0	\$73,120	\$0		x
Santa Ana USD/ Santa Ana	T	SI	64	0	1	0	65	116	\$32,915	\$4,830	\$28,085	\$0		x
Sedgwick Claims Management/ Albany, NY	R	TPA	51	0	0	0	51	47	\$20,935	\$20,935	\$0	\$0		x
Sedgwick Claims Management/ Los Angeles	R	TPA	56	0	0	0	56	54	\$30,445	\$30,445	\$0	\$0		x
Sedgwick Claims Management/ Oakland	R	TPA	49	0	0	0	49	19	\$6,575	\$6,575	\$0	\$0		x
Sedgwick Claims Management/ Ontario	R	TPA	56	0	1	0	57	114	\$33,125	\$33,125	\$0	\$0		x
Sedgwick Claims Management/ Orange	R	TPA	21	0	0	0	21	7	\$1,310	\$1,310	\$0	\$0		x
Sedgwick Claims Management/ Pasadena	R	TPA	31	0	0	0	31	48	\$13,955	\$13,955	\$0	\$0		x
Sedgwick Claims Management/ Roseville	R	TPA	57	0	3	0	60	38	\$7,760	\$7,760	\$0	\$0		x
Sentry Insurance/ Parker Services/ Scottsdale, AZ	R	INS/TPA	57	0	1	0	58	59	\$25,050	\$25,050	\$0	\$0		x
Sentry Insurance Company/ Irvine	R	INS	88	33	1	0	122	588	\$168,965	\$0	\$168,965	\$0		x
Southland Claims Service/ Garden Grove	R	TPA	53	0	0	0	53	65	\$51,830	\$51,830	\$0	\$0		x
Springfield Insurance Company/ Covina	R	INS	55	0	0	0	55	54	\$24,645	\$24,645	\$0	\$0		x
St. Paul Travelers/ Diamond Bar	R	INS/TPA	59	0	4	0	63	73	\$43,065	\$43,065	\$0	\$0		x
St Paul Travelers/ St. Paul, MN	R	INS	124	0	3	0	127	156	\$70,280	\$12,000	\$58,280	\$0		x
State Compensation Insurance Fund-CMS/ Monterey P	R	INS	54	0	0	0	54	60	\$25,985	\$25,985	\$0	\$0		x
State Compensation Insurance Fund-HCO/ Santa Ana	R	INS	32	1	0	0	33	114	\$28,900	\$0	\$28,900	\$0		x

Audit Penalty Assessments and Collections

Audit Subject & Location	R / T	INS/ SI/ TPA	Number of Files Audited					# of AP's Cited	Total \$ Penalties Cited	\$ Penalties Not Subject to Assessment	\$ Penalties Assessed	Balance \$ Due	Appeals	
			I	D	C	A	Total						Y	N
State Compensation Insurance Fund-State/ Oxnard	R	TPA	58	0	8	0	66	79	\$33,465	\$33,465	\$0	\$0		x
State Compensation Insurance Fund / Bakersfield	R	INS	58	0	0	0	58	31	\$14,820	\$14,820	\$0	\$0		x
State Compensation Insurance Fund / Eureka	R	INS/TPA	58	0	0	0	58	30	\$5,220	\$5,220	\$0	\$0		x
State Compensation Insurance Fund / Riverside	R	INS	58	0	8	0	66	72	\$31,895	\$31,895	\$0	\$0		x
State Compensation Insurance Fund / Sacramento	R	INS	58	0	7	0	65	92	\$23,580	\$23,580	\$0	\$0		x
State Compensation Insurance Fund / Stockton	R	INS	59	0	8	0	67	41	\$21,880	\$21,880	\$0	\$0		x
State Farm Insurance/ Bakersfield	R	INS	58	0	2	0	60	78	\$35,675	\$35,675	\$0	\$0		x
The Cities Group / Burlingame	R	TPA	43	0	2	0	45	32	\$13,620	\$13,620	\$0	\$0		x
TriStar Risk Management / Rancho Cordova	R	TPA	57	0	2	0	59	34	\$7,085	\$7,085	\$0	\$0		x
TriStar Risk Management / San Diego	R	TPA	58	0	1	0	59	45	\$15,055	\$15,055	\$0	\$0		x
Wausau Insurance / Beaverton, OR	R	INS	58	0	4	0	62	51	\$21,310	\$21,310	\$0	\$0		x
Weyerhaeuser / Sacramento	R	SI	51	39	0	25	115	240	\$94,485	\$0	\$94,485	\$0		x
Workers' Compensation Administrator / Santa Maria	R	TPA	51	0	0	0	51	17	\$2,250	\$2,250	\$0	\$0		x
Zurich North America / San Francisco	R	INS	58	0	9	0	67	92	\$41,795	\$41,795	\$0	\$0		x
Zurich North America / Schaumburg, IL	R	INS	21	0	0	0	21	23	\$7,710	\$7,710	\$0	\$0		x
<b>TOTALS:</b>			<b>3,962</b>	<b>80</b>	<b>128</b>	<b>25</b>	<b>4,195</b>	<b>5,399</b>	<b>\$ 1,904,160</b>	<b>\$ 1,254,320</b>	<b>\$ 649,840</b>	<b>\$ -</b>	<b>0</b>	<b>0</b>

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

R - Routine 76  
T - Target 3  


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TOTAL 79

INS - Insurer 22  
SI - Self-Insured Employer 16  
TPA - Third Party Administrator 37  
I&T - Insurer & Third Party Administrator 3  
S&T - Self-Insured & Third Party Administrator 1  


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TOTAL 79

**Statewide Summary of Penalties for PAR/FCA Audits**

**Cited by Type of Penalty**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	1054	\$419,380	\$299,915	\$119,465	\$119,465	
Late first payment of permanent disability indemnity benefits (PD).	263	\$149,454	\$115,360	\$34,094	\$34,094	
Late first payment of vocational rehabilitation indemnity benefits (VR).	6	\$9,125	\$9,125	\$0	\$0	
Late subsequent payment of indemnity benefits.	1423	\$414,234	\$282,370	\$131,864	\$131,864	
Late first payment of death benefits (DB).	4	\$5,450	\$0	\$5,450	\$5,450	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	467	\$24,487	\$17,200	\$7,287	\$7,287	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	73	\$9,990	\$6,900	\$3,090	\$3,090	
Failure to comply with requirements to provide notice of the QME/AME process.	514	\$195,500	\$186,500	\$9,000	\$9,000	
Failure to pay any TD or SC in lieu of TD.	452	\$292,760	\$174,900	\$117,860	\$117,860	
Failure to pay any PD indemnity benefit.	112	\$101,910	\$66,950	\$34,960	\$34,960	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	379	\$81,850	\$50,200	\$31,650	\$31,650	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	22	\$37,960	\$34,600	\$3,360	\$3,360	
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 DB.	6	\$11,780	\$10,300	\$1,480	\$1,480	

**Statewide Summary of Penalties for PAR/FCA Audits**

**Cited by Type of Penalty**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Failure to issue benefit notices other than specific notices for VR or denial.	107	\$11,700	\$0	\$11,700	\$11,700	
Failure to pay or object to medical treatment expense in the manner required by law or regulation.	173	\$51,680	\$0	\$51,680	\$51,680	
Failure to pay or object to medical-legal expense in the manner required by law or regulation.	5	\$2,040	\$0	\$2,040	\$2,040	
Failure to timely assign a QRR to an employee after 90 aggregate days of total TD for injuries prior to 1/1/94.	0	\$0	\$0	\$0	\$0	
Failure to provide VR information after 90 aggregate days of total TD (injuries 1/1/94 thru 12/31/03).	0	\$0	\$0	\$0	\$0	
Failure to timely notify an injured employee of potential eligibility for VR (injuries thru 12/31/03).	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of non-eligibility for VR.	0	\$0	\$0	\$0	\$0	
Failure to provide notices denying all liability or death benefits as required.	2	\$1,080	\$0	\$1,080	\$1,080	
Failure to timely respond to a request to provide or authorize medical treatment.	2	\$240	\$0	\$240	\$240	
Failure to include specific items or properly designate entries on a claim log.	26	\$800	\$0	\$800	\$800	
Materially incomplete or inaccurate benefit notices including denial for all liability, other than specific vocational rehabilitation notices.	96	\$16,160	\$0	\$16,160	\$16,160	
Failure to investigate.	7	\$5,200	\$0	\$5,200	\$5,200	
Late payment of WCAB Orders or Awards or RU Orders for late payment of attorney fees and issues other than late payment of indemnity.	1	\$600	\$0	\$600	\$600	
Penalties for failure to comply with any regulation of the AD not otherwise assessed.	193	\$22,760	\$0	\$22,760	\$22,760	
Unsupported denial of all liability for a claim.	12	\$38,020	\$0	\$38,020	\$38,020	
<b>TOTAL</b>	<b>5399</b>	<b>\$1,904,160</b>	<b>\$1,254,320</b>	<b>\$649,840</b>	<b>\$649,840</b>	

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

**Statewide Summary of  
667 Notices of Compensation Due**

<b>Type of Compensation</b>	<b>Amount Found Due</b>	
Temporary Disability	\$	310,055.79
Permanent Disability	\$	257,177.26
V R M A	\$	523.99
Self-Imposed Increase	\$	93,226.41
Death Benefits	\$	40.00
Penalty, Interest or Other	\$	2,602.35
<b>Total Compensation Due:</b>	<b>\$</b>	<b>663,625.80</b>

## DWC ADMINISTRATIVE DIRECTOR'S 2007 AUDIT RANKING REPORT

Issued in accordance with Labor Code §129(e) and Title 8, California Code of Regulations, §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 1.83201	Standard 2.21982	Standard 2.21982
<p><i>The following audit subjects under the Profile Audit Review (LC 129) met or exceeded the PAR standard (1.83201 or less). All administrative penalties were not assessed pursuant to Labor Code Section 129.5(c)(1). The unpaid compensation found due injured workers within each claim file was ordered paid.</i></p>					
1	Crawford & Company / Tarzana	0 / \$0.00	0.00000	n/a	n/a
2	Sedgwick Claims Management / Orange	1 / \$44.66	0.21173	n/a	n/a
3	City of Sacramento / Sacramento	1 / \$248.81	0.22509	n/a	n/a
4	Municipal Pooling Authority / Walnut Creek	0 / \$0.00	0.22917	n/a	n/a
5	Workers' Compensation Administrators / Santa Maria	0 / \$0.00	0.43597	n/a	n/a
6	State Compensation Insurance Fund / Eureka	4 / \$397.70	0.57331	n/a	n/a
7	TriStar Risk Management / San Diego	6 / \$12,145.62	0.58764	n/a	n/a
8	State Compensation Insurance Fund / Bakersfield	2 / \$2,254.32	0.61044	n/a	n/a
9	Sedgwick Claims Management / Roseville	3 / \$605.87	0.62654	n/a	n/a
10	Keenan & Associates / Redwood City	1 / \$132.00	0.65497	n/a	n/a
11	Republic Indemnity Insurance Company / San Diego	2 / \$476.41	0.69755	n/a	n/a
12	City of Anaheim / Anaheim	2 / \$50.49	0.77393	n/a	n/a
13	TriStar Risk Management / Rancho Cordova	5 / \$1,507.31	0.78256	n/a	n/a
14	GuideOne Insurance Company / Rocklin	1 / \$166.88	0.80810	n/a	n/a
15	Alaska National Insurance / San Francisco	6 / \$1,712.47	0.84459	n/a	n/a
16	Sedgwick Claims Management / Oakland	1 / \$2,105.72	0.86787	n/a	n/a
17	North Bay Schools Insurance Authority / Fairfield	0 / \$0.00	0.89795	n/a	n/a
18	Keenan & Associates / San Jose	4 / \$13,261.46	0.91078	n/a	n/a
19	State Compensation Insurance Fund / Riverside	6 / \$9,012.96	0.92830	n/a	n/a
20	State Compensation Insurance Fund / Stockton	8 / \$3,549.81	0.95738	n/a	n/a
21	Gallagher Bassett Services / Aliso Viejo	14 / \$7,143.41	1.01224	n/a	n/a
22	Innovative Claims Solutions / Rancho Cordova	5 / \$6,025.32	1.05477	n/a	n/a
23	Intercare Insurance Services / Pasadena	6 / \$2,442.03	1.07688	n/a	n/a

## DWC ADMINISTRATIVE DIRECTOR'S 2007 AUDIT RANKING REPORT

Issued in accordance with Labor Code §129(e) and Title 8, California Code of Regulations, §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 1.83201	Standard 2.21982	Standard 2.21982
24	Garden Grove USD / Garden Grove	11 / \$11,199.05	1.08717	n/a	n/a
25	The Cities Group / Burlingame	5 / \$11,811.44	1.09302	n/a	n/a
26	City of Oceanside / Oceanside	5 / \$9,603.65	1.11577	n/a	n/a
27	County of Santa Clara / San Jose	13 / 1,275.68	1.11806	n/a	n/a
28	Broadspire / Fresno	8 / \$3,185.25	1.14255	n/a	n/a
29	Redwood Empire Schools Insurance Group / Windsor	2 / \$142.22	1.14739	n/a	n/a
30	St. Paul Travelers & Constitution / Diamond Bar	13 / \$11,822.18	1.18753	n/a	n/a
31	Intercare Insurance Services / Fresno	5 / \$573.29	1.18883	n/a	n/a
32	Intercare Insurance Services / Irvine	8 / \$2,983.26	1.21996	n/a	n/a
33	Sedgwick Claims Management / Pasadena	4 / \$795.47	1.24492	n/a	n/a
34	AIG Domestic Claims / San Ramon	8 / \$2,687.09	1.24511	n/a	n/a
35	State Compensation Insurance Fund / Sacramento	10 / \$1,956.87	1.25247	n/a	n/a
36	CNA Insurance / San Francisco	9 / \$1,132.11	1.28667	n/a	n/a
37	State Compensation Insurance Fund CMS / Monterey Park	7 / \$7,973.85	1.29151	n/a	n/a
38	GAB Robins Risk Management / Burbank	8 / \$13,755.43	1.29816	n/a	n/a
39	JT <sup>2</sup> Integrated Services / Ontario	4 / \$700.28	1.32395	n/a	n/a
40	Sedgwick Claims Management / Albany, NY	6 / \$6,913.37	1.32662	n/a	n/a
41	City of Los Angeles Dept of Water & Power / Los Angeles	4 / \$3,394.59	1.33072	n/a	n/a
42	Wausau Insurance / Beaverton, OR	12 / \$4,330.38	1.33956	n/a	n/a
43	Petroleum Casualty Company / Houston, TX	3 / \$5,330.75	1.37353	n/a	n/a
44	Sentry Insurance & Parker Services / Scottsdale, AZ	9 / \$3,570.65	1.37433	n/a	n/a
45	Springfield Insurance Company / Covina	16 / \$14,176.76	1.40242	n/a	n/a
46	Intercare Insurance Services / Orange	7 / \$21,209.55	1.43633	n/a	n/a
47	Sedgwick Claims Management / Los Angeles	10 / \$10,378.10	1.46965	n/a	n/a
48	Zurich North America / Schaumburg, IL	2 / \$157.70	1.47797	n/a	n/a
49	Sedgwick Claims Management / Ontario	10 / \$8,004.22	1.48300	n/a	n/a
50	Zurich North America / San Francisco	14 / \$13,225.49	1.50654	n/a	n/a

DWC ADMINISTRATIVE DIRECTOR'S 2007 AUDIT RANKING REPORT

Issued in accordance with Labor Code §129(e) and Title 8, California Code of Regulations, §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 1.83201	Standard 2.21982	Standard 2.21982
51	Fontana USD / Fontana	7 / \$3,358.52	1.54116	n/a	n/a
52	State Farm Insurance / Bakersfield	6 / \$18,108.54	1.54421	n/a	n/a
53	American Financial Group / Walnut Creek	11 / \$3,696.25	1.61408	n/a	n/a
54	Gallagher Bassett Services / Sacramento	9 / \$5,492.47	1.61827	n/a	n/a
55	Southland Claims Service / Garden Grove	15 / \$10,929.45	1.62938	n/a	n/a
56	Constitution State Services / Fort Smith, AR	6 / \$8,866.65	1.67313	n/a	n/a
57	Ford Motor Company / Rancho Cucamonga	2 / \$358.86	1.67570	n/a	n/a
58	CNA Insurance / Lake Oswego, OR	5 / \$1,196.87	1.73324	n/a	n/a
59	Chubb Group of Insurance Companies / Los Angeles	10 / \$9,713.21	1.76307	n/a	n/a
60	ClaimsQuest / Walnut	11 / \$5,960.67	1.76686	n/a	n/a
61	State Compensation Insurance Fund / Oxnard	8 / \$7,089.95	1.77370	n/a	n/a
62	ESIS / Woodland Hills	24 / \$25,045.82	1.78307	n/a	n/a
63	Chubb Services Corporation / Los Angeles	11 / \$4,092.90	1.78809	n/a	n/a
64	Frank Gates Service Company / El Dorado Hills	20 / \$11,489.29	1.82229	n/a	n/a
65	Pacific Gas & Electric Company / San Francisco	10 / \$28,845.03	1.83082	n/a	n/a
<p><i>Fourteen audit subjects under the Profile Audit Review (LC 129) failed to meet or exceed the PAR standard (1.83201 or less). The audit proceeded to the Full Compliance Audit Stage 1 [LC 129(b)(2)] and six of the fourteen met or exceeded the FCA standard (2.21982 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>					
66	St. Paul Travelers / St. Paul, MN	24 / \$18,019.66	1.90640	1.77660	n/a
67	City of Compton / Compton	11 / \$4,848.81	1.94943	1.76187	n/a
68	Gallagher Bassett Services / Woodland Hills	29 / \$32,394.56	2.17685	2.14465	n/a
69	City of Pomona / Pomona	12 / 20,496.30	2.27120	1.76443	n/a
70	Santa Ana USD / Santa Ana	11 / \$9,734.75	2.37842	2.06009	n/a
71	Claimetrics (formerly Hallmark W/C Services) / Folsom	19 / \$8,749.52	2.48686	1.87348	n/a

## DWC ADMINISTRATIVE DIRECTOR'S 2007 AUDIT RANKING REPORT

Issued in accordance with Labor Code §129(e) and Title 8, California Code of Regulations, §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>  <b>All Claim Files</b> <b># Notices / \$ Value</b>	<b>PAR</b>  <b>Standard</b> <b>1.83201</b>	<b>FCA Stage 1</b>  <b>Standard</b> <b>2.21982</b>	<b>FCA Stage 2</b>  <b>Standard</b> <b>2.21982</b>
	<p><i>Eight audit subjects under the Profile Audit Review (LC 129) failed to meet or exceed the PAR standard (2.21982 or less) and proceeded to the Full Compliance Audit Stage 1 [LC 129(b)(2)] where they failed to meet or exceed the FCA standard (2.21982 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>				
72	Robert's Transport / Corona	36 / \$30,498.04	2.44179	2.61232	3.15686
73	State Compensation Insurance Fund (HCO) / Santa Ana	12 / \$8,565.84	2.53171	2.47284	2.42348
74	Corporate Claims Management / Chesterfield, MO	1 / \$146.31	2.74480	2.74480	2.74480
75	Weyerhaeuser / Sacramento	18 / \$70,988.33	3.73159	3.24886	6.64534
76	Berkley Risk & Insurance Services / Novato	7 / \$9,924.94	4.46102	4.83270	5.12014
77	Sentry Insurance Company & Parker Services / Irvine	39 / \$66,312.49	7.08282	5.48815	4.85493
78	Balboa Insurance / Irvine	1 / \$1,083.63	14.92266	14.92266	14.92266
79	Metro Risk Management / Wilmington	1 / \$2,045.91	25.39819	25.39819	25.39819

### **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.



**Calendar Year: 2007**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	74
<b>Indemnity</b>	58
<b>Medical Only</b>	0
<b>Denied</b>	0
<b>Complaints</b>	16
<b>Additional</b>	0

**Audit No: OAK-13-07-T1-5**

**Subject: AIG Domestic Claims, Inc.**

**Location: San Ramon**

**Type: TPA**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	25	\$11,585	\$11,585	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	4	\$1,145	\$1,145	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	16	\$12,460	\$12,460	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	15	\$4,800	\$4,800	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	4	\$2,900	\$2,900	\$0	\$0	
Failure to pay any PD indemnity benefit.	2	\$800	\$800	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	4	\$550	\$550	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
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 DB.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>70</b>	<b>\$34,240</b>	<b>\$34,240</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2007**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: OAK-13-07-T1-5**

**Subject: AIG Domestic Claims, Inc.**

**Location: San Ramon**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1				\$14.41			\$14.41
2	\$1,112.07						\$1,112.07
3				\$60.00			\$60.00
4		\$79.01		\$7.89			\$86.90
5	\$156.48			\$179.95			\$336.43
6				\$34.27			\$34.27
7	\$806.76			\$80.68			\$887.44
8	\$151.04			\$4.53			\$155.57
<b>TOTAL</b>	<b>\$2,226.35</b>	<b>\$79.01</b>	<b>\$0.00</b>	<b>\$381.73</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$2,687.09</b>



**Calendar Year: 2007**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	53
<b>Indemnity</b>	53
<b>Medical Only</b>	0
<b>Denied</b>	0
<b>Complaints</b>	0
<b>Additional</b>	0

**Audit No: OAK-04-07-R1-1**

**Subject: Alaska National Insurance Company**

**Location: San Francisco**

**Type: INS**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	15	\$2,640	\$2,640	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	3	\$600	\$600	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	5	\$860	\$860	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	5	\$800	\$800	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	6	\$2,000	\$2,000	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	1	\$500	\$500	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
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 DB.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>35</b>	<b>\$7,400</b>	<b>\$7,400</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2007**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: OAK-04-07-R1-1**

**Subject: Alaska National Insurance Company**

**Location: San Francisco**

**Type: INS**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$523.06			\$10.42			\$533.48
2	\$162.04			\$8.29			\$170.33
3	\$30.25			\$3.01			\$33.26
4	\$125.17						\$125.17
5				\$449.40			\$449.40
6	\$368.17			\$32.66			\$400.83
<b>TOTAL</b>	<b>\$1,208.69</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$503.78</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$1,712.47</b>

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

**Audit No: OAK-10-07-R1-1**

**Subject: American Financial Group**

**Location: Walnut Creek**

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

A. Frequency Rate

# claims with unpd indem      11      divide by # claims with payable indem      42      =      0.26190

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

Total unpd indem. =      \$ 3,696.25      divide by      # of claims with obligation to pay indem.      42  
 Avg Unpd Ind =      \$ 88.01

C. Severity Rate

Avg Unpd Indem      \$ 88.01      divide by avg unpd indem 2003-2005 of      \$ 167.71      =      0.52475

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.26190      X      Severity rate      0.52475      X      modifier of      2  
 =      0.27487

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

# claims with late 1st TD	13	divide by # with TD payments	42	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	13	divide by	Totals	42
				=
				<span style="border: 1px solid black; padding: 2px;">0.30952</span>

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

# claims with late first PD	1	divide by # with first PD	14	
# 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	14
				=
				<span style="border: 1px solid black; padding: 2px;">0.07143</span>

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

# claims with late subsequent payments      11      divide by # with subsequent payments      29      =  
0.37931

**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	19	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
Totals	11	Totals	19	
				=
				<span style="border: 1px solid black; padding: 2px;">0.57895</span>

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2007**      1.61408

**Profile Audit Review Performance Rating of 1.83202 or greater is a failing score.**

**Calendar Year: 2007**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	42
<b>Indemnity</b>	42
<b>Medical Only</b>	0
<b>Denied</b>	0
<b>Complaints</b>	0
<b>Additional</b>	0

**Audit No: OAK-10-07-R1-1**

**Subject: American Financial Group**

**Location: Walnut Creek**

**Type: INS**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	15	\$4,225	\$4,225	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	1	\$320	\$320	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	19	\$3,845	\$3,845	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	11	\$4,800	\$4,800	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	14	\$5,300	\$5,300	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	2	\$600	\$600	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
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 DB.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>62</b>	<b>\$19,090</b>	<b>\$19,090</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2007**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: OAK-10-07-R1-1**

**Subject: American Financial Group**

**Location: Walnut Creek**

**Type: INS**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$30.40			\$1.30			\$31.70
2	\$1,031.20						\$1,031.20
3	\$17.58						\$17.58
4	\$621.25						\$621.25
5	\$29.16						\$29.16
6	\$1,080.41						\$1,080.41
7				\$31.67			\$31.67
8	\$68.19						\$68.19
9	\$12.68						\$12.68
10	\$73.78						\$73.78
11	\$547.91			\$150.72			\$698.63
<b>TOTAL</b>	<b>\$3,512.56</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$183.69</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$3,696.25</b>







**Penalty Assessments and Collections**

<b>Files Audited:</b>	<u>5</u>
<b>Indemnity</b>	<u>1</u>
<b>Medical Only</b>	<u>0</u>
<b>Denied</b>	<u>4</u>
<b>Complaints</b>	<u>0</u>
<b>Additional</b>	<u>0</u>

**Audit No: LAO-09-07-R3-1**

**Subject: Balboa Insurance Group**

**Location: Irvine**

**Type: INS**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	1	\$4,000	\$0	\$4,000	\$4,000	
Late first payment of permanent disability indemnity benefits (PD).	0	\$0	\$0	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	2	\$200	\$0	\$200	\$200	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	2	\$125	\$0	\$125	\$125	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process.	0	\$0	\$0	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	1	\$2,000	\$0	\$2,000	\$2,000	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	2	\$300	\$0	\$300	\$300	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
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 DB.	0	\$0	\$0	\$0	\$0	

**Calendar Year: 2007**  
**Penalty Assessments and Collections**

<b>Files Audited:</b>	<u>5</u>
<b>Indemnity</b>	<u>1</u>
<b>Medical Only</b>	<u>0</u>
<b>Denied</b>	<u>4</u>
<b>Complaints</b>	<u>0</u>
<b>Additional</b>	<u>0</u>

**Audit No: LAO-09-07-R3-1**

**Subject: Balboa Insurance Group**

**Location: Irvine**

**Type: INS**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Failure to issue benefit notices other than specific notices for VR or denial.	0	\$0	\$0	\$0	\$0	
Failure to pay or object to medical treatment expense in the manner required by law or regulation.	5	\$1,500	\$0	\$1,500	\$1,500	
Failure to pay or object to medical-legal expense in the manner required by law or regulation.	0	\$0	\$0	\$0	\$0	
Failure to timely assign a QRR to an employee after 90 aggregate days of total TD for injuries prior to 1/1/94.	0	\$0	\$0	\$0	\$0	
Failure to provide VR information after 90 aggregate days of total TD (injuries 1/1/94 thru 12/31/03).	0	\$0	\$0	\$0	\$0	
Failure to timely notify an injured employee of potential eligibility for VR (injuries thru 12/31/03).	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of non-eligibility for VR.	0	\$0	\$0	\$0	\$0	
Failure to provide notices denying all liability or death benefits as required.	0	\$0	\$0	\$0	\$0	
Failure to timely respond to a request to provide or authorize medical treatment.	0	\$0	\$0	\$0	\$0	
Failure to include specific items or properly designate entries on a claim log.	0	\$0	\$0	\$0	\$0	
Materially incomplete or inaccurate benefit notices including denial for all liability, other than specific vocational rehabilitation notices.	0	\$0	\$0	\$0	\$0	
Failure to investigate.	0	\$0	\$0	\$0	\$0	
Late payment of WCAB Orders or Awards or RU Orders for late payment of attorney fees and issues other than late payment of indemnity.	0	\$0	\$0	\$0	\$0	
Penalties for failure to comply with any regulation of the AD not otherwise assessed.	0	\$0	\$0	\$0	\$0	
Unsupported denial of all liability for a claim.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>13</b>	<b>\$8,125</b>	<b>\$0</b>	<b>\$8,125</b>	<b>\$8,125</b>	

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

**Calendar Year: 2007**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-09-07-R3-1**

**Subject: Balboa Insurance Group**

**Location: Irvine**

**Type: INS**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$913.12			\$170.51			\$1,083.63
<b>TOTAL</b>	<b>\$913.12</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$170.51</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$1,083.63</b>







**Penalty Assessments and Collections**

<b>Files Audited:</b>	<u>17</u>
<b>Indemnity</b>	<u>14</u>
<b>Medical Only</b>	<u>0</u>
<b>Denied</b>	<u>3</u>
<b>Complaints</b>	<u>0</u>
<b>Additional</b>	<u>0</u>

**Audit No: OAK-11-07-R3-5**

**Subject: Berkley Risk & Insurance Services**

**Location: Novato**

**Type: TPA**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	5	\$3,400	\$0	\$3,400	\$3,400	
Late first payment of permanent disability indemnity benefits (PD).	1	\$100	\$0	\$100	\$100	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	12	\$1,920	\$0	\$1,920	\$1,920	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	5	\$255	\$0	\$255	\$255	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process.	2	\$1,000	\$0	\$1,000	\$1,000	
Failure to pay any TD or SC in lieu of TD.	5	\$6,600	\$0	\$6,600	\$6,600	
Failure to pay any PD indemnity benefit.	3	\$1,600	\$0	\$1,600	\$1,600	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	1	\$50	\$0	\$50	\$50	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
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 DB.	0	\$0	\$0	\$0	\$0	

**Calendar Year: 2007**  
**Penalty Assessments and Collections**

<b>Files Audited:</b>	17
<b>Indemnity</b>	14
<b>Medical Only</b>	0
<b>Denied</b>	3
<b>Complaints</b>	0
<b>Additional</b>	0

**Audit No: OAK-11-07-R3-5**

**Subject: Berkley Risk & Insurance Services**

**Location: Novato**

**Type: TPA**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Failure to issue benefit notices other than specific notices for VR or denial.	7	\$700	\$0	\$700	\$700	
Failure to pay or object to medical treatment expense in the manner required by law or regulation.	6	\$1,600	\$0	\$1,600	\$1,600	
Failure to pay or object to medical-legal expense in the manner required by law or regulation.	0	\$0	\$0	\$0	\$0	
Failure to timely assign a QRR to an employee after 90 aggregate days of total TD for injuries prior to 1/1/94.	0	\$0	\$0	\$0	\$0	
Failure to provide VR information after 90 aggregate days of total TD (injuries 1/1/94 thru 12/31/03).	0	\$0	\$0	\$0	\$0	
Failure to timely notify an injured employee of potential eligibility for VR (injuries thru 12/31/03).	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of non-eligibility for VR.	0	\$0	\$0	\$0	\$0	
Failure to provide notices denying all liability or death benefits as required.	0	\$0	\$0	\$0	\$0	
Failure to timely respond to a request to provide or authorize medical treatment.	0	\$0	\$0	\$0	\$0	
Failure to include specific items or properly designate entries on a claim log.	1	\$25	\$0	\$25	\$25	
Materially incomplete or inaccurate benefit notices including denial for all liability, other than specific vocational rehabilitation notices.	2	\$200	\$0	\$200	\$200	
Failure to investigate.	1	\$1,000	\$0	\$1,000	\$1,000	
Late payment of WCAB Orders or Awards or RU Orders for late payment of attorney fees and issues other than late payment of indemnity.	0	\$0	\$0	\$0	\$0	
Penalties for failure to comply with any regulation of the AD not otherwise assessed.	10	\$1,000	\$0	\$1,000	\$1,000	
Unsupported denial of all liability for a claim.	1	\$4,000	\$0	\$4,000	\$4,000	
<b>TOTAL</b>	<b>62</b>	<b>\$23,450</b>	<b>\$0</b>	<b>\$23,450</b>	<b>\$23,450</b>	

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

**Calendar Year: 2007**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: OAK-11-07-R3-5**

**Subject: Berkley Risk & Insurance Services**

**Location: Novato**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$28.57			\$2.85			\$31.42
2	\$252.74						\$252.74
3	\$3,594.78			\$359.48			\$3,954.26
4	\$413.67			\$62.55			\$476.22
5		\$829.28		\$82.92			\$912.20
6		\$2,815.64					\$2,815.64
7		\$1,347.69		\$134.77			\$1,482.46
<b>TOTAL</b>	<b>\$4,289.76</b>	<b>\$4,992.61</b>	<b>\$0.00</b>	<b>\$642.57</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$9,924.94</b>



**Calendar Year: 2007**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	60
<b>Indemnity</b>	58
<b>Medical Only</b>	0
<b>Denied</b>	0
<b>Complaints</b>	2
<b>Additional</b>	0

**Audit No: SAC-18-07-R1-5**

**Subject: Broadspire, a Crawford Company**

**Location: Fresno**

**Type: TPA**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	28	\$16,575	\$16,575	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	3	\$2,080	\$2,080	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	10	\$2,015	\$2,015	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	12	\$3,300	\$3,300	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	7	\$3,100	\$3,100	\$0	\$0	
Failure to pay any PD indemnity benefit.	1	\$400	\$400	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	1	\$150	\$150	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	1	\$800	\$800	\$0	\$0	
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 DB.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>63</b>	<b>\$28,420</b>	<b>\$28,420</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2007**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: SAC-18-07-R1-5**

**Subject: Broadspire, a Crawford Company**

**Location: Fresno**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$80.43						\$80.43
2	\$191.02			\$58.67			\$249.69
3	\$198.59						\$198.59
4	\$197.74						\$197.74
5	\$208.00						\$208.00
6		\$360.00					\$360.00
7	\$1,262.25			\$126.23			\$1,388.48
8	\$464.81			\$37.61			\$502.42
<b>TOTAL</b>	<b>\$2,602.84</b>	<b>\$360.00</b>	<b>\$0.00</b>	<b>\$222.51</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$3,185.35</b>

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

**Audit No: VNO-04-07-R1-1**

**Subject: Chubb Group of Insurance Companies**

**Location: Los Angeles**

**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. =      \$ 9,713.21      divide by      # of claims with obligation to pay indem.      58  
 Avg Unpd Ind =      \$ 167.47

C. Severity Rate

Avg Unpd Indem      \$ 167.47      divide by avg unpd indem 2003-2005 of      \$ 167.71      =      0.99856

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.17241      X      Severity rate      0.99856      X      modifier of      2  
 =      0.34433

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

# claims with late 1st TD	18	divide by # with TD payments	54	
# claims with late first SC notice	0	divide by # with salary continuation	1	
Totals	18	divide by	Totals	55 =
				<span style="border: 1px solid black; padding: 2px;">0.32727</span>

**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 =
				<span style="border: 1px solid black; padding: 2px;">0.25000</span>

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

# claims with late subsequent payments      21      divide by # with subsequent payments      42      =  
0.50000

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

# claims with AME/QME notice violations	14	divide by # requiring notices	41	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
Totals	14	Totals	41	
				= <span style="border: 1px solid black; padding: 2px;">0.34146</span>

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2007**      1.76307

**Profile Audit Review Performance Rating of 1.83202 or greater is a failing score.**

**Calendar Year: 2007**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

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

**Audit No: VNO-04-07-R1-1**

**Subject: Chubb Group of Insurance Companies**

**Location: Los Angeles**

**Type: INS**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	24	\$10,660	\$10,660	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	4	\$2,540	\$2,540	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	40	\$8,750	\$8,750	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	14	\$5,600	\$5,600	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	6	\$2,900	\$2,900	\$0	\$0	
Failure to pay any PD indemnity benefit.	1	\$400	\$400	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	8	\$1,950	\$1,950	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	1	\$3,000	\$3,000	\$0	\$0	
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 DB.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>98</b>	<b>\$35,800</b>	<b>\$35,800</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2007**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: VNO-04-07-R1-1**

**Subject: Chubb Group of Insurance Companies**

**Location: Los Angeles**

**Type: INS**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$45.47			\$4.55			\$50.02
2	\$27.89						\$27.89
3				\$117.64			\$117.64
4	\$98.58						\$98.58
5	\$334.83			\$33.48			\$368.31
6				\$48.60			\$48.60
7	\$145.98			\$120.45			\$266.43
8	\$1,663.66	\$660.00		\$917.85			\$3,241.51
9		\$5,250.00					\$5,250.00
10				\$244.23			\$244.23
<b>TOTAL</b>	<b>\$2,316.41</b>	<b>\$5,910.00</b>	<b>\$0.00</b>	<b>\$1,486.80</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$9,713.21</b>

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

**Audit No: VNO-02-07-R1-5**

**Subject: Chubb Services Corporation**

**Location: Los Angeles**

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

A. Frequency Rate

# claims with unpd indem      11      divide by # claims with payable indem      56      =      0.19643

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

Total unpd indem. =      \$ 4,092.90      divide by      # of claims with obligation to pay indem.      56  
 Avg Unpd Ind =      \$ 73.09

C. Severity Rate

Avg Unpd Indem      \$ 73.09      divide by avg unpd indem 2003-2005 of      \$ 167.71      =      0.43580

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.19643      X      Severity rate      0.43580      X      modifier of      2  
 =      0.17121

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

# claims with late 1st TD	30	divide by # with TD payments	55	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	30	divide by	55	=
				0.54545

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

# claims with late first PD	4	divide by # with first PD	10	
# 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	10	=
				0.40000

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

# claims with late subsequent payments      16      divide by # with subsequent payments      28      =  
0.57143

**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	40	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
Totals	4		40	=
				0.10000

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2007** 1.78809

**Profile Audit Review Performance Rating of 1.83202 or greater is a failing score.**

**Calendar Year: 2007**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	59
<b>Indemnity</b>	56
<b>Medical Only</b>	0
<b>Denied</b>	0
<b>Complaints</b>	3
<b>Additional</b>	0

**Audit No: VNO-02-07-R1-5**

**Subject: Chubb Services Corporation**

**Location: Los Angeles**

**Type: TPA**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	38	\$13,590	\$13,590	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	4	\$1,100	\$1,100	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	84	\$23,190	\$23,190	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	4	\$1,300	\$1,300	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	11	\$4,900	\$4,900	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	9	\$1,700	\$1,700	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
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 DB.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>150</b>	<b>\$45,780</b>	<b>\$45,780</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2007**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: VNO-02-07-R1-5**

**Subject: Chubb Services Corporation**

**Location: Los Angeles**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$640.45						\$640.45
2	\$70.29			\$7.03			\$77.32
3	\$32.39						\$32.39
4	\$1,125.74			\$358.09			\$1,483.83
5	\$34.29						\$34.29
6	\$404.24						\$404.24
7	\$162.46						\$162.46
8				\$770.52			\$770.52
9	\$53.22						\$53.22
10	\$318.11						\$318.11
11	\$37.88			\$78.19			\$116.07
<b>TOTAL</b>	<b>\$2,879.07</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$1,213.83</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$4,092.90</b>



**Calendar Year: 2007**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	48
<b>Indemnity</b>	48
<b>Medical Only</b>	0
<b>Denied</b>	0
<b>Complaints</b>	0
<b>Additional</b>	0

**Audit No: LAO-12-07-R1-6**

**Subject: City of Anaheim**

**Location: Anaheim**

**Type: SI**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	0	\$0	\$0	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	6	\$2,565	\$2,565	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	6	\$975	\$975	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	2	\$75	\$75	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	2	\$500	\$500	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	9	\$2,300	\$2,300	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	1	\$200	\$200	\$0	\$0	
Failure to pay any PD indemnity benefit.	1	\$100	\$100	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	0	\$0	\$0	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
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 DB.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>27</b>	<b>\$6,715</b>	<b>\$6,715</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2007**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-12-07-R1-6**

**Subject: City of Anaheim**

**Location: Anaheim**

**Type: SI**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1				\$30.73			\$30.73
2	\$19.76						\$19.76
<b>TOTAL</b>	<b>\$19.76</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$30.73</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$50.49</b>

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

**Audit No: LAO-24-07-R2-6**

**Subject: City of Compton**

**Location: Compton**

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

A. Frequency Rate

# claims with unpd indem 11 divide by # claims with payable indem 27 = 0.40741

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

Total unpd indem. = \$ 4,848.81 divide by # of claims with obligation to pay indem. 27  
Avg Unpd Ind = \$ 179.59

C. Severity Rate

Avg Unpd Indem \$ 179.59 divide by avg unpd indem 2003-2005 of \$ 167.71 = 1.07081

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.40741 X Severity rate 1.07081 X modifier of 2  
= 0.87251

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

# claims with late 1st TD	2	divide by # with TD payments	11	
# claims with late first SC notice	0	divide by # with salary continuation	15	
Totals	2	divide by	Totals 26	=
				0.07692

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

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

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

# claims with late subsequent payments 10 divide by # with subsequent payments 10 = 1.00000

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

# claims with AME/QME notice violations	0	divide by # requiring notices	3	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
Totals	0		Totals 3	
				=
				0.00000

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2007** 1.94943

**Profile Audit Review Performance Rating of 1.83202 or greater is a failing score.**

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

**Audit No: LAO-24-07-R2-6**

**Subject: City of Compton**

**Location: Compton**

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

A. Frequency Rate

# claims with unpd indem      11      divide by # claims with payable indem      31      =      0.35484

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

Total unpd indem =      \$ 4,848.81      divide by      # of claims with obligation to pay indem.      31  
 Avg Unpd Ind =      \$ 156.41

C. Severity Rate

Avg Unpd Ind.      \$ 156.41      divide by avg unpd indem 2003-2005 of      \$ 167.71      =      0.93264

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.35484      X      Severity rate      0.93264      X      modifier of      2  
 =      **0.66187**

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

# claims with late 1st TD	3	divide by # with TD payments	12	
# claims with late first SC notice	0	divide by # with salary continuation	18	
Totals	3	divide by	Totals 30	=
				<b>0.10000</b>

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

# claims with late first PD	0	divide by # with first PD	0	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims/late first death benefits	0	divide by # with first death ben paid	0	
Totals	0	divide by	Totals 0	=
				<b>0.00000</b>

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

# claims with late subseq payments      11      divide by # with subseq payments      11      =  
**1.00000**

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

# claims with AME/QME notice violations	0	divide by # requiring notices	4	
# claims with VR potential eligibilty notice violations	0	divide by # requiring notices	0	
Totals	0		Totals 4	
				=
				<b>0.00000</b>

**FULL COMPLIANCE AUDIT PERFORMANCE RATING - 2007**      **1.76187**

**Full Compliance Audit Performance Rating of indemnity files of 2.21983 or greater is a failing score.**

**Calendar Year: 2007**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	32
<b>Indemnity</b>	31
<b>Medical Only</b>	0
<b>Denied</b>	0
<b>Complaints</b>	1
<b>Additional</b>	0

**Audit No: LAO-24-07-R2-6**

**Subject: City of Compton**

**Location: Compton**

**Type: SI**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	3	\$400	\$0	\$400	\$400	
Late first payment of permanent disability indemnity benefits (PD).	0	\$0	\$0	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	27	\$3,700	\$0	\$3,700	\$3,700	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	0	\$0	\$0	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	10	\$3,800	\$0	\$3,800	\$3,800	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	13	\$1,800	\$0	\$1,800	\$1,800	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
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 DB.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>53</b>	<b>\$9,700</b>	<b>\$0</b>	<b>\$9,700</b>	<b>\$9,700</b>	

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

**Calendar Year: 2007**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-24-07-R2-6**

**Subject: City of Compton**

**Location: Compton**

**Type: SI**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$348.08			\$121.83			\$469.91
2	\$244.56			\$61.14			\$305.70
3	\$344.00			\$120.40			\$464.40
4				\$662.24			\$662.24
5	\$58.14						\$58.14
6	\$368.51						\$368.51
7	\$473.41						\$473.41
8	\$295.34						\$295.34
9	\$105.56			\$95.01			\$200.57
10	\$403.03						\$403.03
11	\$1,147.56						\$1,147.56
<b>TOTAL</b>	<b>\$3,788.19</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$1,060.62</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$4,848.81</b>



**Calendar Year: 2007**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	52
<b>Indemnity</b>	51
<b>Medical Only</b>	0
<b>Denied</b>	0
<b>Complaints</b>	1
<b>Additional</b>	0

**Audit No: VNO-09-07-T1-6**

**Subject: City of Los Angeles/Department of Water & Power**

**Location: Los Angeles**

**Type: SI**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	0	\$0	\$0	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	10	\$7,840	\$7,840	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	5	\$1,660	\$1,660	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	20	\$1,130	\$1,130	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	2	\$600	\$600	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	1	\$2,000	\$2,000	\$0	\$0	
Failure to pay any PD indemnity benefit.	1	\$400	\$400	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	1	\$150	\$150	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	1	\$800	\$800	\$0	\$0	
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 DB.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>41</b>	<b>\$14,580</b>	<b>\$14,580</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2007**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: VNO-09-07-T1-6**

**Subject: City of Los Angeles/Department of Water & Power**

**Location: Los Angeles**

**Type: SI**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$2,817.81			\$281.78			\$3,099.59
2		\$122.00					\$122.00
3				\$22.40			\$22.40
4		\$150.54				\$0.06	\$150.60
<b>TOTAL</b>	<b>\$2,817.81</b>	<b>\$272.54</b>	<b>\$0.00</b>	<b>\$304.18</b>	<b>\$0.00</b>	<b>\$0.06</b>	<b>\$3,394.59</b>



**Calendar Year: 2007**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

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

**Audit No: LAO-28-07-R1-6**

**Subject: City of Oceanside**

**Location: Oceanside**

**Type: SI**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	4	\$880	\$880	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	0	\$0	\$0	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	9	\$1,060	\$1,060	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	4	\$180	\$180	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	3	\$1,500	\$1,500	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	2	\$800	\$800	\$0	\$0	
Failure to pay any PD indemnity benefit.	3	\$2,700	\$2,700	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	5	\$350	\$350	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
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 DB.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>30</b>	<b>\$7,470</b>	<b>\$7,470</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2007**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-28-07-R1-6**

**Subject: City of Oceanside**

**Location: Oceanside**

**Type: SI**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$374.72						\$374.72
2	\$856.69	\$4,657.15		\$691.05			\$6,204.89
3		\$205.14		\$20.51			\$225.65
4				\$15.40			\$15.40
5		\$2,529.99		\$253.00			\$2,782.99
<b>TOTAL</b>	<b>\$1,231.41</b>	<b>\$7,392.28</b>	<b>\$0.00</b>	<b>\$979.96</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$9,603.65</b>



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

**Audit No: LAO-04-07-R2-6**

**Subject: City of Pomona**

**Location: Pomona**

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

A. Frequency Rate

# claims with unpd indem      12      divide by # claims with payable indem      63      =      0.19048

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

Total unpd indem =      \$ 20,496.30      divide by      # of claims with obligation to pay indem.      63  
 Avg Unpd Ind =      \$      325.34

C. Severity Rate

Avg Unpd Ind.      \$      325.34      divide by avg unpd indem 2003-2005 of      \$ 167.71      =      1.93988

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.19048      X      Severity rate      1.93988      X      modifier of      2  
 =      **0.73900**

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

# claims with late 1st TD	3	divide by # with TD payments	8	
# claims with late first SC notice	14	divide by # with salary continuation	50	
Totals	17	divide by	Totals 58	=
				<b>0.29310</b>

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

# claims with late first PD	3	divide by # with first PD	23	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims/late first death benefits	1	divide by # with first death ben paid	1	
Totals	4	divide by	Totals 24	=
				<b>0.16667</b>

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

# claims with late subseq payments      10      divide by # with subseq 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	6	divide by # requiring notices	51	
# claims with VR potential eligibilty notice violations	0	divide by # requiring notices	3	
Totals	6		Totals 54	
				=
				<b>0.11111</b>

**FULL COMPLIANCE AUDIT PERFORMANCE RATING - 2007**

**Full Compliance Audit Performance Rating of indemnity files of 2.21983 or greater is a failing score.**

**1.76443**

**Calendar Year: 2007**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	63
<b>Indemnity</b>	63
<b>Medical Only</b>	0
<b>Denied</b>	0
<b>Complaints</b>	0
<b>Additional</b>	0

**Audit No: LAO-04-07-R2-6**

**Subject: City of Pomona**

**Location: Pomona**

**Type: SI**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	3	\$4,500	\$0	\$4,500	\$4,500	
Late first payment of permanent disability indemnity benefits (PD).	3	\$250	\$0	\$250	\$250	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	13	\$6,935	\$0	\$6,935	\$6,935	
Late first payment of death benefits (DB).	1	\$100	\$0	\$100	\$100	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	15	\$775	\$775	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	6	\$2,300	\$2,300	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	1	\$600	\$0	\$600	\$600	
Failure to pay any PD indemnity benefit.	4	\$6,400	\$0	\$6,400	\$6,400	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	8	\$2,300	\$0	\$2,300	\$2,300	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
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 DB.	1	\$200	\$0	\$200	\$200	
<b>TOTAL</b>	<b>55</b>	<b>\$24,360</b>	<b>\$3,075</b>	<b>\$21,285</b>	<b>\$21,285</b>	

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

**Calendar Year: 2007**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-04-07-R2-6**

**Subject: City of Pomona**

**Location: Pomona**

**Type: SI**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1				\$309.60			\$309.60
2				\$22.00			\$22.00
3	\$466.01	\$3,400.00		\$690.64			\$4,556.65
4		\$302.87		\$30.29			\$333.16
5				\$28.29			\$28.29
6				\$446.64			\$446.64
7		\$10,545.00		\$1,054.50			\$11,599.50
8				\$29.01			\$29.01
9				\$80.00			\$80.00
10					\$40.00		\$40.00
11				\$18.50			\$18.50
12		\$2,790.86		\$242.09			\$3,032.95
<b>TOTAL</b>	<b>\$466.01</b>	<b>\$17,038.73</b>	<b>\$0.00</b>	<b>\$2,951.56</b>	<b>\$40.00</b>	<b>\$0.00</b>	<b>\$20,496.30</b>



**Calendar Year: 2007**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	54
<b>Indemnity</b>	54
<b>Medical Only</b>	0
<b>Denied</b>	0
<b>Complaints</b>	0
<b>Additional</b>	0

**Audit No: SAC-03-07-R1-6**

**Subject: City of Sacramento**

**Location: Sacramento**

**Type: SI**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	1	\$100	\$100	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	0	\$0	\$0	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	0	\$0	\$0	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	3	\$100	\$100	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	5	\$1,100	\$1,100	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	1	\$400	\$400	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	0	\$0	\$0	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
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 DB.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>10</b>	<b>\$1,700</b>	<b>\$1,700</b>	<b>\$0</b>	<b>\$0</b>	

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



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

**Audit No: SAC-16-07-R2-5**

**Subject: Claimetrics, LLC (formerly Hallmark Management)**

**Location: Folsom**

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

A. Frequency Rate

# claims with unpd indem      14      divide by # claims with payable indem      50      =      0.28000

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

Total unpd indem. =      \$ 7,829.90      divide by      # of claims with obligation to pay indem.      50  
 Avg Unpd Ind =      \$ 156.60

C. Severity Rate

Avg Unpd Indem      \$ 156.60      divide by avg unpd indem 2003-2005 of      \$ 167.71      =      0.93374

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.28000      X      Severity rate      0.93374      X      modifier of      2  
 =      0.52290

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

# claims with late 1st TD	29	divide by # with TD payments	45	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	29	divide by	45	=
				0.64444

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

# claims with late first PD	4	divide by # with first PD	7	
# 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	7	=
				0.57143

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

# claims with late subsequent payments      11      divide by # with subsequent payments      23      =  
0.47826

**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	26	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
Totals	7		26	=
				0.26923

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2007** 2.48626

**Profile Audit Review Performance Rating of 1.83202 or greater is a failing score.**

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

**Audit No: SAC-16-07-R2-5**

**Subject: Claimetrics, LLC (formerly Hallmark Management)**

**Location: Folsom**

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

A. Frequency Rate

# claims with unpd indem      19      divide by # claims with payable indem      98      =      0.19388

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

Total unpd indem =      \$ 8,749.52      divide by      # of claims with obligation to pay indem.      98  
 Avg Unpd Ind =      \$ 89.28

C. Severity Rate

Avg Unpd Ind.      \$ 89.28      divide by avg unpd indem 2003-2005 of      \$ 167.71      =      0.53235

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.19388      X      Severity rate      0.53235      X      modifier of      2  
 =      0.20642

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

# claims with late 1st TD	45	divide by # with TD payments	92	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	45	divide by	Totals 92	=
				0.48913

**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/late first death benefits	0	divide by # with first death ben paid	0	
Totals	6	divide by	Totals 15	=
				0.40000

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

# claims with late subseq payments      24      divide by # with subseq payments      49      =  
 0.48980

**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	58	
# claims with VR potential eligibilty notice violations	1	divide by # requiring notices	1	
Totals	17		Totals 59	
				=
				0.28814

**FULL COMPLIANCE AUDIT PERFORMANCE RATING - 2007**

**Full Compliance Audit Performance Rating of indemnity files of 2.21983 or greater is a failing score.**

**1.87348**

**Calendar Year: 2007**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	98
<b>Indemnity</b>	98
<b>Medical Only</b>	0
<b>Denied</b>	0
<b>Complaints</b>	0
<b>Additional</b>	0

**Audit No: SAC-16-07-R2-5**

**Subject: Claimetrics, LLC (formerly Hallmark Mangement)**

**Location: Folsom**

**Type: TPA**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	55	\$12,535	\$0	\$12,535	\$0	
Late first payment of permanent disability indemnity benefits (PD).	7	\$4,580	\$0	\$4,580	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	67	\$11,950	\$0	\$11,950	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	1	\$400	\$400	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	16	\$5,000	\$5,000	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	18	\$10,000	\$0	\$10,000	\$0	
Failure to pay any PD indemnity benefit.	1	\$800	\$0	\$800	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	9	\$1,600	\$0	\$1,600	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
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 DB.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>174</b>	<b>\$46,865</b>	<b>\$5,400</b>	<b>\$41,465</b>	<b>\$0</b>	

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

**Calendar Year: 2007**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: SAC-16-07-R2-5**

**Subject: Claimetrics, LLC (formerly Hallmark Management)**

**Location: Folsom**

**Type: XXX (ie., INS, SI, TPA)**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$106.25			\$3.18			\$109.43
2	\$137.09						\$137.09
3	\$128.06			\$21.95			\$150.01
4	\$4,354.29	\$1,342.86		\$230.29			\$5,927.44
5	\$189.77			\$367.94			\$557.71
6	\$97.14						\$97.14
7	\$205.68						\$205.68
8	\$120.00			\$2.91			\$122.91
9	\$92.43						\$92.43
10	\$25.05						\$25.05
11				\$22.86			\$22.86
12	\$102.85						\$102.85
13						\$48.41	\$48.41
14	\$21.22						\$21.22
15	\$38.40						\$38.40
16	\$85.72						\$85.72
17	\$68.57						\$68.57
18	\$818.09			\$66.49			\$884.58
19	\$52.02						\$52.02
							\$0.00
<b>TOTAL</b>	<b>\$6,642.63</b>	<b>\$1,342.86</b>	<b>\$0.00</b>	<b>\$715.62</b>	<b>\$0.00</b>	<b>\$48.41</b>	<b>\$8,749.52</b>



**Calendar Year: 2007**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	41
<b>Indemnity</b>	39
<b>Medical Only</b>	0
<b>Denied</b>	0
<b>Complaints</b>	2
<b>Additional</b>	0

**Audit No: LAO-14-07-R1-5**

**Subject: Claimquest, Inc.**

**Location: Walnut**

**Type: TPA**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	13	\$11,460	\$11,460	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	1	\$320	\$320	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	18	\$3,075	\$3,075	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	5	\$2,400	\$2,400	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	10	\$3,500	\$3,500	\$0	\$0	
Failure to pay any PD indemnity benefit.	1	\$800	\$800	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	5	\$1,350	\$1,350	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
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 DB.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>53</b>	<b>\$22,905</b>	<b>\$22,905</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2007**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-14-07-R1-5**

**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	\$80.27			\$8.03			\$88.30
2	\$30.53			\$2.96			\$33.49
3	\$1,026.15			\$1,808.99			\$2,835.14
4	\$53.18						\$53.18
5	\$92.28						\$92.28
6	\$114.28			\$11.43			\$125.71
7	\$106.72						\$106.72
8	\$744.37			\$384.85			\$1,129.22
9	\$16.99						\$16.99
10		\$1,408.00					\$1,408.00
11				\$71.64			\$71.64
<b>TOTAL</b>	<b>\$2,264.77</b>	<b>\$1,408.00</b>	<b>\$0.00</b>	<b>\$2,287.90</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$5,960.67</b>



**Calendar Year: 2007**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	23
<b>Indemnity</b>	21
<b>Medical Only</b>	0
<b>Denied</b>	0
<b>Complaints</b>	2
<b>Additional</b>	0

**Audit No: OAK-23-07-R1-1**

**Subject: CNA Insurance**

**Location: Lake Oswego, OR**

**Type: INS**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	10	\$2,580	\$2,580	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	8	\$2,345	\$2,345	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	40	\$17,660	\$17,660	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	2	\$1,000	\$1,000	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	3	\$600	\$600	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	3	\$725	\$725	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
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 DB.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>66</b>	<b>\$24,910</b>	<b>\$24,910</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2007**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: OAK-23-07-R1-1**

**Subject: CNA Insurance**

**Location: Lake Oswego, OR**

**Type: INS**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$74.83			\$1.72			\$76.55
2	\$174.29			\$737.79			\$912.08
3				\$60.64			\$60.64
4				\$27.60			\$27.60
5	\$120.00						\$120.00
<b>TOTAL</b>	<b>\$369.12</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$827.75</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$1,196.87</b>



**Calendar Year: 2007**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

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

**Audit No: OAK-17-07-R1-1**

**Subject: CNA Insurance**

**Location: San Francisco**

**Type: INS**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	29	\$7,450	\$7,450	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	4	\$1,240	\$1,240	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	19	\$3,950	\$3,950	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	11	\$4,200	\$4,200	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	5	\$2,000	\$2,000	\$0	\$0	
Failure to pay any PD indemnity benefit.	1	\$400	\$400	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	4	\$350	\$350	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
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 DB.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>73</b>	<b>\$19,590</b>	<b>\$19,590</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2007**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: OAK-17-07-R1-1**

**Subject: CNA Insurance**

**Location: San Francisco**

**Type: INS**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1				\$196.94			\$196.94
2	\$23.60						\$23.60
3				\$70.60			\$70.60
4	\$22.90						\$22.90
5	\$247.19						\$247.19
6				\$12.74			\$12.74
7		\$188.57					\$188.57
8	\$269.20			\$26.92			\$296.12
9	\$73.45						\$73.45
<b>TOTAL</b>	<b>\$636.34</b>	<b>\$188.57</b>	<b>\$0.00</b>	<b>\$307.20</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$1,132.11</b>



**Calendar Year: 2007**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

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

**Audit No: OAK-22-07-R1-5**

**Subject: Constitution States Services (St. Paul Company)**

**Location: Fort Smith, AR**

**Type: TPA**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	8	\$1,060	\$1,060	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	6	\$3,890	\$3,890	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	7	\$2,260	\$2,260	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	2	\$900	\$900	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	8	\$3,000	\$3,000	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	7	\$6,200	\$6,200	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	5	\$1,400	\$1,400	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
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 DB.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>43</b>	<b>\$18,710</b>	<b>\$18,710</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2007**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: OAK-22-07-R1-5**

**Subject: Constitution States Services (St. Paul Company)**

**Location: Fort Smith, AR**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$53.35			\$23.93			\$77.28
2	\$6,939.26			\$661.74			\$7,601.00
3	\$128.63						\$128.63
4	\$159.04			\$239.33			\$398.37
5				\$600.00			\$600.00
6	\$61.37						\$61.37
<b>TOTAL</b>	<b>\$7,341.65</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$1,525.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$8,866.65</b>







**Penalty Assessments and Collections**

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

**Audit No: OAK-09-07-R3-5**

**Subject: Corporate Claims Management, Inc.**

**Location: Chesterfield, MO**

**Type: TPA**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	1	\$400	\$0	\$400	\$400	
Late first payment of permanent disability indemnity benefits (PD).	0	\$0	\$0	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	0	\$0	\$0	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of the procedure to evaluate PD.	0	\$0	\$0	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	1	\$200	\$0	\$200	\$200	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	0	\$0	\$0	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
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 DB.	0	\$0	\$0	\$0	\$0	

**Calendar Year: 2007**  
**Penalty Assessments and Collections**

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

**Audit No: OAK-09-07-R3-5**

**Subject: Corporate Claims Management, Inc.**

**Location: Chesterfield, MO                      Type: TPA**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Failure to issue benefit notices other than specific notices for VR or denial.	2	\$200	\$0	\$200	\$200	
Failure to pay or object to medical treatment expense in the manner required by law or regulation.	0	\$0	\$0	\$0	\$0	
Failure to pay or object to medical-legal expense in the manner required by law or regulation.	0	\$0	\$0	\$0	\$0	
Failure to timely assign a QRR to an employee after 90 aggregate days of total TD for injuries prior to 1/1/94.	0	\$0	\$0	\$0	\$0	
Failure to provide VR information after 90 aggregate days of total TD (injuries 1/1/94 thru 12/31/03).	0	\$0	\$0	\$0	\$0	
Failure to timely notify an injured employee of potential eligibility for VR (injuries thru 12/31/03).	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of non-eligibility for VR.	0	\$0	\$0	\$0	\$0	
Failure to provide notices denying all liability or death benefits as required.	0	\$0	\$0	\$0	\$0	
Failure to timely respond to a request to provide or authorize medical treatment.	0	\$0	\$0	\$0	\$0	
Failure to include specific items or properly designate entries on a claim log.	0	\$0	\$0	\$0	\$0	
Materially incomplete or inaccurate benefit notices including denial for all liability, other than specific vocational rehabilitation notices.	0	\$0	\$0	\$0	\$0	
Failure to investigate.	0	\$0	\$0	\$0	\$0	
Late payment of WCAB Orders or Awards or RU Orders for late payment of attorney fees and issues other than late payment of indemnity.	0	\$0	\$0	\$0	\$0	
Penalties for failure to comply with any regulation of the AD not otherwise assessed.	0	\$0	\$0	\$0	\$0	
Unsupported denial of all liability for a claim.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>4</b>	<b>\$800</b>	<b>\$0</b>	<b>\$800</b>	<b>\$800</b>	

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



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

**Audit No: OAK-16-07-R1-6**

**Subject: County of Santa Clara and Santa Clara County Central Fire District**

**Location: San Jose**

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

A. Frequency Rate

# claims with unpd indem      13      divide by # claims with payable indem      55      =      0.23636

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

Total unpd indem. =      \$ 1,275.68      divide by      # of claims with obligation to pay indem.      55  
 Avg Unpd Ind =      \$ 23.19

C. Severity Rate

Avg Unpd Indem      \$ 23.19      divide by avg unpd indem 2003-2005 of      \$ 167.71      =      0.13830

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.23636      X      Severity rate      0.13830      X      modifier of      2  
 =      0.06538

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

# claims with late 1st TD	18	divide by # with TD payments	55	
# claims with late first SC notice	0	divide by # with salary continuation	1	
Totals	18	divide by	Totals	56
				=
				<span style="border: 1px solid black; padding: 2px;">0.32143</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	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	3	divide by	Totals	11
				=
				<span style="border: 1px solid black; padding: 2px;">0.27273</span>

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

# claims with late subsequent payments      2      divide by # with subsequent payments      28      =  
0.07143

**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	31	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
Totals	12	Totals	31	
				=
				<span style="border: 1px solid black; padding: 2px;">0.38710</span>

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2007**      1.11806

**Profile Audit Review Performance Rating of 1.83202 or greater is a failing score.**

**Calendar Year: 2007**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	60
<b>Indemnity</b>	55
<b>Medical Only</b>	0
<b>Denied</b>	0
<b>Complaints</b>	5
<b>Additional</b>	0

**Audit No: OAK-16-07-R1-6**

**Subject: County of Santa Clara and  
Santa Clara County Central Fire District**

**Location: San Jose**

**Type: SI**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	25	\$6,165	\$6,165	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	5	\$2,965	\$2,965	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	9	\$13,025	\$13,025	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	13	\$3,600	\$3,600	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	10	\$2,200	\$2,200	\$0	\$0	
Failure to pay any PD indemnity benefit.	1	\$400	\$400	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	4	\$450	\$450	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
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 DB.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>67</b>	<b>\$28,805</b>	<b>\$28,805</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2007**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: OAK-16-07-R1-6**

**Subject: County of Santa Clara and Santa Clara County Central Fire District**

**Location: San Jose**

**Type: SI**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1		\$132.00		\$13.20			\$145.20
2				\$10.16			\$10.16
3				\$106.13			\$106.13
4				\$96.00			\$96.00
5	\$56.72						\$56.72
6	\$25.78						\$25.78
7	\$37.74						\$37.74
8	\$38.29						\$38.29
9	\$80.28			\$8.03			\$88.31
10	\$206.75						\$206.75
11	\$140.33			\$39.04			\$179.37
12	\$53.90						\$53.90
13	\$231.33						\$231.33
<b>TOTAL</b>	<b>\$871.12</b>	<b>\$132.00</b>	<b>\$0.00</b>	<b>\$272.56</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$1,275.68</b>



**Calendar Year: 2007**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

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

**Audit No: VNO-06-07-R1-5**

**Subject: Crawford & Company**

**Location: Tarzana**

**Type: TPA**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	0	\$0	\$0	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	0	\$0	\$0	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	0	\$0	\$0	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	0	\$0	\$0	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	0	\$0	\$0	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	0	\$0	\$0	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
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 DB.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	

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



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

**Audit No: VNO-03-07-R1-5**

**Subject: ESIS**

**Location: Woodland Hills**

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

A. Frequency Rate

# claims with unpd indem 17 divide by # claims with payable indem 59 = 0.28814

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

Total unpd indem. = \$ 6,580.40 divide by # of claims with obligation to pay indem. 59  
Avg Unpd Ind = \$ 111.53

C. Severity Rate

Avg Unpd Indem \$ 111.53 divide by avg unpd indem 2003-2005 of \$ 167.71 = 0.66503

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.28814 X Severity rate 0.66503 X modifier of 2  
= 0.38324

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

# claims with late 1st TD	25	divide by # with TD payments	57	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	25	divide by	Totals 57	=
				0.43860

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

# claims with late first PD	5	divide by # with first PD	15	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	5	divide by	Totals 15	=
				0.33333

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

# claims with late subsequent payments 19 divide by # with subsequent payments 43 = 0.44186

**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	43	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
Totals	8		Totals 43	
				=
				0.18605

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2007**

**Profile Audit Review Performance Rating of 1.83202 or greater is a failing score.**

**1.78307**

**Calendar Year: 2007**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	72
<b>Indemnity</b>	59
<b>Medical Only</b>	0
<b>Denied</b>	0
<b>Complaints</b>	13
<b>Additional</b>	0

**Audit No: VNO-03-07-R1-5**

**Subject: ESIS**

**Location: Woodland Hills**

**Type: TPA**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	29	\$12,550	\$12,550	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	10	\$5,290	\$5,290	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	64	\$11,930	\$11,930	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	8	\$3,600	\$3,600	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	18	\$9,300	\$9,300	\$0	\$0	
Failure to pay any PD indemnity benefit.	4	\$4,000	\$4,000	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	13	\$2,000	\$2,000	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
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 DB.	2	\$3,100	\$3,100	\$0	\$0	
<b>TOTAL</b>	<b>148</b>	<b>\$51,770</b>	<b>\$51,770</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2007**  
**Notices of Compensation Due**

**Audit No: VNO-03-07-R1-5**

**Subject: ESIS**

**Location: Woodland Hills                      Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$840.41			\$84.04			\$924.45
2	\$239.16						\$239.16
3	\$492.76						\$492.76
4	\$435.10			\$88.44			\$523.54
5	\$928.44						\$928.44
6	\$600.00						\$600.00
7	\$47.41			\$2.66			\$50.07
8				\$387.20			\$387.20
9				\$158.90			\$158.90
10	\$14.36						\$14.36
11	\$141.34						\$141.34
12	\$129.58						\$129.58
13				\$67.66			\$67.66
14	\$227.77						\$227.77
15	\$54.17						\$54.17
16	\$140.44			\$5.18			\$145.62
17	\$1,359.44			\$135.94			\$1,495.38
18	\$928.12			\$92.81			\$1,020.93
19		\$11,364.28		\$1,136.42			\$12,500.70
20	\$650.20			\$123.34			\$773.54
21		\$129.43		\$12.94			\$142.37
<b>TOTAL</b>	<b>\$7,228.70</b>	<b>\$11,493.71</b>	<b>\$0.00</b>	<b>\$2,295.53</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$21,017.94</b>

**Calendar Year: 2007**  
**Notices of Compensation Due**

**Audit No: VNO-03-07-R1-5**

**Subject: ESIS**

**Location: Woodland Hills**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
22	\$32.64			\$3.26		\$1.58	\$37.48
23				\$132.00			\$132.00
24				\$3,829.03		\$29.37	\$3,858.40
Page 2 SUBTOTAL	\$32.64	\$0.00	\$0.00	\$3,964.29	\$0.00	\$30.95	\$4,027.88
Page 1 SUBTOTAL	\$7,228.70	\$11,493.71	\$0.00	\$2,295.53	\$0.00	\$0.00	\$21,017.94
<b>TOTAL</b>	<b>\$7,261.34</b>	<b>\$11,493.71</b>	<b>\$0.00</b>	<b>\$6,259.82</b>	<b>\$0.00</b>	<b>\$30.95</b>	<b>\$25,045.82</b>



**Calendar Year: 2007**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	38
<b>Indemnity</b>	38
<b>Medical Only</b>	0
<b>Denied</b>	0
<b>Complaints</b>	0
<b>Additional</b>	0

**Audit No: LAO-22-07-R1-6**

**Subject: Fontana Unified School District**

**Location: Fontana**

**Type: SI**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	1	\$300	\$300	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	5	\$1,440	\$1,440	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	6	\$2,400	\$2,400	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	16	\$650	\$650	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	2	\$1,000	\$1,000	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	0	\$0	\$0	\$0	\$0	
Failure to pay any PD indemnity benefit.	3	\$1,200	\$1,200	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	4	\$1,700	\$1,700	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
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 DB.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>37</b>	<b>\$8,690</b>	<b>\$8,690</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2007**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-22-07-R1-6**

**Subject: Fontana Unified School District**

**Location: Fontana**

**Type: SI**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1				\$100.87			\$100.87
2				\$52.79			\$52.79
3		\$660.00		\$66.00			\$726.00
4		\$1,200.00		\$120.00			\$1,320.00
5				\$216.00			\$216.00
6		\$680.00					\$680.00
7				\$262.86			\$262.86
<b>TOTAL</b>	<b>\$0.00</b>	<b>\$2,540.00</b>	<b>\$0.00</b>	<b>\$818.52</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$3,358.52</b>



**Calendar Year: 2007**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

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

**Audit No: LAO-17-07-R1-2**

**Subject: Ford Motor Company/Ontario HVC**

**Location: Rancho Cucamonga**

**Type: SI**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	0	\$0	\$0	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	2	\$300	\$300	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	3	\$400	\$400	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	0	\$0	\$0	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	0	\$0	\$0	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	3	\$800	\$800	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
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 DB.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>8</b>	<b>\$1,500</b>	<b>\$1,500</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2007**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-17-07-R1-2**

**Subject: Ford Motor Company/Ontario HVC**

**Location: Rancho Cucamonga Type: SI**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1				\$276.00			\$276.00
2				\$82.86			\$82.86
<b>TOTAL</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$358.86</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$358.86</b>

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

**Audit No: SAC-04-07-R1-5**

**Subject: Frank Gates Service Company**

**Location: El Dorado Hills**

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

A. Frequency Rate

# claims with unpd indem      19      divide by # claims with payable indem      59      =      0.32203

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

Total unpd indem. =      \$ 10,908.48      divide by      # of claims with obligation to pay indem.      59  
 Avg Unpd Ind =      \$ 184.89

C. Severity Rate

Avg Unpd Indem      \$ 184.89      divide by avg unpd indem 2003-2005 of      \$ 167.71      =      1.10244

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.32203      X      Severity rate      1.10244      X      modifier of      2  
 =      0.71004

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

# claims with late 1st TD	16	divide by # with TD payments	55	
# claims with late first SC notice	0	divide by # with salary continuation	1	
Totals	16	divide by	56	=
				0.28571

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

# claims with late first PD	6	divide by # with first PD	23	
# 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	6	divide by	23	=
				0.26087

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

# claims with late subsequent payments      9      divide by # with subsequent payments      41      =  
0.21951

**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	26	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
Totals	9		26	=
				0.34615

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2007** 1.82229

**Profile Audit Review Performance Rating of 1.83202 or greater is a failing score.**

**Calendar Year: 2007**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	63
<b>Indemnity</b>	59
<b>Medical Only</b>	0
<b>Denied</b>	0
<b>Complaints</b>	4
<b>Additional</b>	0

**Audit No: SAC-04-07-R1-5**

**Subject: Frank Gates Service Company**

**Location: El Dorado Hills**

**Type: TPA**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	20	\$8,250	\$8,250	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	6	\$7,760	\$7,760	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	21	\$5,870	\$5,870	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	8	\$3,300	\$3,300	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	15	\$12,800	\$12,800	\$0	\$0	
Failure to pay any PD indemnity benefit.	2	\$2,400	\$2,400	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	20	\$2,350	\$2,350	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	2	\$1,200	\$1,200	\$0	\$0	
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 DB.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>94</b>	<b>\$43,930</b>	<b>\$43,930</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2007**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: SAC-04-07-R1-5**

**Subject: Frank Gates Service Company**

**Location: El Dorado Hills**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$647.72			\$182.73			\$830.45
2	\$34.42						\$34.42
3				\$48.92			\$48.92
4	\$13.18			\$21.09			\$34.27
5	\$1,185.84	\$610.00					\$1,795.84
6				\$876.43			\$876.43
7	\$13.34						\$13.34
8	\$187.42						\$187.42
9	\$38.55						\$38.55
10	\$220.91			\$107.28			\$328.19
11	\$404.56			\$17.13			\$421.69
12	\$117.96						\$117.96
13	\$3,708.91			\$359.91			\$4,068.82
14				\$127.47			\$127.47
15	\$276.93						\$276.93
16						\$253.21	\$253.21
17	\$1,039.02			\$99.42			\$1,138.44
18	\$246.87			\$14.19			\$261.06
19	\$55.07						\$55.07
20		\$468.00	\$66.01	\$46.80			\$580.81
<b>TOTAL</b>	<b>\$8,190.70</b>	<b>\$1,078.00</b>	<b>\$66.01</b>	<b>\$1,901.37</b>	<b>\$0.00</b>	<b>\$253.21</b>	<b>\$11,489.29</b>



**Calendar Year: 2007**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

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

**Audit No: VNO-01-07-R1-5**

**Subject: GAB Robins Risk Management**

**Location: Burbank**

**Type: TPA**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	14	\$3,090	\$3,090	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	3	\$500	\$500	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	1	\$100	\$100	\$0	\$0	
Late subsequent payment of indemnity benefits.	12	\$3,650	\$3,650	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	1	\$500	\$500	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	4	\$1,700	\$1,700	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	4	\$1,200	\$1,200	\$0	\$0	
Failure to pay any PD indemnity benefit.	2	\$3,400	\$3,400	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	5	\$650	\$650	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
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 DB.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>46</b>	<b>\$14,790</b>	<b>\$14,790</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2007**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: VNO-01-07-R1-5**

**Subject: GAB Robins Risk Management**

**Location: Burbank**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$55.24						\$55.24
2		\$10,885.71		\$1,088.57			\$11,974.28
3	\$305.56			\$26.52			\$332.08
4	\$92.09			\$9.21			\$101.30
5				\$53.00			\$53.00
6		\$433.80					\$433.80
7				\$654.30			\$654.30
8				\$151.43			\$151.43
<b>TOTAL</b>	<b>\$452.89</b>	<b>\$11,319.51</b>	<b>\$0.00</b>	<b>\$1,983.03</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$13,755.43</b>

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

**Audit No: LAO-01-07-R1-5**

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

**Location: Aliso Viejo**

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

A. Frequency Rate

# claims with unpd indem      14      divide by # claims with payable indem      57      =      0.24561

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

Total unpd indem. =      \$ 7,143.41      divide by      # of claims with obligation to pay indem.      57  
 Avg Unpd Ind =      \$ 125.32

C. Severity Rate

Avg Unpd Indem      \$ 125.32      divide by avg unpd indem 2003-2005 of      \$ 167.71      =      0.74726

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.24561      X      Severity rate      0.74726      X      modifier of      2  
 =      0.36708

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

# 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
				=
				<span style="border: 1px solid black; padding: 2px;">0.25455</span>

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

# claims with late first PD	1	divide by # with first PD	10	
# 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	2	divide by	Totals	11
				=
				<span style="border: 1px solid black; padding: 2px;">0.18182</span>

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

# claims with late subsequent payments      7      divide by # with subsequent payments      37      =  
0.18919

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

# claims with AME/QME notice violations	0	divide by # requiring notices	50	
# claims with VR potential eligibility notice violations	1	divide by # requiring notices	1	
Totals	1		Totals	51
				=
				<span style="border: 1px solid black; padding: 2px;">0.01961</span>

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2007**

1.01224

**Profile Audit Review Performance Rating of 1.83202 or greater is a failing score.**

**Calendar Year: 2007**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

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

**Audit No: LAO-01-07-R1-5**

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

**Location: Aliso Viejo**

**Type: TPA**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	16	\$7,630	\$7,630	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	1	\$400	\$400	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	1	\$4,000	\$4,000	\$0	\$0	
Late subsequent payment of indemnity benefits.	19	\$5,090	\$5,090	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	1	\$400	\$400	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	0	\$0		\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	16	\$8,900	\$8,900	\$0	\$0	
Failure to pay any PD indemnity benefit.	2	\$1,900	\$1,900	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	10	\$2,100	\$2,100	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
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 DB.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>66</b>	<b>\$30,420</b>	<b>\$30,420</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2007**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-01-07-R1-5**

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

**Location: Aliso Viejo**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$90.29						\$90.29
2	\$108.92	\$198.00		\$95.16			\$402.08
3	\$1,116.60			\$111.66			\$1,228.26
4	\$63.10						\$63.10
5	\$387.62						\$387.62
6	\$249.84			\$24.98			\$274.82
7	\$0.00			\$141.16			\$141.16
8	\$1,289.15						\$1,289.15
9	\$16.07						\$16.07
10	\$263.94						\$263.94
11				\$325.62			\$325.62
12	\$56.10						\$56.10
13	\$432.00	\$1,740.00		\$217.20			\$2,389.20
14	\$216.00						\$216.00
<b>TOTAL</b>	<b>\$4,289.63</b>	<b>\$1,938.00</b>	<b>\$0.00</b>	<b>\$915.78</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$7,143.41</b>



**Calendar Year: 2007**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

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

**Audit No: SAC-11-07-R1-5**

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

**Location: Sacramento**

**Type: TPA**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	26	\$7,745	\$7,745	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	6	\$2,520	\$2,520	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	1	\$320	\$320	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	1	\$25	\$25	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	19	\$5,900	\$5,900	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	6	\$2,600	\$2,600	\$0	\$0	
Failure to pay any PD indemnity benefit.	3	\$1,200	\$1,200	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	4	\$1,200	\$1,200	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
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 DB.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>66</b>	<b>\$21,510</b>	<b>\$21,510</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2007**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: SAC-11-07-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	\$395.00						\$395.00
2		\$246.36					\$246.36
3		\$400.00		\$434.29			\$834.29
4	\$21.36			\$31.85			\$53.21
5	\$175.97						\$175.97
6	\$199.44						\$199.44
7	\$1,697.04						\$1,697.04
8		\$28.57		\$1,124.23			\$1,152.80
9	\$738.36						\$738.36
<b>TOTAL</b>	<b>\$3,227.17</b>	<b>\$674.93</b>	<b>\$0.00</b>	<b>\$1,590.37</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$5,492.47</b>

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

**Audit No: VNO-08-07-R2-5**

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

**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      57      =      0.21053

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

Total unpd indem. =      \$ 15,598.49      divide by      # of claims with obligation to pay indem.      57  
 Avg Unpd Ind =      \$ 273.66

C. Severity Rate

Avg Unpd Indem      \$ 273.66      divide by avg unpd indem 2003-2005 of      \$ 167.71      =      1.63173

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.21053      X      Severity rate      1.63173      X      modifier of      2  
 =      0.68704

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

# claims with late 1st TD	30	divide by # with TD payments	50	
# claims with late first SC notice	0	divide by # with salary continuation	2	
Totals	30	divide by	Totals 52	=
				0.57692

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

# claims with late first PD	4	divide by # with first PD	10	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	1	divide by # with first DB paid	1	
Totals	5	divide by	Totals 11	=
				0.45455

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

# claims with late subsequent payments      12      divide by # with subsequent payments      36      =  
0.33333

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

# claims with AME/QME notice violations	4	divide by # requiring notices	39	
# claims with VR potential eligibility notice violations	1	divide by # requiring notices	1	
Totals	5		Totals 40	
				=
				0.12500

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2007** 2.17685

**Profile Audit Review Performance Rating of 1.83202 or greater is a failing score.**

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

**Audit No: VNO-08-07-R2-5**

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

**Location: Woodland Hills**

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

A. Frequency Rate

# claims with unpd indem      29      divide by # claims with payable indem      128      =      0.22656

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

Total unpd indem =      \$ 32,394.56      divide by      # of claims with obligation to pay indem.      128  
 Avg Unpd Ind =      \$      253.08

C. Severity Rate

Avg Unpd Ind.      \$      253.08      divide by avg unpd indem 2003-2005 of      \$ 167.71      =      1.50905

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.22656      X      Severity rate      1.50905      X      modifier of      2  
 =      **0.68379**

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

# claims with late 1st TD	68	divide by # with TD payments	114	
# claims with late first SC notice	0	divide by # with salary continuation	2	
Totals	68	divide by	Totals	116
				=
				<b>0.58621</b>

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

# claims with late first PD	12	divide by # with first PD	35	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims/late first death benefits	1	divide by # with first death ben paid	1	
Totals	13	divide by	Totals	36
				=
				<b>0.36111</b>

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

# claims with late subseq payments      30      divide by # with subseq payments      89      =  
**0.33708**

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

# claims with AME/QME notice violations	14	divide by # requiring notices	84	
# claims with VR potential eligibilty notice violations	1	divide by # requiring notices	1	
Totals	15		Totals	85
				=
				<b>0.17647</b>

**FULL COMPLIANCE AUDIT PERFORMANCE RATING - 2007**

**Full Compliance Audit Performance Rating of indemnity files of 2.21983 or greater is a failing score.**

**2.14465**

**Calendar Year: 2007**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	129
<b>Indemnity</b>	128
<b>Medical Only</b>	0
<b>Denied</b>	0
<b>Complaints</b>	1
<b>Additional</b>	0

**Audit No: VNO-08-07-R2-5**

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

**Location: Woodland Hills**

**Type: TPA**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	71	\$25,050	\$0	\$25,050	\$25,050	
Late first payment of permanent disability indemnity benefits (PD).	12	\$8,060	\$0	\$8,060	\$8,060	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	58	\$37,220	\$0	\$37,220	\$37,220	
Late first payment of death benefits (DB).	1	\$300	\$0	\$300	\$300	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	1	\$200	\$200	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	16	\$6,500	\$6,500	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	15	\$8,700	\$0	\$8,700	\$8,700	
Failure to pay any PD indemnity benefit.	9	\$4,700	\$0	\$4,700	\$4,700	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	13	\$5,050	\$0	\$5,050	\$5,050	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	1	\$1,600	\$0	\$1,600	\$1,600	
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 DB.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>197</b>	<b>\$97,380</b>	<b>\$6,700</b>	<b>\$90,680</b>	<b>\$90,680</b>	

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

**Calendar Year: 2007**  
**Notices of Compensation Due**

**Audit No: VNO-08-07-R2-5**

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

**Location: Woodland Hills Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$3,720.00			\$648.00			\$4,368.00
2	\$319.99						\$319.99
3		\$142.02		\$346.80			\$488.82
4		\$3,204.40					\$3,204.40
5				\$1,392.00			\$1,392.00
6	\$360.00						\$360.00
7	\$85.71						\$85.71
8	\$360.00						\$360.00
9		\$1,006.38					\$1,006.38
10		\$25.57		\$863.42			\$888.99
11	\$529.54			\$885.34			\$1,414.88
12		\$1,622.00					\$1,622.00
13	\$1,887.87	\$172.50					\$2,060.37
14		\$997.05					\$997.05
15	\$199.56			\$99.71			\$299.27
16							\$0.00
17		\$6,976.82		\$325.29			\$7,302.11
18				\$697.68			\$697.68
19	\$34.87	\$586.50		\$148.31			\$769.68
20				\$58.65			\$58.65
21				\$72.00			\$72.00
				\$414.26			\$414.26
<b>TOTAL</b>	<b>\$7,497.54</b>	<b>\$14,733.24</b>	<b>\$0.00</b>	<b>\$5,951.46</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$28,182.24</b>

**Calendar Year: 2007**  
**Notices of Compensation Due**

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

**Audit No: VNO-08-07-R2-5**

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

**Location: Woodland Hills                      Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
22	\$436.89						\$436.89
23	\$83.17						\$83.17
24	\$307.27			\$168.37			\$475.64
25				\$145.60			\$145.60
26	\$321.84						\$321.84
27	\$1,590.10						\$1,590.10
28	\$16.22						\$16.22
29		\$1,142.86					\$1,142.86
Page 2 SUBTOTAL	\$2,755.49	\$1,142.86	\$0.00	\$313.97	\$0.00	\$0.00	\$4,212.32
Page 1 SUBTOTAL	\$7,497.54	\$14,733.24	\$0.00	\$5,951.46	\$0.00	\$0.00	\$28,182.24
<b>TOTAL</b>	<b>\$10,253.03</b>	<b>\$15,876.10</b>	<b>\$0.00</b>	<b>\$6,265.43</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$32,394.56</b>

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

**Audit No: LAO-20-07-R1-6**

**Subject: Garden Grove Unified School District**

**Location: Garden Grove**

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

A. Frequency Rate

# claims with unpd indem      11      divide by # claims with payable indem      44      =      0.25000

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

Total unpd indem. =      \$ 11,199.05      divide by      # of claims with obligation to pay indem.      44  
 Avg Unpd Ind =      \$ 254.52

C. Severity Rate

Avg Unpd Indem      \$ 254.52      divide by avg unpd indem 2003-2005 of      \$ 167.71      =      1.51764

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.25000      X      Severity rate      1.51764      X      modifier of      2  
 =      0.75882

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

# claims with late 1st TD	1	divide by # with TD payments	15	
# claims with late first SC notice	2	divide by # with salary continuation	37	
Totals	3	divide by	Totals	52
				=
				<span style="border: 1px solid black; padding: 2px;">0.05769</span>

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

# claims with late first PD	1	divide by # with first PD	12	
# 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	12
				=
				<span style="border: 1px solid black; padding: 2px;">0.08333</span>

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

# claims with late subsequent payments      4      divide by # with subsequent payments      22      =  
0.18182

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

# claims with AME/QME notice violations	0	divide by # requiring notices	30	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
Totals	0		Totals	30
				=
				<span style="border: 1px solid black; padding: 2px;">0.00000</span>

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2007**      1.08167

**Profile Audit Review Performance Rating of 1.83202 or greater is a failing score.**

**Calendar Year: 2007**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	45
<b>Indemnity</b>	44
<b>Medical Only</b>	0
<b>Denied</b>	0
<b>Complaints</b>	1
<b>Additional</b>	0

**Audit No: LAO-20-07-R1-6**

**Subject: Garden Grove Unified School District**

**Location: Garden Grove**

**Type: SI**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	1	\$200	\$200	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	1	\$400	\$400	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	7	\$1,680	\$1,680	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	2	\$105	\$105	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	0	\$0	\$0	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	9	\$7,600	\$7,600	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	7	\$1,050	\$1,050	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	2	\$2,000	\$2,000	\$0	\$0	
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 DB.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>29</b>	<b>\$13,035</b>	<b>\$13,035</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2007**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-20-07-R1-6**

**Subject: Garden Grove Unified School District**

**Location: Garden Grove Type: SI**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$1,112.85			\$111.29		\$237.51	\$1,461.65
2	\$8,197.29			\$230.88			\$8,428.17
3	\$73.94			\$102.86			\$176.80
4	\$110.90						\$110.90
5							\$0.00
6	\$36.00						\$36.00
7	\$26.80						\$26.80
8	\$109.38						\$109.38
9	\$47.43			\$33.31			\$80.74
10	\$367.08					\$5.69	\$372.77
11		\$267.13		\$128.71			\$395.84
<b>TOTAL</b>	<b>\$10,081.67</b>	<b>\$267.13</b>	<b>\$0.00</b>	<b>\$607.05</b>	<b>\$0.00</b>	<b>\$243.20</b>	<b>\$11,199.05</b>



**Calendar Year: 2007**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	54
<b>Indemnity</b>	54
<b>Medical Only</b>	0
<b>Denied</b>	0
<b>Complaints</b>	0
<b>Additional</b>	0

**Audit No: SAC-05-07-R1-1**

**Subject: GuideOne Insurance Company**

**Location: Rocklin**

**Type: INS**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	6	\$1,100	\$1,100	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	5	\$1,265	\$1,265	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	1	\$4,000	\$4,000	\$0	\$0	
Late subsequent payment of indemnity benefits.	15	\$2,335	\$2,335	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	4	\$175	\$175	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	1	\$100	\$100	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	5	\$1,200	\$1,200	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	1	\$200	\$200	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	0	\$0	\$0	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
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 DB.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>38</b>	<b>\$10,375</b>	<b>\$10,375</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2007**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: SAC-05-07-R1-1**

**Subject: GuideOne Insurance Company**

**Location: Rocklin**

**Type: INS**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$158.73			\$8.15			\$166.88
<b>TOTAL</b>	<b>\$158.73</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$8.15</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$166.88</b>



**Calendar Year: 2007**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	49
<b>Indemnity</b>	49
<b>Medical Only</b>	0
<b>Denied</b>	0
<b>Complaints</b>	0
<b>Additional</b>	0

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

**Subject: Innovative Claim Solutions, Inc.**

**Location: Rancho Cordova**

**Type: TPA**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	2	\$300	\$300	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	3	\$1,090	\$1,090	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	0	\$0	\$0	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	22	\$1,035	\$1,035	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	7	\$1,900	\$1,900	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	4	\$2,800	\$2,800	\$0	\$0	
Failure to pay any PD indemnity benefit.	2	\$1,200	\$1,200	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	0	\$0	\$0	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
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 DB.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>40</b>	<b>\$8,325</b>	<b>\$8,325</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2007**  
**Notices of Compensation Due**

**Individual Exhibit 3**

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

**Subject: Innovative Claim Solutions, Inc.**

**Location: Rancho Cordova Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1		\$2,541.11					\$2,541.11
2	\$1,292.72						\$1,292.72
3	\$94.32						\$94.32
4	\$180.96			\$18.10			\$199.06
5	\$1,405.25	\$492.86					\$1,898.11
<b>TOTAL</b>	<b>\$2,973.25</b>	<b>\$3,033.97</b>	<b>\$0.00</b>	<b>\$18.10</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$6,025.32</b>



**Calendar Year: 2007**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	32
<b>Indemnity</b>	32
<b>Medical Only</b>	0
<b>Denied</b>	0
<b>Complaints</b>	0
<b>Additional</b>	0

**Audit No: SAC-08-07-R1-5**

**Subject: Intercare Insurance Services**

**Location: Fresno**

**Type: TPA**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	10	\$1,550	\$1,550	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	1	\$200	\$200	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	11	\$1,805	\$1,805	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	2	\$200	\$200	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	4	\$1,200	\$1,200	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	3	\$750	\$750	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
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 DB.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>31</b>	<b>\$5,705</b>	<b>\$5,705</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2007**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: SAC-08-07-R1-5**

**Subject: Intercare Insurance Services**

**Location: Fresno**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1				\$87.00			\$87.00
2	\$108.20			\$10.82			\$119.02
3	\$22.00			\$64.34			\$86.34
4	\$47.18						\$47.18
5	\$233.75						\$233.75
<b>TOTAL</b>	<b>\$411.13</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$162.16</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$573.29</b>



**Calendar Year: 2007**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	53
<b>Indemnity</b>	53
<b>Medical Only</b>	0
<b>Denied</b>	0
<b>Complaints</b>	0
<b>Additional</b>	0

**Audit No: LAO-11-07-R1-5**

**Subject: Intercare Insurance Services**

**Location: Irvine**

**Type: TPA**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	31	\$5,600	\$5,600	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	2	\$2,400	\$2,400	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	14	\$2,225	\$2,225	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	4	\$260	\$260	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	12	\$4,200	\$4,200	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	8	\$3,800	\$3,800	\$0	\$0	
Failure to pay any PD indemnity benefit.	2	\$800	\$800	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	1	\$50	\$50	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
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 DB.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>74</b>	<b>\$19,335</b>	<b>\$19,335</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2007**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-11-07-R1-5**

**Subject: Intercare Insurance Services**

**Location: Irvine**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$230.16						\$230.16
2		\$273.56					\$273.56
3	\$371.53	\$47.15		\$66.06			\$484.74
4	\$144.00			\$9.60			\$153.60
5	\$281.94			\$28.19			\$310.13
6	\$348.29			\$31.54			\$379.83
7	\$206.13			\$0.00			\$206.13
8	\$887.03			\$58.08			\$945.11
<b>TOTAL</b>	<b>\$2,469.08</b>	<b>\$320.71</b>	<b>\$0.00</b>	<b>\$193.47</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$2,983.26</b>



**Calendar Year: 2007**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

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

**Audit No: LAO-03-07-R1-5**

**Subject: Intercare Insurance Services (County of Los Angeles)**

**Location: Orange**

**Type: TPA**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	3	\$1,050	\$1,050	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	3	\$2,880	\$2,880	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	8	\$2,445	\$2,445	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	11	\$590	\$590	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	6	\$3,000	\$3,000	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	1	\$200	\$200	\$0	\$0	
Failure to pay any PD indemnity benefit.	5	\$6,200	\$6,200	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	2	\$300	\$300	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
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 DB.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>39</b>	<b>\$16,665</b>	<b>\$16,665</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2007**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-03-07-R1-5**

**Subject: Intercare Insurance Services (County of Los Angeles)**

**Location: Orange**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1				\$181.63			\$181.63
2		\$5,280.00					\$5,280.00
3		\$620.00		\$62.00			\$682.00
4		\$1,032.86		\$103.29			\$1,136.15
5		\$7,400.00		\$740.00			\$8,140.00
6		\$5,150.13		\$515.01			\$5,665.14
7	\$113.30			\$11.33			\$124.63
<b>TOTAL</b>	<b>\$113.30</b>	<b>\$19,482.99</b>	<b>\$0.00</b>	<b>\$1,613.26</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$21,209.55</b>



**Calendar Year: 2007**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

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

**Audit No: LAO-08-07-R1-5**

**Subject: Intercare Insurance Services**

**Location: Pasadena**

**Type: TPA**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	7	\$4,850	\$4,850	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	3	\$2,640	\$2,640	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	21	\$4,855	\$4,855	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	5	\$250	\$250	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	4	\$1,400	\$1,400	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	3	\$1,200	\$1,200	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	4	\$1,550	\$1,550	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
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 DB.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>47</b>	<b>\$16,745</b>	<b>\$16,745</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2007**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-08-07-R1-5**

**Subject: Intercare Insurance Services**

**Location: Pasadena**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$1,041.34						\$1,041.34
2				\$525.71			\$525.71
3	\$505.08			\$50.51			\$555.59
4	\$128.70						\$128.70
5				\$180.36			\$180.36
6				\$10.33			\$10.33
<b>TOTAL</b>	<b>\$1,675.12</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$766.91</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$2,442.03</b>



**Calendar Year: 2007**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

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

**Audit No: LAO-13-07-R1-5**

**Subject: J.T.2 Integrated Resources**

**Location: Ontario**

**Type: TPA**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	2	\$550	\$550	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	4	\$1,040	\$1,040	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	16	\$2,445	\$2,445	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	15	\$690	\$690	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	8	\$2,600	\$2,600	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	2	\$600	\$600	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	2	\$150	\$150	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
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 DB.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>49</b>	<b>\$8,075</b>	<b>\$8,075</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2007**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-13-07-R1-5**

**Subject: J.T.2 Integrated Resources**

**Location: Ontario**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1				\$17.14			\$17.14
2				\$16.24			\$16.24
3	\$624.00						\$624.00
4	\$42.90						\$42.90
<b>TOTAL</b>	<b>\$666.90</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$33.38</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$700.28</b>



**Calendar Year: 2007**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

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

**Audit No: OAK-05-07-R1-5**

**Subject: Keenan & Associates**

**Location: Redwood City**

**Type: TPA**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	0	\$0	\$0	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	3	\$350	\$350	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	2	\$140	\$140	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	15	\$525	\$525	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	3	\$700	\$700	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	1	\$200	\$200	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	0	\$0	\$0	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
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 DB.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>24</b>	<b>\$1,915</b>	<b>\$1,915</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2007**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: OAK-05-07-R1-5**

**Subject: Keenan & Associates**

**Location: Redwood City**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$120.00			\$12.00			\$132.00
<b>TOTAL</b>	<b>\$120.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$12.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$132.00</b>



**Calendar Year: 2007**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

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

**Audit No: OAK-19-07-R1-5**

**Subject: Keenan & Associates**

**Location: San Jose**

**Type: TPA**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	0	\$0	\$0	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	1	\$200	\$200	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	3	\$1,060	\$1,060	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	25	\$1,360	\$1,360	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	13	\$4,900	\$4,900	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	2	\$5,200	\$5,200	\$0	\$0	
Failure to pay any PD indemnity benefit.	1	\$2,000	\$2,000	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	4	\$1,550	\$1,550	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
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 DB.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>49</b>	<b>\$16,270</b>	<b>\$16,270</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2007**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: OAK-19-07-R1-5**

**Subject: Keenan & Associates**

**Location: San Jose**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1				\$44.00			\$44.00
2	\$211.59	\$6,206.11		\$620.61			\$7,038.31
3	\$5,190.87			\$519.08			\$5,709.95
4				\$469.20			\$469.20
<b>TOTAL</b>	<b>\$5,402.46</b>	<b>\$6,206.11</b>	<b>\$0.00</b>	<b>\$1,652.89</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$13,261.46</b>







**Penalty Assessments and Collections**

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

**Audit No: VNO-10-07-R3-5**

**Subject: Metro Risk Management/Metropolitan Stevedore**

**Location: Wilmington**

**Type: TPA**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	0	\$0	\$0	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	0	\$0	\$0	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	0	\$0	\$0	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process.	1	\$500	\$0	\$500	\$500	
Failure to pay any TD or SC in lieu of TD.	1	\$2,000	\$0	\$2,000	\$2,000	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	0	\$0	\$0	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
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 DB.	0	\$0	\$0	\$0	\$0	

**Calendar Year: 2007**  
**Penalty Assessments and Collections**

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

**Audit No: VNO-10-07-R3-5**

**Subject: Metro Risk Management/Metropolitan Stevedore**

**Location: Wilmington**

**Type: TPA**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Failure to issue benefit notices other than specific notices for VR or denial.	0	\$0	\$0	\$0	\$0	
Failure to pay or object to medical treatment expense in the manner required by law or regulation.	0	\$0	\$0	\$0	\$0	
Failure to pay or object to medical-legal expense in the manner required by law or regulation.	0	\$0	\$0	\$0	\$0	
Failure to timely assign a QRR to an employee after 90 aggregate days of total TD for injuries prior to 1/1/94.	0	\$0	\$0	\$0	\$0	
Failure to provide VR information after 90 aggregate days of total TD (injuries 1/1/94 thru 12/31/03).	0	\$0	\$0	\$0	\$0	
Failure to timely notify an injured employee of potential eligibility for VR (injuries thru 12/31/03).	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of non-eligibility for VR.	0	\$0	\$0	\$0	\$0	
Failure to provide notices denying all liability or death benefits as required.	0	\$0	\$0	\$0	\$0	
Failure to timely respond to a request to provide or authorize medical treatment.	0	\$0	\$0	\$0	\$0	
Failure to include specific items or properly designate entries on a claim log.	0	\$0	\$0	\$0	\$0	
Materially incomplete or inaccurate benefit notices including denial for all liability, other than specific vocational rehabilitation notices.	0	\$0	\$0	\$0	\$0	
Failure to investigate.	0	\$0	\$0	\$0	\$0	
Late payment of WCAB Orders or Awards or RU Orders for late payment of attorney fees and issues other than late payment of indemnity.	0	\$0	\$0	\$0	\$0	
Penalties for failure to comply with any regulation of the AD not otherwise assessed.	0	\$0	\$0	\$0	\$0	
Unsupported denial of all liability for a claim.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>2</b>	<b>\$2,500</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,500</b>	

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





**Calendar Year: 2007**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	49
<b>Indemnity</b>	49
<b>Medical Only</b>	0
<b>Denied</b>	0
<b>Complaints</b>	0
<b>Additional</b>	0

**Audit No: OAK-12-07-R1-3**

**Subject: Municipal Pooling Authority**

**Location: Walnut Creek**

**Type: SI & TPA**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	1	\$250	\$250	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	0	\$0	\$0	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	1	\$160	\$160	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	2	\$50	\$50	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	2	\$500	\$500	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	0	\$0	\$0	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	0	\$0	\$0	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
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 DB.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>6</b>	<b>\$960</b>	<b>\$960</b>	<b>\$0</b>	<b>\$0</b>	

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





**Calendar Year: 2007**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

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

**Audit No: OAK-01-07-R1-6**

**Subject: North Bay Schools Insurance Authority**

**Location: Fairfield**

**Type: SI**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	3	\$750	\$750	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	2	\$840	\$840	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	4	\$720	\$720	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	10	\$400	\$400	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	12	\$3,500	\$3,500	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	0	\$0	\$0	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	0	\$0	\$0	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
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 DB.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>31</b>	<b>\$6,210</b>	<b>\$6,210</b>	<b>\$0</b>	<b>\$0</b>	

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



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

**Audit No: OAK-26-07-R1-2**

**Subject: Pacific Gas & Electric Company**

**Location: San Francisco**

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

A. Frequency Rate

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

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

Total unpd indem. =      \$ 28,845.03      divide by      # of claims with obligation to pay indem.      57  
 Avg Unpd Ind =      \$ 506.05

C. Severity Rate

Avg Unpd Indem      \$ 506.05      divide by avg unpd indem 2003-2005 of      \$ 167.71      =      3.01743

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.17544      X      Severity rate      3.01743      X      modifier of      2  
 =      1.05875

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

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

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

# claims with late first PD	3	divide by # with first PD	33	
# 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	3	divide by	Totals	33
				=
				0.09091

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

# claims with late subsequent payments      9      divide by # with subsequent payments      46      =  
 0.19565

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

# claims with AME/QME notice violations	11	divide by # requiring notices	34	
# claims with VR potential eligibility notice violations	1	divide by # requiring notices	2	
Totals	12	Totals	36	
				=
				0.33333

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2007**      **1.83082**

**Profile Audit Review Performance Rating of 1.83202 or greater is a failing score.**

**Calendar Year: 2007**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

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

**Audit No: OAK-26-07-R1-2**

**Subject: Pacific Gas & Electric Company**

**Location: San Francisco**

**Type: SI**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	9	\$1,995	\$1,995	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	4	\$2,810	\$2,810	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	16	\$3,990	\$3,990	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	1	\$100	\$100	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	11	\$3,000	\$3,000	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	2	\$400	\$400	\$0	\$0	
Failure to pay any PD indemnity benefit.	4	\$7,300	\$7,300	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	5	\$750	\$750	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
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 DB.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>52</b>	<b>\$20,345</b>	<b>\$20,345</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2007**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: OAK-26-07-R1-2**

**Subject: Pacific Gas & Electric Company**

**Location: San Francisco**

**Type: SI**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1				\$411.45			\$411.45
2				\$528.00			\$528.00
3	\$536.39			\$53.64			\$590.03
4				\$142.90			\$142.90
5		\$15,663.80		\$1,566.38			\$17,230.18
6		\$707.14		\$70.71			\$777.85
7				\$34.29			\$34.29
8		\$6,113.65		\$611.37			\$6,725.02
9		\$1,590.00		\$760.98			\$2,350.98
10	\$54.33						\$54.33
<b>TOTAL</b>	<b>\$590.72</b>	<b>\$24,074.59</b>	<b>\$0.00</b>	<b>\$4,179.72</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$28,845.03</b>



**Calendar Year: 2007**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	19
<b>Indemnity</b>	19
<b>Medical Only</b>	0
<b>Denied</b>	0
<b>Complaints</b>	0
<b>Additional</b>	0

**Audit No: OAK-08-07-R1-1**

**Subject: Petroleum Casualty Company**

**Location: Houston, TX**

**Type: INS**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	0	\$0	\$0	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	0	\$0	\$0	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	9	\$2,385	\$2,385	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	2	\$105	\$105	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	5	\$1,600	\$1,600	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	0	\$0	\$0	\$0	\$0	
Failure to pay any PD indemnity benefit.	4	\$2,800	\$2,800	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	1	\$500	\$500	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
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 DB.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>21</b>	<b>\$7,390</b>	<b>\$7,390</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2007**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: OAK-08-07-R1-1**

**Subject: Petroleum Casualty Company**

**Location: Houston, TX**

**Type: INS**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1		\$1,508.25					\$1,508.25
2		\$1,875.00		\$187.50			\$2,062.50
3		\$1,600.00		\$160.00			\$1,760.00
<b>TOTAL</b>	<b>\$0.00</b>	<b>\$4,983.25</b>	<b>\$0.00</b>	<b>\$347.50</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$5,330.75</b>



**Calendar Year: 2007**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	53
<b>Indemnity</b>	49
<b>Medical Only</b>	0
<b>Denied</b>	0
<b>Complaints</b>	3
<b>Additional</b>	1

**Audit No: OAK-03-07-R1-6**

**Subject: Redwood Empire Schools Ins Group**

**Location: Windsor**

**Type: SI**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	5	\$1,250	\$1,250	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	5	\$5,500	\$5,500	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	2	\$420	\$420	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	18	\$1,010	\$1,010	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	1	\$100	\$100	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	16	\$4,600	\$4,600	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	2	\$400	\$400	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	0	\$0	\$0	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
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 DB.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>49</b>	<b>\$13,280</b>	<b>\$13,280</b>	<b>\$0</b>	<b>\$0</b>	

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





**Calendar Year: 2007**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

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

**Audit No: LAO-27-07-R1-1**

**Subject: Republic Indemnity Company**

**Location: San Diego**

**Type: INS**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	4	\$660	\$660	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	1	\$640	\$640	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	28	\$4,920	\$4,920	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	5	\$2,100	\$2,100	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	2	\$600	\$600	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	0	\$0	\$0	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
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 DB.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>40</b>	<b>\$8,920</b>	<b>\$8,920</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2007**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-27-07-R1-1**

**Subject: Republic Indemnity Company**

**Location: San Diego**

**Type: INS**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$349.76			\$34.98			\$384.74
2	\$91.67						\$91.67
<b>TOTAL</b>	<b>\$441.43</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$34.98</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$476.41</b>

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

**Audit No: LAO-06-07-R3-2**

**Subject: Robertson's Transport and Robertson's Ready Mix**

**Location: Corona**

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

A. Frequency Rate

# claims with unpd indem      20      divide by # claims with payable indem      44      =      0.45455

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

Total unpd indem. =      \$ 12,197.59      divide by      # of claims with obligation to pay indem.      44  
 Avg Unpd Ind =      \$ 277.22

C. Severity Rate

Avg Unpd Indem      \$ 277.22      divide by avg unpd indem 2003-2005 of      \$ 167.71      =      1.65296

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.45455      X      Severity rate      1.65296      X      modifier of      2  
 =      1.50269

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

# claims with late 1st TD	9	divide by # with TD payments	39	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	9	divide by	Totals 39	=
				0.23077

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

# claims with late first PD	1	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	1	divide by	Totals 15	=
				0.06667

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

# claims with late subsequent payments      21      divide by # with subsequent payments      35      =  
0.60000

**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	24	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
Totals	1		Totals 24	=
				0.04167

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2007** 2.44179

**Profile Audit Review Performance Rating of 1.83202 or greater is a failing score.**

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

**Audit No: LAO-06-07-R3-2**

**Subject: Robertson's Transport and Robertson's Ready Mix**

**Location: Corona**

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

A. Frequency Rate

# claims with unpd indem 35 divide by # claims with payable indem 75 = 0.46667

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

Total unpd indem = \$ 22,969.40 divide by # of claims with obligation to pay indem. 75  
 Avg Unpd Ind = \$ 306.26

C. Severity Rate

Avg Unpd Ind. \$ 306.26 divide by avg unpd indem 2003-2005 of \$ 167.71 = 1.82612

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.46667 X Severity rate 1.82612 X modifier of 2  
 = 1.70438

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

# claims with late 1st TD	14	divide by # with TD payments	69	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	14	divide by	Totals 69	=
				0.20290

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

# claims with late first PD	1	divide by # with first PD	19	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims/late first death benefits	0	divide by # with first death ben paid	0	
Totals	1	divide by	Totals 19	=
				0.05263

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

# claims with late subseq payments 36 divide by # with subseq payments 57 = 0.63158

**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	48	
# claims with VR potential eligibilty notice violations	0	divide by # requiring notices	0	
Totals	1		Totals 48	
				=
				0.02083

**FULL COMPLIANCE AUDIT PERFORMANCE RATING - 2007**

**Full Compliance Audit Performance Rating of indemnity files of 2.21983 or greater is a failing score.**

**2.61232**

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

**Audit No: LAO-06-07-R3-2**

**Subject: Robertson's Transport and Robertson's Ready Mix**

**Location: Corona**

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

A. Frequency Rate

# claims with unpd indem 36 divide by # claims with payable indem 76 = 0.47368

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

Total unpd indem = \$ 30,498.24 divide by # of claims with obligation to pay indem. 76  
 Avg Unpd Ind = \$ 401.29

C. Severity Rate

Avg Unpd Ind. \$ 401.29 divide by avg unpd indem 2003-2005 of \$ 167.71 = 2.39278

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.47368 X Severity rate 2.39278 X modifier of 2  
 = 2.26684

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

# claims with late 1st TD	15	divide by # with TD payments	71	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	15	divide by	Totals 71	=
				0.21127

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

# claims with late first PD	0	divide by # with first PD	19	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims/late first death benefits	0	divide by # with first death ben paid	0	
Totals	0	divide by	Totals 19	=
				0.00000

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

# claims with late subseq payments 37 divide by # with subseq payments 58 = 0.63793

**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	49	
# claims with VR potential eligibilty notice violations	0	divide by # requiring notices	0	
Totals	2		Totals 49	
				= 0.04082

**FULL COMPLIANCE AUDIT PERFORMANCE RATING - 2007** 3.15686

**Full Compliance Audit Performance Rating for indemnity and denied files of 2.21983 or greater is a failing score.**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	85
<b>Indemnity</b>	75
<b>Medical Only</b>	0
<b>Denied</b>	9
<b>Complaints</b>	1
<b>Additional</b>	0

**Audit No: LAO-06-07-R3-2**

**Subject: Robertson's Transport and Robertson's Ready Mi**

**Location: Corona**

**Type: SI**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	18	\$7,370	\$0	\$7,370	\$7,370	
Late first payment of permanent disability indemnity benefits (PD).	0	\$0	\$0	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	70	\$13,360	\$0	\$13,360	\$13,360	
Late first payment of death benefits (DB).	1	\$250	\$0	\$250	\$250	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	47	\$2,640	\$0	\$2,640	\$2,640	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process.	2	\$800	\$0	\$800	\$800	
Failure to pay any TD or SC in lieu of TD.	35	\$26,800	\$0	\$26,800	\$26,800	
Failure to pay any PD indemnity benefit.	2	\$800	\$0	\$800	\$800	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	5	\$1,500	\$0	\$1,500	\$1,500	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
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 DB.	0	\$0	\$0	\$0	\$0	

**Calendar Year: 2007**  
**Penalty Assessments and Collections**

<b>Files Audited:</b>	<u>85</u>
<b>Indemnity</b>	<u>75</u>
<b>Medical Only</b>	<u>0</u>
<b>Denied</b>	<u>9</u>
<b>Complaints</b>	<u>1</u>
<b>Additional</b>	

**Audit No: LAO-06-07-R3-2**

**Subject: Robertson's Transport and Robertson's Ready Mi**

**Location: Corona**

**Type: SI**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Failure to issue benefit notices other than specific notices for VR or denial.	26	\$2,600	\$0	\$2,600	\$2,600	
Failure to pay or object to medical treatment expense in the manner required by law or regulation.	17	\$4,600	\$0	\$4,600	\$4,600	
Failure to pay or object to medical-legal expense in the manner required by law or regulation.	0	\$0	\$0	\$0	\$0	
Failure to timely assign a QRR to an employee after 90 aggregate days of total TD for injuries prior to 1/1/94.	0	\$0	\$0	\$0	\$0	
Failure to provide VR information after 90 aggregate days of total TD (injuries 1/1/94 thru 12/31/03).	0	\$0	\$0	\$0	\$0	
Failure to timely notify an injured employee of potential eligibility for VR (injuries thru 12/31/03).	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of non-eligibility for VR.	0	\$0	\$0	\$0	\$0	
Failure to provide notices denying all liability or death benefits as required.	0	\$0	\$0	\$0	\$0	
Failure to timely respond to a request to provide or authorize medical treatment.	0	\$0	\$0	\$0	\$0	
Failure to include specific items or properly designate entries on a claim log.	0	\$0	\$0	\$0	\$0	
Materially incomplete or inaccurate benefit notices including denial for all liability, other than specific vocational rehabilitation notices.	75	\$12,400	\$0	\$12,400	\$12,400	
Failure to investigate.	0	\$0	\$0	\$0	\$0	
Late payment of WCAB Orders or Awards or RU Orders for late payment of attorney fees and issues other than late payment of indemnity.	0	\$0	\$0	\$0	\$0	
Penalties for failure to comply with any regulation of the AD not otherwise assessed.	0	\$0	\$0	\$0	\$0	
Unsupported denial of all liability for a claim.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>298</b>	<b>\$73,120</b>	<b>\$0</b>	<b>\$73,120</b>	<b>\$73,120</b>	

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







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

**Audit No: LAO-21-07-T2-6**

**Subject: Santa Ana Unified School District/Risk Management**

**Location: Santa Ana**

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

A. Frequency Rate

# claims with unpd indem      11      divide by # claims with payable indem      64      =      0.17188

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

Total unpd indem =      \$ 9,734.75      divide by      # of claims with obligation to pay indem.      64  
 Avg Unpd Ind =      \$ 152.11

C. Severity Rate

Avg Unpd Ind.      \$ 152.11      divide by avg unpd indem 2003-2005 of      \$ 167.71      =      0.90696

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.17188      X      Severity rate      0.90696      X      modifier of      2  
 =      **0.31177**

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

# claims with late 1st TD	8	divide by # with TD payments	11	
# claims with late first SC notice	46	divide by # with salary continuation	56	
Totals	54	divide by	Totals 67	=
				<b>0.80597</b>

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

# claims with late first PD	9	divide by # with first PD	21	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims/late first death benefits	0	divide by # with first death ben paid	0	
Totals	9	divide by	Totals 21	=
				<b>0.42857</b>

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

# claims with late subseq payments      12      divide by # with subseq payments      27      =  
**0.44444**

**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	57	
# claims with VR potential eligibilty notice violations	0	divide by # requiring notices	0	
Totals	4		Totals 57	
				=
				<b>0.07018</b>

**FULL COMPLIANCE AUDIT PERFORMANCE RATING - 2007**      **2.06093**

**Full Compliance Audit Performance Rating of indemnity files of 2.21983 or greater is a failing score.**

**Calendar Year: 2007**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	65
<b>Indemnity</b>	64
<b>Medical Only</b>	0
<b>Denied</b>	0
<b>Complaints</b>	1
<b>Additional</b>	0

**Audit No: LAO-21-07-T2-6**

**Subject: Santa Ana Unified School District/Risk Management**

**Location: Santa Ana**

**Type: SI**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	11	\$7,300	\$0	\$7,300	\$7,300	
Late first payment of permanent disability indemnity benefits (PD).	7	\$3,780	\$0	\$3,780	\$3,780	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	23	\$6,475	\$0	\$6,475	\$6,475	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	46	\$2,930	\$2,930	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	4	\$1,900	\$1,900	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	8	\$3,800	\$0	\$3,800	\$3,800	
Failure to pay any PD indemnity benefit.	4	\$2,000	\$0	\$2,000	\$2,000	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	11	\$2,650	\$0	\$2,650	\$2,650	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	1	\$800	\$0	\$800	\$800	
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 DB.	1	\$1,280	\$0	\$1,280	\$1,280	
<b>TOTAL</b>	<b>116</b>	<b>\$32,915</b>	<b>\$4,830</b>	<b>\$28,085</b>	<b>\$28,085</b>	

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

**Calendar Year: 2007**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-21-07-T2-6**

**Subject: Santa Ana Unified School District/Risk Management**

**Location: Santa Ana Type: SI**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$377.85			\$37.79			\$415.64
2		\$245.03		\$159.26			\$404.29
3				\$58.20			\$58.20
4	\$197.76			\$229.47			\$427.23
5		\$640.00					\$640.00
6		\$560.00		\$213.14			\$773.14
7		\$285.71					\$285.71
8		\$1,948.57		\$78.58			\$2,027.15
9	\$22.80						\$22.80
10	\$3,738.26			\$739.79			\$4,478.05
11	\$202.54						\$202.54
<b>TOTAL</b>	<b>\$4,539.21</b>	<b>\$3,679.31</b>	<b>\$0.00</b>	<b>\$1,516.23</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$9,734.75</b>



**Calendar Year: 2007**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

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

**Audit No: OAK-21-07-R1-5**

**Subject: Sedgwick Claims Management Services**

**Location: Albany, NY**

**Type: TPA**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	15	\$4,855	\$4,855	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	8	\$4,560	\$4,560	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	3	\$520	\$520	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	13	\$4,200	\$4,200	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	2	\$5,200	\$5,200	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	6	\$1,600	\$1,600	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
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 DB.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>47</b>	<b>\$20,935</b>	<b>\$20,935</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2007**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: OAK-21-07-R1-5**

**Subject: Sedgwick Claims Management Services**

**Location: Albany, NY**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$48.00			\$4.80			\$52.80
2				\$306.00			\$306.00
3				\$31.20			\$31.20
4				\$327.71			\$327.71
5				\$305.81			\$305.81
6	\$5,515.23			\$374.62			\$5,889.85
<b>TOTAL</b>	<b>\$5,563.23</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$1,350.14</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$6,913.37</b>

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

**Audit No: LAO-23-07-R1-5**

**Subject: Sedgwick Claims Management Services**

**Location: Los Angeles**

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

A. Frequency Rate

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

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

Total unpd indem. =      \$ 10,378.10      divide by      # of claims with obligation to pay indem.      56  
 Avg Unpd Ind =      \$ 185.32

C. Severity Rate

Avg Unpd Indem      \$ 185.32      divide by avg unpd indem 2003-2005 of      \$ 167.71      =      1.10502

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.17857      X      Severity rate      1.10502      X      modifier of      2  
 =      0.39465

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

# claims with late 1st TD	17	divide by # with TD payments	52	
# claims with late first SC notice	2	divide by # with salary continuation	4	
Totals	19	divide by	Totals 56	=
				<span style="border: 1px solid black; padding: 2px;">0.33929</span>

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

# claims with late first PD	7	divide by # with first PD	19	
# 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	7	divide by	Totals 20	=
				<span style="border: 1px solid black; padding: 2px;">0.35000</span>

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

# claims with late subsequent payments      11      divide by # with subsequent payments      35      =  
0.31429

**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	40	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	2	
Totals	3		Totals 42	=
				<span style="border: 1px solid black; padding: 2px;">0.07143</span>

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2007** **1.46965**

**Profile Audit Review Performance Rating of 1.83202 or greater is a failing score.**

**Calendar Year: 2007**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

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

**Audit No: LAO-23-07-R1-5**

**Subject: Sedgwick Claims Management Services**

**Location: Los Angeles**

**Type: TPA**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	18	\$7,370	\$7,370	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	6	\$6,780	\$6,780	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	13	\$6,320	\$6,320	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	2	\$75	\$75	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	3	\$900	\$900	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	4	\$6,800	\$6,800	\$0	\$0	
Failure to pay any PD indemnity benefit.	2	\$800	\$800	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	6	\$1,400	\$1,400	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
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 DB.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>54</b>	<b>\$30,445</b>	<b>\$30,445</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2007**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-23-07-R1-5**

**Subject: Sedgwick Claims Management Services**

**Location: Los Angeles**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$824.22						\$824.22
2	\$7.55	\$5,433.50		\$659.02			\$6,100.07
3	\$59.50						\$59.50
4				\$44.02			\$44.02
5		\$621.00		\$62.10			\$683.10
6				\$90.46			\$90.46
7		\$70.84		\$7.08			\$77.92
8				\$68.92			\$68.92
9	\$2,092.20			\$209.22			\$2,301.42
10				\$128.47			\$128.47
<b>TOTAL</b>	<b>\$2,983.47</b>	<b>\$6,125.34</b>	<b>\$0.00</b>	<b>\$1,269.29</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$10,378.10</b>



**Calendar Year: 2007**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	49
<b>Indemnity</b>	49
<b>Medical Only</b>	0
<b>Denied</b>	0
<b>Complaints</b>	0
<b>Additional</b>	0

**Audit No: OAK-25-07-R1-5**

**Subject: Sedgwick Claims Management Services**

**Location: Oakland**

**Type: TPA**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	1	\$250	\$250	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	5	\$2,795	\$2,795	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	2	\$200	\$200	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	4	\$230	\$230	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	4	\$1,300	\$1,300	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	0	\$0	\$0	\$0	\$0	
Failure to pay any PD indemnity benefit.	1	\$800	\$800	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	2	\$1,000	\$1,000	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
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 DB.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>19</b>	<b>\$6,575</b>	<b>\$6,575</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2007**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: OAK-25-07-R1-5**

**Subject: Sedgwick Claims Management Services**

**Location: Oakland**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1		\$1,542.86		\$562.86			\$2,105.72
<b>TOTAL</b>	<b>\$0.00</b>	<b>\$1,542.86</b>	<b>\$0.00</b>	<b>\$562.86</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$2,105.72</b>

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

**Audit No: LAO-10-07-R1-5**

**Subject: Sedgwick Claims Management Services (AT&T)**

**Location: Ontario**

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

A. Frequency Rate

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

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

Total unpd indem. =      \$ 8,004.22      divide by      # of claims with obligation to pay indem.      56  
 Avg Unpd Ind =      \$ 142.93

C. Severity Rate

Avg Unpd Indem      \$ 142.93      divide by avg unpd indem 2003-2005 of      \$ 167.71      =      0.85226

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.17857      X      Severity rate      0.85226      X      modifier of      2  
 =      0.30438

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

# claims with late 1st TD	18	divide by # with TD payments	52	
# claims with late first SC notice	15	divide by # with salary continuation	43	
Totals	33	divide by	Totals	95
				=
				<span style="border: 1px solid black; padding: 2px;">0.34737</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	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	6	divide by	Totals	16
				=
				<span style="border: 1px solid black; padding: 2px;">0.37500</span>

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

# claims with late subsequent payments      15      divide by # with subsequent payments      50      =  
0.30000

**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	32	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
Totals	5	Totals	32	
				=
				<span style="border: 1px solid black; padding: 2px;">0.15625</span>

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2007**      1.48300

**Profile Audit Review Performance Rating of 1.83202 or greater is a failing score.**

**Calendar Year: 2007**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

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

**Audit No: LAO-10-07-R1-5**

**Subject: Sedgwick Claims Management Services (AT&T)**

**Location: Ontario**

**Type: TPA**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	21	\$14,190	\$14,190	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	6	\$3,270	\$3,270	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	49	\$7,780	\$7,780	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	15	\$635	\$635	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	5	\$1,700	\$1,700	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	5	\$1,800	\$1,800	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	12	\$2,150	\$2,150	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	1	\$1,600	\$1,600	\$0	\$0	
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 DB.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>114</b>	<b>\$33,125</b>	<b>\$33,125</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2007**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-10-07-R1-5**

**Subject: Sedgwick Claims Management Services (AT&T)**

**Location: Ontario**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$64.36			\$114.11			\$178.47
2				\$44.52			\$44.52
3				\$672.00			\$672.00
4				\$161.92			\$161.92
5	\$840.00						\$840.00
6		\$2,800.00		\$716.80		\$52.83	\$3,569.63
7	\$1,375.42			\$369.51			\$1,744.93
8				\$140.01			\$140.01
9	\$397.71			\$201.95			\$599.66
10	\$13.53			\$39.55			\$53.08
<b>TOTAL</b>	<b>\$2,691.02</b>	<b>\$2,800.00</b>	<b>\$0.00</b>	<b>\$2,460.37</b>	<b>\$0.00</b>	<b>\$52.83</b>	<b>\$8,004.22</b>



**Calendar Year: 2007**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	21
<b>Indemnity</b>	21
<b>Medical Only</b>	0
<b>Denied</b>	0
<b>Complaints</b>	0
<b>Additional</b>	0

**Audit No: LAO-26-07-R1-5**

**Subject: Sedgwick Claims Management Services**

**Location: Orange**

**Type: TPA**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	5	\$860	\$860	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	0	\$0	\$0	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	1	\$300	\$300	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	0	\$0	\$0	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	0	\$0	\$0	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	1	\$150	\$150	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0			\$0	\$0	
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 DB.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>7</b>	<b>\$1,310</b>	<b>\$1,310</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2007**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-26-07-R1-5**

**Subject: Sedgwick Claims Management Services**

**Location: Orange**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1				\$44.66			\$44.66
<b>TOTAL</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$44.66</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$44.66</b>



**Calendar Year: 2007**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	31
<b>Indemnity</b>	31
<b>Medical Only</b>	0
<b>Denied</b>	0
<b>Complaints</b>	0
<b>Additional</b>	0

**Audit No: LAO-16-07-R1-5**

**Subject: Sedgwick Claims Management Services**

**Location: Pasadena**

**Type: TPA**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	10	\$5,800	\$5,800	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	1	\$400	\$400	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	24	\$4,305	\$4,305	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	3	\$1,000	\$1,000	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	2	\$400	\$400	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	8	\$2,050	\$2,050	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0			\$0	\$0	
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 DB.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>48</b>	<b>\$13,955</b>	<b>\$13,955</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2007**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-16-07-R1-5**

**Subject: Sedgwick Claims Management Services**

**Location: Pasadena**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$84.57						\$84.57
2				\$314.25			\$314.25
3				\$260.00			\$260.00
4	\$80.38			\$56.27			\$136.65
<b>TOTAL</b>	<b>\$164.95</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$630.52</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$795.47</b>



**Calendar Year: 2007**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	60
<b>Indemnity</b>	57
<b>Medical Only</b>	0
<b>Denied</b>	0
<b>Complaints</b>	3
<b>Additional</b>	0

**Audit No: SAC-17-07-R1-5**

**Subject: Sedgwick Claims Management Services**

**Location: Roseville**

**Type: TPA**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	9	\$1,300	\$1,300	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	0	\$0	\$0	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	16	\$2,510	\$2,510	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	9	\$3,200	\$3,200	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	3	\$600	\$600	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	1	\$150	\$150	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
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 DB.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>38</b>	<b>\$7,760</b>	<b>\$7,760</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2007**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: SAC-17-07-R1-5**

**Subject: Sedgwick Claims Management Services**

**Location: Roseville**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$149.20			\$106.19			\$255.39
2	\$240.00						\$240.00
3	\$110.48						\$110.48
<b>TOTAL</b>	<b>\$499.68</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$106.19</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$605.87</b>



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

**Audit No: LAO-02-07-R3-3**

**Subject: Sentry Insurance, a Mutual Company**

**Location: Irvine**

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

A. Frequency Rate

# claims with unpd indem      38      divide by # claims with payable indem      88      =      0.43182

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

Total unpd indem =      \$ 74,692.64      divide by      # of claims with obligation to pay indem.      88  
 Avg Unpd Ind =      \$ 848.78

C. Severity Rate

Avg Unpd Ind.      \$ 848.78      divide by avg unpd indem 2003-2005 of      \$ 167.71      =      5.06100

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.43182      X      Severity rate      5.06100      X      modifier of      2  
 =      4.37086

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

# claims with late 1st TD	22	divide by # with TD payments	79	
# claims with late first SC notice	1	divide by # with salary continuation	2	
Totals	23	divide by	Totals	81
				=
				0.28395

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

# claims with late first PD	6	divide by # with first PD	41	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims/late first death benefits	1	divide by # with first death ben paid	1	
Totals	7	divide by	Totals	42
				=
				0.16667

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

# claims with late subseq payments      43      divide by # with subseq payments      78      =  
 0.55128

**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	51	
# claims with VR potential eligibilty notice violations	0	divide by # requiring notices	1	
Totals	6		Totals	52
				=
				0.11538

**FULL COMPLIANCE AUDIT PERFORMANCE RATING - 2007**

**Full Compliance Audit Performance Rating of indemnity files of 2.21983 or greater is a failing score.**

**5.48815**

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

**Audit No: LAO-02-07-R3-3**

**Subject: Sentry Insurance, a Mutual Company**

**Location: Irvine**

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

A. Frequency Rate

# claims with unpd indem 39 divide by # claims with payable indem 90 = 0.43333

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

Total unpd indem = \$ 66,312.49 divide by # of claims with obligation to pay indem. 90  
 Avg Unpd Ind = \$ 736.81

C. Severity Rate

Avg Unpd Ind. \$ 736.81 divide by avg unpd indem 2003-2005 of \$ 167.71 = 4.39333

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.43333 X Severity rate 4.39333 X modifier of 2  
 = 3.80755

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

# claims with late 1st TD	24	divide by # with TD payments	82	
# claims with late first SC notice	1	divide by # with salary continuation	2	
Totals	25	divide by	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	44	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims/late first death benefits	1	divide by # with first death ben paid	1	
Totals	5	divide by	45	=
				0.11111

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

# claims with late subseq payments 43 divide by # with subseq payments 79 = 0.54430

**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	52	
# claims with VR potential eligibilty notice violations	0	divide by # requiring notices	1	
Totals	5		Totals	53
				=
				0.09434

**FULL COMPLIANCE AUDIT PERFORMANCE RATING - 2007**

**Full Compliance Audit Performance Rating for indemnity and denied files of 2.21983 or greater is a failing score.**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	122
<b>Indemnity</b>	88
<b>Medical Only</b>	0
<b>Denied</b>	33
<b>Complaints</b>	1
<b>Additional</b>	0

**Audit No: LAO-02-07-R3-3**

**Subject: Sentry Insurance, a Mutual Company**

**Location: Irvine**

**Type: INS**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	25	\$10,920	\$0	\$10,920	\$10,920	
Late first payment of permanent disability indemnity benefits (PD).	4	\$1,584	\$0	\$1,584	\$1,584	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	86	\$28,509	\$0	\$28,509	\$28,509	
Late first payment of death benefits (DB).	1	\$4,800	\$0	\$4,800	\$4,800	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	64	\$3,462	\$0	\$3,462	\$3,462	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process.	5	\$3,000	\$0	\$3,000	\$3,000	
Failure to pay any TD or SC in lieu of TD.	23	\$24,760	\$0	\$24,760	\$24,760	
Failure to pay any PD indemnity benefit.	5	\$12,840	\$0	\$12,840	\$12,840	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	37	\$9,000	\$0	\$9,000	\$9,000	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	1	\$960	\$0	\$960	\$960	
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 DB.	0	\$0	\$0	\$0	\$0	

**Calendar Year: 2007**  
**Penalty Assessments and Collections**

<b>Files Audited:</b>	122
<b>Indemnity</b>	88
<b>Medical Only</b>	0
<b>Denied</b>	33
<b>Complaints</b>	1
<b>Additional</b>	0

**Audit No: LAO-02-07-R3-3**

**Subject: Sentry Insurance, A Mutual Company**

**Location: Irvine**

**Type: INS**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Failure to issue benefit notices other than specific notices for VR or denial.	50	\$6,000	\$0	\$6,000	\$6,000	
Failure to pay or object to medical treatment expense in the manner required by law or regulation.	88	\$31,080	\$0	\$31,080	\$31,080	
Failure to pay or object to medical-legal expense in the manner required by law or regulation.	5	\$2,040	\$0	\$2,040	\$2,040	
Failure to timely assign a QRR to an employee after 90 aggregate days of total TD for injuries prior to 1/1/94.	0	\$0	\$0	\$0	\$0	
Failure to provide VR information after 90 aggregate days of total TD (injuries 1/1/94 thru 12/31/03).	0	\$0	\$0	\$0	\$0	
Failure to timely notify an injured employee of potential eligibility for VR (injuries thru 12/31/03).	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of non-eligibility for VR.	0	\$0	\$0	\$0	\$0	
Failure to provide notices denying all liability or death benefits as required.	2	\$1,080	\$0	\$1,080	\$1,080	
Failure to timely respond to a request to provide or authorize medical treatment.	2	\$240	\$0	\$240	\$240	
Failure to include specific items or properly designate entries on a claim log.	0	\$0	\$0	\$0	\$0	
Materially incomplete or inaccurate benefit notices including denial for all liability, other than specific vocational rehabilitation notices.	9	\$1,410	\$0	\$1,410	\$1,410	
Failure to investigate.	2	\$1,200	\$0	\$1,200	\$1,200	
Late payment of WCAB Orders or Awards or RU Orders for late payment of attorney fees and issues other than late payment of indemnity.	1	\$600	\$0	\$600	\$600	
Penalties for failure to comply with any regulation of the AD not otherwise assessed.	177	\$21,160	\$0	\$21,160	\$21,160	
Unsupported denial of all liability for a claim.	1	\$4,320	\$0	\$4,320	\$4,320	
<b>TOTAL</b>	<b>588</b>	<b>\$168,965</b>	<b>\$0</b>	<b>\$168,965</b>	<b>\$168,965</b>	

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



**Calendar Year: 2007**  
**Notices of Compensation Due**

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

**Audit No: LAO-02-07-R3-3**

**Subject: Sentry Insurance, A Mutual Company**

**Location: Irvine** **Type: INS**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
22	\$156.54						\$156.54
23	\$785.16						\$785.16
24	\$498.20						\$498.20
25				\$54.59			\$54.59
26				\$414.00			\$414.00
27				\$79.47			\$79.47
28	\$7,624.76			\$1,479.05			\$9,103.81
29	\$240.00						\$240.00
30	\$135.76			\$7.03			\$142.79
31	\$83.28						\$83.28
32				\$300.00			\$300.00
33	\$138.52			\$408.44			\$546.96
34	\$2,057.97						\$2,057.97
35				\$64.74			\$64.74
36	\$629.29						\$629.29
37	\$1,102.65						\$1,102.65
38				\$44.00			\$44.00
39	\$240.00			\$470.40			\$710.40
Page 2 SUBTOTAL	\$13,692.13	\$0.00	\$0.00	\$3,321.72	\$0.00	\$0.00	\$17,013.85
Page 1 SUBTOTAL	\$10,740.28	\$33,984.46	\$0.00	\$4,559.01	\$0.00	\$14.89	\$49,298.64
<b>TOTAL</b>	<b>\$24,432.41</b>	<b>\$33,984.46</b>	<b>\$0.00</b>	<b>\$7,880.73</b>	<b>\$0.00</b>	<b>\$14.89</b>	<b>\$66,312.49</b>



**Calendar Year: 2007**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

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

**Audit No: OAK-15-07-R1-3**

**Subject: Sentry Insurance / Parker Services, Inc.**

**Location: Scottsdale, AZ**

**Type: INS & TPA**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	15	\$4,600	\$4,600	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	6	\$1,720	\$1,720	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	8	\$6,880	\$6,880	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	20	\$7,700	\$7,700	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	8	\$3,500	\$3,500	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	2	\$650	\$650	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
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 DB.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>59</b>	<b>\$25,050</b>	<b>\$25,050</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2007**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: OAK-15-07-R1-3**

**Subject: Sentry Insurance / Parker Services, Inc.**

**Location: Scottsdale, AZ**

**Type: INS & TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1				\$25.71			\$25.71
2	\$58.72						\$58.72
3	\$190.42						\$190.42
4	\$217.49						\$217.49
5	\$74.76						\$74.76
6	\$312.66						\$312.66
7	\$1,782.94			\$178.29			\$1,961.23
8	\$295.00						\$295.00
9	\$81.51			\$353.15			\$434.66
<b>TOTAL</b>	<b>\$3,013.50</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$557.15</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$3,570.65</b>

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

**Audit No: LAO-07-07-R1-5**

**Subject: Southland Claims Service, Inc.**

**Location: Garden Grove**

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

A. Frequency Rate

# claims with unpd indem      15      divide by # claims with payable indem      53      =      0.28302

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

Total unpd indem. =      \$ 10,929.45      divide by      # of claims with obligation to pay indem.      53  
 Avg Unpd Ind =      \$ 206.22

C. Severity Rate

Avg Unpd Indem      \$ 206.22      divide by avg unpd indem 2003-2005 of      \$ 167.71      =      1.22960

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.28302      X      Severity rate      1.22960      X      modifier of      2  
 =      0.69600

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

# claims with late 1st TD	23	divide by # with TD payments	53	
# claims with late first SC notice	0	divide by # with salary continuation	1	
Totals	23	divide by	Totals	54
				=
				<span style="border: 1px solid black; padding: 2px;">0.42593</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	19	
# 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	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 subsequent payments      11      divide by # with subsequent payments      43      =  
0.25581

**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	31	
# claims with VR potential eligibility notice violations	1	divide by # requiring notices	1	
Totals	3	Totals	32	
				=
				<span style="border: 1px solid black; padding: 2px;">0.09375</span>

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2007**      1.62938

**Profile Audit Review Performance Rating of 1.83202 or greater is a failing score.**

**Calendar Year: 2007**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	53
<b>Indemnity</b>	53
<b>Medical Only</b>	0
<b>Denied</b>	0
<b>Complaints</b>	0
<b>Additional</b>	0

**Audit No: LAO-07-07-R1-5**

**Subject: Southland Claims Service, Inc.**

**Location: Garden Grove**

**Type: TPA**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	25	\$20,430	\$20,430	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	3	\$2,090	\$2,090	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	16	\$8,610	\$8,610	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	1	\$200	\$200	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	2	\$1,000	\$1,000	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	12	\$18,400	\$18,400	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	6	\$1,100	\$1,100	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
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 DB.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>65</b>	<b>\$51,830</b>	<b>\$51,830</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2007**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-07-07-R1-5**

**Subject: Southland Claims Service, Inc.**

**Location: Garden Grove**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1				\$37.34			\$37.34
2	\$236.44			\$23.64			\$260.08
3	\$1,127.32			\$112.73			\$1,240.05
4	\$744.45			\$60.05			\$804.50
5	\$1,372.70						\$1,372.70
6	\$1,432.16			\$127.02			\$1,559.18
7	\$236.00			\$23.60			\$259.60
8	\$1,929.19			\$192.92			\$2,122.11
9	\$225.64						\$225.64
10				\$203.76			\$203.76
11	\$903.96			\$90.40			\$994.36
12				\$124.00			\$124.00
13	\$751.19			\$66.12			\$817.31
14	\$636.66						\$636.66
15	\$247.42			\$24.74			\$272.16
<b>TOTAL</b>	<b>\$9,843.13</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$1,086.32</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$10,929.45</b>

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

**Audit No: LAO-05-07-R1-1**

**Subject: Springfield Insurance Company**

**Location: Covina**

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

A. Frequency Rate

# claims with unpd indem      16      divide by # claims with payable indem      55      =      0.29091

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

Total unpd indem. =      \$ 14,176.76      divide by      # of claims with obligation to pay indem.      55  
 Avg Unpd Ind =      \$ 257.76

C. Severity Rate

Avg Unpd Indem      \$ 257.76      divide by avg unpd indem 2003-2005 of      \$ 167.71      =      1.53693

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.29091      X      Severity rate      1.53693      X      modifier of      2  
 =      0.89422

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

# claims with late 1st TD	13	divide by # with TD payments	53	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	13	divide by	Totals	53
				=
				<span style="border: 1px solid black; padding: 2px;">0.24528</span>

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

# claims with late first PD	0	divide by # with first PD	18	
# 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	18
				=
				<span style="border: 1px solid black; padding: 2px;">0.00000</span>

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

# claims with late subsequent payments      9      divide by # with subsequent payments      47      =  
0.19149

**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	42	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
Totals	3	Totals	42	
				=
				<span style="border: 1px solid black; padding: 2px;">0.07143</span>

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2007**      1.40242

**Profile Audit Review Performance Rating of 1.83202 or greater is a failing score.**

**Calendar Year: 2007**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

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

**Audit No: LAO-05-07-R1-1**

**Subject: Springfield Insurance Company**

**Location: Covina**

**Type: INS**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	16	\$5,490	\$5,490	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	0	\$0	\$0	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	11	\$2,505	\$2,505	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	3	\$1,400	\$1,400	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	14	\$11,300	\$11,300	\$0	\$0	
Failure to pay any PD indemnity benefit.	4	\$2,800	\$2,800	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	6	\$1,150	\$1,150	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
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 DB.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>54</b>	<b>\$24,645</b>	<b>\$24,645</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2007**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-05-07-R1-1**

**Subject: Springfield Insurance Company**

**Location: Covina**

**Type: INS**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$98.64			\$9.86			\$108.50
2	\$51.52			\$5.15			\$56.67
3		\$2,250.00		\$225.00			\$2,475.00
4				\$113.97			\$113.97
5	\$726.00			\$75.29			\$801.29
6	\$303.79			\$30.38		\$52.00	\$386.17
7		\$1,016.94		\$101.69			\$1,118.63
8	\$11.75			\$1.18			\$12.93
9				\$37.18			\$37.18
10		\$1,099.89		\$109.99			\$1,209.88
11	\$2,890.56			\$425.31			\$3,315.87
12	\$262.01	\$528.00		\$79.00			\$869.01
13	\$56.55			\$5.66			\$62.21
14	\$2,410.56			\$241.06			\$2,651.62
15	\$596.12			\$103.62			\$699.74
16	\$234.63			\$23.46			\$258.09
<b>TOTAL</b>	<b>\$7,642.13</b>	<b>\$4,894.83</b>	<b>\$0.00</b>	<b>\$1,587.80</b>	<b>\$0.00</b>	<b>\$52.00</b>	<b>\$14,176.76</b>

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

**Audit No: OAK-07-07-R2-1**

**Subject: St. Paul Travelers**

**Location: St. Paul, MN**

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

A. Frequency Rate

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

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

Total unpd indem. =      \$ 10,756.59      divide by      # of claims with obligation to pay indem.      56  
 Avg Unpd Ind =      \$ 192.08

C. Severity Rate

Avg Unpd Indem      \$ 192.08      divide by avg unpd indem 2003-2005 of      \$ 167.71      =      1.14532

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.17857      X      Severity rate      1.14532      X      modifier of      2  
 =      0.40904

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

# claims with late 1st TD	17	divide by # with TD payments	54	
# claims with late first SC notice	0	divide by # with salary continuation	0	
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	6	divide by # with first PD	18	
# 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	6	divide by	Totals	18
				=
				0.33333

**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	12	divide by # requiring notices	21	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
Totals	12	Totals	21	
				=
				0.57143

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2007**      **1.90640**

**Profile Audit Review Performance Rating of 1.83202 or greater is a failing score.**

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

**Audit No: OAK-07-07-R2-1**

**Subject: St. Paul Travelers**

**Location: St. Paul, MN**

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

A. Frequency Rate

# claims with unpd indem      24      divide by # claims with payable indem      124      =      0.19355

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

Total unpd indem =      \$ 18,019.66      divide by      # of claims with obligation to pay indem.      124  
 Avg Unpd Ind =      \$ 145.32

C. Severity Rate

Avg Unpd Ind.      \$ 145.32      divide by avg unpd indem 2003-2005 of      \$ 167.71      =      0.86649

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.19355      X      Severity rate      0.86649      X      modifier of      2  
 =      **0.33542**

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

# claims with late 1st TD	38	divide by # with TD payments	115	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	38	divide by	Totals	115
				=
				<b>0.33043</b>

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

# claims with late first PD	10	divide by # with first PD	36	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims/late first death benefits	0	divide by # with first death ben paid	0	
Totals	10	divide by	Totals	36
				=
				<b>0.27778</b>

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

# claims with late subseq payments      23      divide by # with subseq payments      81      =  
**0.28395**

**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	51	
# claims with VR potential eligibilty notice violations	0	divide by # requiring notices	0	
Totals	28		Totals	51
				=
				<b>0.54902</b>

**FULL COMPLIANCE AUDIT PERFORMANCE RATING - 2007**

**Full Compliance Audit Performance Rating of indemnity files of 2.21983 or greater is a failing score.**      **1.77660**

**Calendar Year: 2007**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	127
<b>Indemnity</b>	124
<b>Medical Only</b>	0
<b>Denied</b>	0
<b>Complaints</b>	3
<b>Additional</b>	0

**Audit No: OAK-07-07-R2-1**

**Subject: St. Paul Travelers**

**Location: St. Paul, MN**

**Type: INS**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	42	\$27,000	\$0	\$27,000	\$27,000	
Late first payment of permanent disability indemnity benefits (PD).	12	\$8,640	\$0	\$8,640	\$8,640	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	38	\$10,020	\$0	\$10,020	\$10,020	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	28	\$12,000	\$12,000	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	18	\$5,800	\$0	\$5,800	\$5,800	
Failure to pay any PD indemnity benefit.	3	\$3,120	\$0	\$3,120	\$3,120	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	15	\$3,700	\$0	\$3,700	\$3,700	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
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 DB.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>156</b>	<b>\$70,280</b>	<b>\$12,000</b>	<b>\$58,280</b>	<b>\$58,280</b>	

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

**Calendar Year: 2007**  
**Notices of Compensation Due**

**Audit No: OAK-07-07-R2-1**

**Subject: St. Paul Travelers and Constitution States Service**

**Location: St. Paul, MN**                      **Type: INS**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$24.77						\$24.77
2				\$25.30			\$25.30
3	\$2,558.92			\$219.89			\$2,778.81
4	\$840.00						\$840.00
5	\$251.90						\$251.90
6		\$1,120.00		\$272.00			\$1,392.00
7				\$58.23			\$58.23
8	\$1,440.00			\$60.00			\$1,500.00
9	\$365.92						\$365.92
10		\$2,727.14					\$2,727.14
11	\$19.28						\$19.28
12				\$291.20			\$291.20
13				\$36.00			\$36.00
14	\$208.00			\$145.60			\$353.60
15	\$144.76			\$709.34			\$854.10
16				\$300.00			\$300.00
17	\$139.46						\$139.46
18		\$3,914.29					\$3,914.29
19	\$152.54						\$152.54
20	\$30.24			\$678.60			\$708.84
21				\$115.93			\$115.93
<b>TOTAL</b>	<b>\$6,175.79</b>	<b>\$7,761.43</b>	<b>\$0.00</b>	<b>\$2,912.09</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$16,849.31</b>

**Calendar Year: 2007**  
**Notices of Compensation Due**

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

**Audit No: OAK-07-07-R2-1**

**Subject: St. Paul Travelers**

**Location: St. Paul, MN**                      **Type: INS**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
22	\$51.43			\$341.14			\$392.57
23	\$349.08						\$349.08
24	\$242.56			\$186.14			\$428.70
Page 2 SUBTOTAL	\$643.07	\$0.00	\$0.00	\$527.28	\$0.00	\$0.00	\$1,170.35
Page 1 SUBTOTAL	\$6,175.79	\$7,761.43	\$0.00	\$2,912.09	\$0.00	\$0.00	\$16,849.31
<b>TOTAL</b>	<b>\$6,818.86</b>	<b>\$7,761.43</b>	<b>\$0.00</b>	<b>\$3,439.37</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$18,019.66</b>

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

**Audit No: LAO-15-07-R1-3**

**Subject: St. Paul Travelers and Constitution States Service**

**Location: Diamond Bar**

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

A. Frequency Rate

# claims with unpd indem      13      divide by # claims with payable indem      59      =      0.22034

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

Total unpd indem. =      \$ 11,822.18      divide by      # of claims with obligation to pay indem.      59  
 Avg Unpd Ind =      \$ 200.38

C. Severity Rate

Avg Unpd Indem      \$ 200.38      divide by avg unpd indem 2003-2005 of      \$ 167.71      =      1.19478

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.22034      X      Severity rate      1.19478      X      modifier of      2  
 =      0.52651

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

# claims with late 1st TD	12	divide by # with TD payments	57	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	12	divide by	Totals	57
				=
				<span style="border: 1px solid black; padding: 2px;">0.21053</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	26	
# 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	5	divide by	Totals	27
				=
				<span style="border: 1px solid black; padding: 2px;">0.18519</span>

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

# claims with late subsequent payments      12      divide by # with subsequent payments      49      =  
0.24490

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

# claims with AME/QME notice violations	0	divide by # requiring notices	48	
# claims with VR potential eligibility notice violations	1	divide by # requiring notices	1	
Totals	1	Totals	49	
				=
				<span style="border: 1px solid black; padding: 2px;">0.02041</span>

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2007**

1.18753

**Profile Audit Review Performance Rating of 1.83202 or greater is a failing score.**

**Calendar Year: 2007**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	63
<b>Indemnity</b>	59
<b>Medical Only</b>	0
<b>Denied</b>	0
<b>Complaints</b>	4
<b>Additional</b>	0

**Audit No: LAO-15-07-R1-3**

**Subject: St. Paul Travelers and Constitution States Service**

**Location: Diamond Bar**

**Type: INS**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	14	\$5,070	\$5,070	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	5	\$4,560	\$4,560	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	25	\$15,935	\$15,935	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	1	\$100	\$100	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	0	\$0	\$0	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	10	\$5,000	\$5,000	\$0	\$0	
Failure to pay any PD indemnity benefit.	2	\$2,800	\$2,800	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	15	\$4,800	\$4,800	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	1	\$4,800	\$4,800	\$0	\$0	
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 DB.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>73</b>	<b>\$43,065</b>	<b>\$43,065</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2007**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-15-07-R1-3**

**Subject: St. Paul Travelers and Constitution States Service**

**Location: Diamond Bar**

**Type: INS**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$647.06			\$176.85			\$823.91
2	\$54.76			\$5.48			\$60.24
3	\$81.73						\$81.73
4				\$8.17			\$8.17
5				\$51.20			\$51.20
6	\$2,017.51			\$91.85			\$2,109.36
7	\$34.45						\$34.45
8				\$504.90			\$504.90
9				\$387.40			\$387.40
10	\$229.04						\$229.04
11				\$779.84		\$21.37	\$801.21
12	\$60.67	\$3,118.40		\$653.21			\$3,832.28
13	\$138.29	\$2,760.00					\$2,898.29
<b>TOTAL</b>	<b>\$3,263.51</b>	<b>\$5,878.40</b>	<b>\$0.00</b>	<b>\$2,658.90</b>	<b>\$0.00</b>	<b>\$21.37</b>	<b>\$11,822.18</b>



**Calendar Year: 2007**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

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

**Audit No: SAC-14-07-R1-1**

**Subject: State Compensation Insurance Fund**

**Location: Bakersfield**

**Type: INS**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	10	\$4,520	\$4,520	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	2	\$960	\$960	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	13	\$5,940	\$5,940	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	4	\$1,400	\$1,400	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	0	\$0	\$0	\$0	\$0	
Failure to pay any PD indemnity benefit.	1	\$400	\$400	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	0	\$0	\$0	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	1	\$1,600	\$1,600	\$0	\$0	
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 DB.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>31</b>	<b>\$14,820</b>	<b>\$14,820</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2007**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: SAC-14-07-R1-1**

**Subject: State Compensation Insurance Fund**

**Location: Bakersfield**

**Type: INS**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1		\$1,971.43		\$197.14		\$37.27	\$2,205.84
2		\$44.07		\$4.41			\$48.48
<b>TOTAL</b>	<b>\$0.00</b>	<b>\$2,015.50</b>	<b>\$0.00</b>	<b>\$201.55</b>	<b>\$0.00</b>	<b>\$37.27</b>	<b>\$2,254.32</b>



**Calendar Year: 2007**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

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

**Audit No: OAK-20-07-R1-3**

**Subject: State Compensation Insurance Fund**

**Location: Eureka**

**Type: INS/TPA**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	9	\$1,470	\$1,470	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	0	\$0	\$0	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	9	\$1,625	\$1,625	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	4	\$175	\$175	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	3	\$1,000	\$1,000	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	2	\$600	\$600	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	3	\$350	\$350	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
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 DB.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>30</b>	<b>\$5,220</b>	<b>\$5,220</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2007**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: OAK-20-07-R1-3**

**Subject: Sate Compensation Insurance Fund**

**Location: Eureka**

**Type: INS/TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1				\$10.82			\$10.82
2	\$17.14						\$17.14
3	\$243.14			\$90.99			\$334.13
4				\$35.61			\$35.61
<b>TOTAL</b>	<b>\$260.28</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$137.42</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$397.70</b>



**Calendar Year: 2007**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	54
<b>Indemnity</b>	54
<b>Medical Only</b>	0
<b>Denied</b>	0
<b>Complaints</b>	0
<b>Additional</b>	0

**Audit No: LAO-18-07-R1-1**

**Subject: State Compensation Insurance Fund - Carve Out**

**Location: Monterey Park**

**Type: INS**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	19	\$8,570	\$8,570	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	2	\$840	\$840	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	1	\$200	\$200	\$0	\$0	
Late subsequent payment of indemnity benefits.	26	\$6,975	\$6,975	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	4	\$1,400	\$1,400	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	5	\$6,000	\$6,000	\$0	\$0	
Failure to pay any PD indemnity benefit.	2	\$1,900	\$1,900	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	1	\$100	\$100	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
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 DB.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>60</b>	<b>\$25,985</b>	<b>\$25,985</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2007**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-18-07-R1-1**

**Subject: State Compensation Insurance Fund - Carve Out**

**Location: Monterey Park**

**Type: INS**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1				\$63.71			\$63.71
2	\$840.00	\$428.29		\$126.83			\$1,395.12
3		\$3,431.96		\$343.20			\$3,775.16
4	\$92.98						\$92.98
5	\$360.00						\$360.00
6	\$2,037.71			\$186.88			\$2,224.59
7	\$62.29						\$62.29
<b>TOTAL</b>	<b>\$3,392.98</b>	<b>\$3,860.25</b>	<b>\$0.00</b>	<b>\$720.62</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$7,973.85</b>



**Calendar Year: 2007**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	66
<b>Indemnity</b>	58
<b>Medical Only</b>	0
<b>Denied</b>	0
<b>Complaints</b>	8
<b>Additional</b>	0

**Audit No: VNO-07-07-R1-5**

**Subject: State Compensation Insurance Fund - State Contracts**

**Location: Oxnard**

**Type: TPA**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	4	\$4,670	\$4,670	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	3	\$3,000	\$3,000	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	17	\$4,820	\$4,820	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	31	\$1,625	\$1,625	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	1	\$500	\$500	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	12	\$5,200	\$5,200	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	4	\$800	\$800	\$0	\$0	
Failure to pay any PD indemnity benefit.	1	\$400	\$400	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	2	\$650	\$650	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	2	\$4,600	\$4,600	\$0	\$0	
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 DB.	2	\$7,200	\$7,200	\$0	\$0	
<b>TOTAL</b>	<b>79</b>	<b>\$33,465</b>	<b>\$33,465</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2007**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: VNO-07-07-R1-5**

**Subject: State Compensation Insurance Fund - State Contracts**

**Location: Oxnard**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$240.00						\$240.00
2	\$420.00	\$231.00		\$23.10			\$674.10
3	\$120.00						\$120.00
4	\$258.00						\$258.00
5				\$37.00			\$37.00
6				\$178.74			\$178.74
7		\$3,204.65		\$320.46			\$3,525.11
8		\$1,870.00		\$187.00			\$2,057.00
<b>TOTAL</b>	<b>\$1,038.00</b>	<b>\$5,305.65</b>	<b>\$0.00</b>	<b>\$746.30</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$7,089.95</b>



**Calendar Year: 2007**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	66
<b>Indemnity</b>	58
<b>Medical Only</b>	0
<b>Denied</b>	0
<b>Complaints</b>	8
<b>Additional</b>	0

**Audit No: VNO-05-07-R1-1**

**Subject: State Compensation Insurance Fund**

**Location: Riverside**

**Type: INS**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	24	\$12,900	\$12,900	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	5	\$3,930	\$3,930	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	1	\$25	\$25	\$0	\$0	
Late subsequent payment of indemnity benefits.	29	\$6,485	\$6,485	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	1	\$80	\$80	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	2	\$300	\$300	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	3	\$1,000	\$1,000	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	2	\$5,200	\$5,200	\$0	\$0	
Failure to pay any PD indemnity benefit.	1	\$800	\$800	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	4	\$1,175	\$1,175	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
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 DB.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>72</b>	<b>\$31,895</b>	<b>\$31,895</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2007**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: VNO-05-07-R1-1**

**Subject: State Compensation Insurance Fund**

**Location: Riverside**

**Type: INS**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1				\$140.54		\$10.90	\$151.44
2		\$2,548.91		\$126.89			\$2,675.80
3	\$26.91						\$26.91
4	\$4,220.53			\$298.57			\$4,519.10
5				\$452.46			\$452.46
6				\$1,187.25			\$1,187.25
<b>TOTAL</b>	<b>\$4,247.44</b>	<b>\$2,548.91</b>	<b>\$0.00</b>	<b>\$2,205.71</b>	<b>\$0.00</b>	<b>\$10.90</b>	<b>\$9,012.96</b>

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

**Audit No: SAC-10-07-R1-1**

**Subject: State Compensation Insurance Fund**

**Location: Sacramento**

**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. =      \$ 1,956.87      divide by      # of claims with obligation to pay indem.      58  
 Avg Unpd Ind =      \$ 33.74

C. Severity Rate

Avg Unpd Indem      \$ 33.74      divide by avg unpd indem 2003-2005 of      \$ 167.71      =      0.20118

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.17241      X      Severity rate      0.20118      X      modifier of      2  
 =      0.06937

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

# claims with late 1st TD	32	divide by # with TD payments	58	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	32	divide by	Totals 58	=
				0.55172

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

# claims with late first PD	1	divide by # with first PD	10	
# 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 10	=
				0.10000

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

# claims with late subsequent payments      9      divide by # with subsequent payments      34      =  
0.26471

**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	30	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
Totals	8		Totals 30	=
				0.26667

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2007** 1.25247

**Profile Audit Review Performance Rating of 1.83202 or greater is a failing score.**

**Calendar Year: 2007**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	65
<b>Indemnity</b>	58
<b>Medical Only</b>	0
<b>Denied</b>	0
<b>Complaints</b>	7
<b>Additional</b>	0

**Audit No: SAC-10-07-R1-1**

**Subject: State Compensation Insurance Fund**

**Location: Sacramento**

**Type: INS**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	41	\$12,870	\$12,870	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	2	\$350	\$350	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	25	\$4,860	\$4,860	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	8	\$2,200	\$2,200	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	6	\$2,000	\$2,000	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	10	\$1,300	\$1,300	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
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 DB.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>92</b>	<b>\$23,580</b>	<b>\$23,580</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2007**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: SAC-10-07-R1-1**

**Subject: State Compensation Insurance Fund**

**Location: Sacramento**

**Type: INS**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$221.44			\$27.00			\$248.44
2				\$93.60			\$93.60
3				\$48.00			\$48.00
4	\$102.86			\$10.29			\$113.15
5	\$261.17			\$101.33			\$362.50
6	\$596.11			\$219.61			\$815.72
7				\$39.60			\$39.60
8	\$46.98						\$46.98
9	\$44.29						\$44.29
10				\$144.59			\$144.59
<b>TOTAL</b>	<b>\$1,272.85</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$684.02</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$1,956.87</b>

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

**Audit No: LAO-19-07-R3-1**

**Subject: State Compensation Insurance Fund - HCO Program**

**Location: Santa Ana**

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

A. Frequency Rate

# claims with unpd indem      11      divide by # claims with payable indem      30      =      0.36667

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

Total unpd indem. =      \$ 8,548.64      divide by      # of claims with obligation to pay indem.      30  
 Avg Unpd Ind =      \$ 284.95

C. Severity Rate

Avg Unpd Indem      \$ 284.95      divide by avg unpd indem 2003-2005 of      \$ 167.71      =      1.69909

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.36667      X      Severity rate      1.69909      X      modifier of      2  
 =      1.24600

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

# claims with late 1st TD	10	divide by # with TD payments	28	
# claims with late first SC notice	<u>0</u>	divide by # with salary continuation	<u>0</u>	
Totals	10	divide by	Totals	28
				=
				<span style="border: 1px solid black; padding: 2px;">0.35714</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	6	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	<u>0</u>	divide by # with first DB paid	<u>0</u>	
Totals	3	divide by	Totals	6
				=
				<span style="border: 1px solid black; padding: 2px;">0.50000</span>

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

# claims with late subsequent payments      8      divide by # with subsequent payments      21      =  
0.38095

**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	21	
# claims with VR potential eligibility notice violations	<u>0</u>	divide by # requiring notices	<u>0</u>	
Totals	1		Totals	21
				=
				<span style="border: 1px solid black; padding: 2px;">0.04762</span>

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2007**

**Profile Audit Review Performance Rating of 1.83202 or greater is a failing score.**

2.53171

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

**Audit No: LAO-19-07-R3-1**

**Subject: State Compensation Insurance Fund - HCO Program**

**Location: Santa Ana**

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

A. Frequency Rate

# claims with unpd indem      12      divide by # claims with payable indem      32      =      0.37500

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

Total unpd indem =      \$ 8,565.84      divide by      # of claims with obligation to pay indem.      32  
 Avg Unpd Ind =      \$ 267.68

C. Severity Rate

Avg Unpd Ind.      \$ 267.68      divide by avg unpd indem 2003-2005 of      \$ 167.71      =      1.59610

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.37500      X      Severity rate      1.59610      X      modifier of      2  
 =      1.19708

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

# claims with late 1st TD	11	divide by # with TD payments	30	
# claims with late first SC notice	<u>0</u>	divide by # with salary continuation	<u>0</u>	
Totals	11	divide by	Totals 30	=
				<u>0.36667</u>

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

# claims with late first PD	3	divide by # with first PD	6	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims/late first death benefits	<u>0</u>	divide by # with first death ben paid	<u>0</u>	
Totals	3	divide by	Totals 6	=
				<u>0.50000</u>

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

# claims with late subseq payments      8      divide by # with subseq payments      22      =  
0.36364

**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	22	
# claims with VR potential eligibilty notice violations	<u>0</u>	divide by # requiring notices	<u>0</u>	
Totals	1		Totals 22	
				=
				<u>0.04545</u>

**FULL COMPLIANCE AUDIT PERFORMANCE RATING - 2007**

**Full Compliance Audit Performance Rating of indemnity files of 2.21983 or greater is a failing score.**      2.47284

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

**Audit No: LAO-19-07-R3-1**

**Subject: State Compensation Insurance Fund - HCO Program**

**Location: Santa Ana**

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

A. Frequency Rate

# claims with unpd indem      12      divide by # claims with payable indem      32      =      0.37500

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

Total unpd indem =      \$ 8,565.84      divide by      # of claims with obligation to pay indem.      32  
 Avg Unpd Ind =      \$ 267.68

C. Severity Rate

Avg Unpd Ind.      \$ 267.68      divide by avg unpd indem 2003-2005 of      \$ 167.71      =      1.59610

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.37500      X      Severity rate      1.59610      X      modifier of      2  
 =      1.19708

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

# claims with late 1st TD	9	divide by # with TD payments	30	
# claims with late first SC notice	<u>0</u>	divide by # with salary continuation	<u>0</u>	
Totals	9	divide by	Totals 30	=
				<u>0.30000</u>

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

# claims with late first PD	3	divide by # with first PD	6	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims/late first death benefits	<u>0</u>	divide by # with first death ben paid	<u>0</u>	
Totals	3	divide by	Totals 6	=
				<u>0.50000</u>

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

# claims with late subseq payments      8      divide by # with subseq payments      21      =  
0.38095

**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	22	
# claims with VR potential eligibilty notice violations	<u>0</u>	divide by # requiring notices	<u>0</u>	
Totals	1		Totals 22	
				=
				<u>0.04545</u>

**FULL COMPLIANCE AUDIT PERFORMANCE RATING - 2007**

**2.42348**

Full Compliance Audit Performance Rating for indemnity and denied files of 2.21983 or greater is a failing score.

**Penalty Assessments and Collections**

<b>Files Audited:</b>	33
<b>Indemnity</b>	32
<b>Medical Only</b>	0
<b>Denied</b>	1
<b>Complaints</b>	0
<b>Additional</b>	0

**Audit No: LAO-19-07-R3-1**

**Subject: State Compensation Insurance Fund - HCO Program**

**Location: Santa Ana**

**Type: INS**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	10	\$3,880	\$0	\$3,880	\$3,880	
Late first payment of permanent disability indemnity benefits (PD).	4	\$1,720	\$0	\$1,720	\$1,720	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	23	\$5,645	\$0	\$5,645	\$5,645	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	13	\$805	\$0	\$805	\$805	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of the procedure to evaluate PD.	1	\$500	\$0	\$500	\$500	
Failure to pay any TD or SC in lieu of TD.	9	\$8,300	\$0	\$8,300	\$8,300	
Failure to pay any PD indemnity benefit.	2	\$800	\$0	\$800	\$800	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	4	\$950	\$0	\$950	\$950	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
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 DB.	0	\$0	\$0	\$0	\$0	

**Calendar Year: 2007**  
**Penalty Assessments and Collections**

**Individual Exhibit 2**

<b>Files Audited:</b>	33
<b>Indemnity</b>	32
<b>Medical Only</b>	0
<b>Denied</b>	1
<b>Complaints</b>	0
<b>Additional</b>	0

**Audit No:** LAO-19-07-R3-1

**Subject:** State Compensation Insurance Fund - HCO Program

**Location:** Santa Ana

**Type:** INS

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Failure to issue benefit notices other than specific notices for VR or denial.	14	\$1,400	\$0	\$1,400	\$1,400	
Failure to pay or object to medical treatment expense in the manner required by law or regulation.	27	\$4,500	\$0	\$4,500	\$4,500	
Failure to pay or object to medical-legal expense in the manner required by law or regulation.	0	\$0	\$0	\$0	\$0	
Failure to timely assign a QRR to an employee after 90 aggregate days of total TD for injuries prior to 1/1/94.	0	\$0	\$0	\$0	\$0	
Failure to provide VR information after 90 aggregate days of total TD (injuries 1/1/94 thru 12/31/03).	0	\$0	\$0	\$0	\$0	
Failure to timely notify an injured employee of potential eligibility for VR (injuries thru 12/31/03).	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of non-eligibility for VR.	0	\$0	\$0	\$0	\$0	
Failure to provide notices denying all liability or death benefits as required.	0	\$0	\$0	\$0	\$0	
Failure to timely respond to a request to provide or authorize medical treatment.	0	\$0	\$0	\$0	\$0	
Failure to include specific items or properly designate entries on a claim log.	0	\$0	\$0	\$0	\$0	
Materially incomplete or inaccurate benefit notices including denial for all liability, other than specific vocational rehabilitation notices.	4	\$100	\$0	\$100	\$100	
Failure to investigate.	0	\$0	\$0	\$0	\$0	
Late payment of WCAB Orders or Awards or RU Orders for late payment of attorney fees and issues other than late payment of indemnity.	0	\$0	\$0	\$0	\$0	
Penalties for failure to comply with any regulation of the AD not otherwise assessed.	3	\$300	\$0	\$300	\$300	
Unsupported denial of all liability for a claim.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>114</b>	<b>\$28,900</b>	<b>\$0</b>	<b>\$0</b>	<b>\$28,900</b>	

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

**Calendar Year: 2007**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-19-07-R3-1**

**Subject: State Compensation Insurance Fund - HCO Program**

**Location: Santa Ana**

**Type: INS**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$863.61						\$863.61
2		\$799.82		\$79.98			\$879.80
3		\$690.00		\$69.00			\$759.00
4	\$32.87			\$2.59			\$35.46
5	\$101.62			\$10.16			\$111.78
6				\$662.86			\$662.86
7	\$17.20						\$17.20
8	\$178.96			\$17.90			\$196.86
9	\$9.52			\$0.90			\$10.42
10	\$4,421.98			\$441.35			\$4,863.33
11	\$83.81						\$83.81
12	\$74.62			\$7.09			\$81.71
<b>TOTAL</b>	<b>\$5,784.19</b>	<b>\$1,489.82</b>	<b>\$0.00</b>	<b>\$1,291.83</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$8,565.84</b>

**Calendar Year: 2007**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-19-07-R3-1**

**Subject: State Compensation Insurance Fund - HCO Program**

**Location: Santa Ana**

**Type: INS**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$863.61						\$863.61
2		\$799.82		\$79.98			\$879.80
3		\$690.00		\$69.00			\$759.00
4	\$32.87			\$2.59			\$35.46
5	\$101.62			\$10.16			\$111.78
6				\$662.86			\$662.86
7	\$17.20						\$17.20
8	\$178.96			\$17.90			\$196.86
9	\$9.52			\$0.90			\$10.42
10	\$4,421.98			\$441.35			\$4,863.33
11	\$83.81						\$83.81
12	\$74.62			\$7.09			\$81.71
<b>TOTAL</b>	<b>\$5,784.19</b>	<b>\$1,489.82</b>	<b>\$0.00</b>	<b>\$1,291.83</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$8,565.84</b>



**Calendar Year: 2007**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	67
<b>Indemnity</b>	59
<b>Medical Only</b>	0
<b>Denied</b>	0
<b>Complaints</b>	8
<b>Additional</b>	0

**Audit No: SAC-02-07-R1-1**

**Subject: State Compensation Insurance Fund**

**Location: Stockton**

**Type: INS**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	13	\$4,400	\$4,400	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	4	\$4,320	\$4,320	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	8	\$1,660	\$1,660	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	8	\$2,800	\$2,800	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	5	\$6,200	\$6,200	\$0	\$0	
Failure to pay any PD indemnity benefit.	1	\$400	\$400	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	1	\$100	\$100	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	1	\$2,000	\$2,000	\$0	\$0	
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 DB.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>41</b>	<b>\$21,880</b>	<b>\$21,880</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2007**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: SAC-02-07-R1-1**

**Subject: State Compensation Insurance Fund**

**Location: Stockton**

**Type: INS**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$99.99						\$99.99
2	\$357.79						\$357.79
3	\$950.31					\$60.14	\$1,010.45
4	\$157.50						\$157.50
5	\$45.92						\$45.92
6	\$1,128.06			\$112.81			\$1,240.87
7		\$521.41		\$52.14			\$573.55
8				\$63.74			\$63.74
<b>TOTAL</b>	<b>\$2,739.57</b>	<b>\$521.41</b>	<b>\$0.00</b>	<b>\$228.69</b>	<b>\$0.00</b>	<b>\$60.14</b>	<b>\$3,549.81</b>



**Calendar Year: 2007**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	60
<b>Indemnity</b>	58
<b>Medical Only</b>	0
<b>Denied</b>	0
<b>Complaints</b>	2
<b>Additional</b>	0

**Audit No: SAC-15-07-R1-1**

**Subject: State Farm Fire and Casualty Company**

**Location: Bakersfield**

**Type: INS**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	22	\$9,120	\$9,120	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	4	\$1,940	\$1,940	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	37	\$14,915	\$14,915	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	3	\$150	\$150	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	1	\$400	\$400	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	4	\$1,600	\$1,600	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	2	\$600	\$600	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	4	\$950	\$950	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	1	\$6,000	\$6,000	\$0	\$0	
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 DB.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>78</b>	<b>\$35,675</b>	<b>\$35,675</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2007**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: SAC-15-07-R1-1**

**Subject: State Farm Fire and Casualty Company**

**Location: Bakersfield**

**Type: INS**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$2,913.60			\$412.77			\$3,326.37
2				\$162.57			\$162.57
3	\$113.19			\$11.31			\$124.50
4				\$436.80			\$436.80
5	\$108.00			\$25.60			\$133.60
6	\$12,530.86					\$1,393.84	\$13,924.70
<b>TOTAL</b>	<b>\$15,665.65</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$1,049.05</b>	<b>\$0.00</b>	<b>\$1,393.84</b>	<b>\$18,108.54</b>



**Calendar Year: 2007**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	45
<b>Indemnity</b>	43
<b>Medical Only</b>	0
<b>Denied</b>	0
<b>Complaints</b>	2
<b>Additional</b>	0

**Audit No: OAK-06-07-R1-5**

**Subject: The Cities Group/Joint Powers Authority**

**Location: Burlingame**

**Type: SI**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	10	\$2,250	\$2,250	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	1	\$400	\$400	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	3	\$570	\$570	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	4	\$150	\$150	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	3	\$900	\$900	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	5	\$6,200	\$6,200	\$0	\$0	
Failure to pay any PD indemnity benefit.	1	\$2,000	\$2,000	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	5	\$1,150	\$1,150	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
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 DB.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>32</b>	<b>\$13,620</b>	<b>\$13,620</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2007**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: OAK-06-07-R1-5**

**Subject: The Cities Group/Joint Powers Authority**

**Location: Burlingame**

**Type: SI**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$1,015.81			\$101.58			\$1,117.39
2		\$7,662.90		\$803.69			\$8,466.59
3	\$280.35			\$29.03			\$309.38
4	\$1,305.48			\$296.51			\$1,601.99
5	\$107.11			\$208.98			\$316.09
<b>TOTAL</b>	<b>\$2,708.75</b>	<b>\$7,662.90</b>	<b>\$0.00</b>	<b>\$1,439.79</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$11,811.44</b>



**Calendar Year: 2007**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

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

**Audit No: SAC-06-07-R1-5**

**Subject: Tri Star Risk Management**

**Location: Rancho Cordova**

**Type: TPA**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	6	\$1,330	\$1,330	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	2	\$300	\$300	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	6	\$1,190	\$1,190	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	8	\$415	\$415	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	1	\$500	\$500	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	5	\$1,500	\$1,500	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	5	\$1,800	\$1,800	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	1	\$50	\$50	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
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 DB.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>34</b>	<b>\$7,085</b>	<b>\$7,085</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2007**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: SAC-06-07-R1-5**

**Subject: Tri Star Risk Management**

**Location: Rancho Cordova**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1				\$10.57			\$10.57
2	\$29.37			\$1.96			\$31.33
3	\$1,169.15			\$116.92			\$1,286.07
4	\$13.26						\$13.26
5	\$166.08						\$166.08
<b>TOTAL</b>	<b>\$1,377.86</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$129.45</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$1,507.31</b>



**Calendar Year: 2007**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

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

**Audit No: LAO-25-07-R1-5**

**Subject: Tri Star Risk Management**

**Location: San Diego**

**Type: TPA**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	5	\$1,170	\$1,170	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	0	\$0	\$0	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	22	\$5,670	\$5,670	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	9	\$465	\$465	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	1	\$100	\$100	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	4	\$2,600	\$2,600	\$0	\$0	
Failure to pay any PD indemnity benefit.	1	\$400	\$400	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	1	\$50	\$50	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	2	\$4,600	\$4,600	\$0	\$0	
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 DB.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>45</b>	<b>\$15,055</b>	<b>\$15,055</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2007**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-25-07-R1-5**

**Subject: Tri Star Risk Management**

**Location: San Diego**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1		\$3,150.00		\$320.00		\$48.64	\$3,518.64
2	\$2,222.35	\$126.10		\$234.85			\$2,583.30
3	\$205.84						\$205.84
4	\$52.60			\$5.26			\$57.86
5	\$42.14						\$42.14
6		\$4,912.00		\$491.20		\$334.64	\$5,737.84
<b>TOTAL</b>	<b>\$2,522.93</b>	<b>\$8,188.10</b>	<b>\$0.00</b>	<b>\$1,051.31</b>	<b>\$0.00</b>	<b>\$383.28</b>	<b>\$12,145.62</b>

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

**Audit No: OAK-18-07-R1-1**

**Subject: Wausau Insurance Company**

**Location: Beaverton, OR**

**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. =      \$ 4,330.38      divide by      # of claims with obligation to pay indem.      58  
 Avg Unpd Ind =      \$ 74.66

C. Severity Rate

Avg Unpd Indem      \$ 74.66      divide by avg unpd indem 2003-2005 of      \$ 167.71      =      0.44518

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.20690      X      Severity rate      0.44518      X      modifier of      2  
 =      0.18421

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

# claims with late 1st TD	11	divide by # with TD payments	55	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	11	divide by	Totals	55
				=
				<span style="border: 1px solid black; padding: 2px;">0.20000</span>

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

# claims with late first PD	4	divide by # with first PD	10	
# 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	10
				=
				<span style="border: 1px solid black; padding: 2px;">0.40000</span>

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

# claims with late subsequent payments      7      divide by # with subsequent payments      41      =  
0.17073

**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	26	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
Totals	10	Totals	26	
				=
				<span style="border: 1px solid black; padding: 2px;">0.38462</span>

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2007**      1.33956

**Profile Audit Review Performance Rating of 1.83202 or greater is a failing score.**

**Calendar Year: 2007**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	62
<b>Indemnity</b>	58
<b>Medical Only</b>	0
<b>Denied</b>	0
<b>Complaints</b>	4
<b>Additional</b>	0

**Audit No: OAK-18-07-R1-1**

**Subject: Wausau Insurance Company**

**Location: Beaverton, OR**

**Type: INS**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	12	\$5,870	\$5,870	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	4	\$2,390	\$2,390	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	10	\$3,200	\$3,200	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	10	\$3,000	\$3,000	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	11	\$6,200	\$6,200	\$0	\$0	
Failure to pay any PD indemnity benefit.	1	\$400	\$400	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	3	\$250	\$250	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
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 DB.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>51</b>	<b>\$21,310</b>	<b>\$21,310</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2007**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: OAK-18-07-R1-1**

**Subject: Wausau Insurance Company**

**Location: Beaverton, OR**

**Type: INS**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$314.53			\$31.45			\$345.98
2	\$197.59						\$197.59
3	\$62.44						\$62.44
4	\$13.52						\$13.52
5	\$346.06						\$346.06
6				\$36.65			\$36.65
7		\$182.28					\$182.28
8	\$239.46						\$239.46
9				\$48.85			\$48.85
10	\$32.52						\$32.52
11	\$846.22			\$134.13			\$980.35
12	\$1,694.21			\$150.47			\$1,844.68
<b>TOTAL</b>	<b>\$3,746.55</b>	<b>\$182.28</b>	<b>\$0.00</b>	<b>\$401.55</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$4,330.38</b>

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

**Audit No: SAC-09-07-R3-2**

**Subject: Weyerhaeuser Company and Willamette Industries, Inc.**

**Location: Sacramento**

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

A. Frequency Rate

# claims with unpd indem      12      divide by # claims with payable indem      34      =      0.35294

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

Total unpd indem. =      \$ 18,342.05      divide by      # of claims with obligation to pay indem.      34  
 Avg Unpd Ind =      \$ 539.47

C. Severity Rate

Avg Unpd Indem      \$ 539.47      divide by avg unpd indem 2003-2005 of      \$ 167.71      =      3.21670

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.35294      X      Severity rate      3.21670      X      modifier of      2  
 =      2.27061

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

# claims with late 1st TD	11	divide by # with TD payments	32	
# claims with late first SC notice	1	divide by # with salary continuation	1	
Totals	12	divide by	33	=
				<span style="border: 1px solid black; padding: 2px;">0.36364</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	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	5	divide by	15	=
				<span style="border: 1px solid black; padding: 2px;">0.33333</span>

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

# claims with late subsequent payments      9      divide by # with subsequent payments      31      =  
0.29032

**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	18	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	1	
Totals	9		19	
				=
				<span style="border: 1px solid black; padding: 2px;">0.47368</span>

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2007**

3.73159

**Profile Audit Review Performance Rating of 1.83202 or greater is a failing score.**

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

**Audit No: SAC-09-07-R3-2**

**Subject: Weyerhaeuser Company and Willamette Industries, Inc.**

**Location: Sacramento**

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

A. Frequency Rate

# claims with unpd indem      17      divide by # claims with payable indem      51      =      0.33333

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

Total unpd indem =      \$ 21,111.80      divide by      # of claims with obligation to pay indem.      51  
 Avg Unpd Ind =      \$ 413.96

C. Severity Rate

Avg Unpd Ind.      \$ 413.96      divide by avg unpd indem 2003-2005 of      \$ 167.71      =      2.46829

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.33333      X      Severity rate      2.46829      X      modifier of      2  
 =      1.64553

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

# claims with late 1st TD	19	divide by # with TD payments	49	
# claims with late first SC notice	1	divide by # with salary continuation	1	
Totals	20	divide by	Totals	50
				=
				0.40000

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

# claims with late first PD	7	divide by # with first PD	19	
# 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	7	divide by	Totals	20
				=
				0.35000

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

# claims with late subseq payments      15      divide by # with subseq payments      45      =  
 0.33333

**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	24	
# claims with VR potential eligibilty notice violations	0	divide by # requiring notices	1	
Totals	13		Totals	25
				=
				0.52000

**FULL COMPLIANCE AUDIT PERFORMANCE RATING - 2007**

**Full Compliance Audit Performance Rating of indemnity files of 2.21983 or greater is a failing score.**

**3.24886**

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

**Audit No: SAC-09-07-R3-2**

**Subject: Weyerhaeuser Company and Willamette Industries, Inc.**

**Location: Sacramento**

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

A. Frequency Rate

# claims with unpd indem 18 divide by # claims with payable indem 55 = 0.32727

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

Total unpd indem = \$ 70,988.33 divide by # of claims with obligation to pay indem. 55  
 Avg Unpd Ind = \$ 1,290.70

C. Severity Rate

Avg Unpd Ind. \$ 1,290.70 divide by avg unpd indem 2003-2005 of \$ 167.71 = 7.69600

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.32727 X Severity rate 7.69600 X modifier of 2  
 = 5.03738

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

# claims with late 1st TD	20	divide by # with TD payments	52	
# claims with late first SC notice	1	divide by # with salary continuation	1	
Totals	21	divide by	Totals 53	=
				0.39623

**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	1	
# claims/late first death benefits	0	divide by # with first death ben paid	0	
Totals	9	divide by	Totals 23	=
				0.39130

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

# claims with late subseq payments 16 divide by # with subseq payments 47 = 0.34043

**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	24	
# claims with VR potential eligibilty notice violations	0	divide by # requiring notices	1	
Totals	12		Totals 25	
				= 0.48000

**FULL COMPLIANCE AUDIT PERFORMANCE RATING - 2007** 6.64534

**Full Compliance Audit Performance Rating for indemnity and denied files of 2.21983 or greater is a failing score.**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	112
<b>Indemnity</b>	51
<b>Medical Only</b>	0
<b>Denied</b>	39
<b>Complaints</b>	0
<b>Additional</b>	25

**Audit No: SAC-09-07-R3-2**

**Subject: Weyerhaeuser Co. and Willamette Ind., Inc.**

**Location: Sacramento**

**Type: SI**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	29	\$12,710	\$0	\$12,710	\$12,710	
Late first payment of permanent disability indemnity benefits (PD).	9	\$5,380	\$0	\$5,380	\$5,380	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	26	\$5,930	\$0	\$5,930	\$5,930	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	51	\$3,090	\$0	\$3,090	\$3,090	
Failure to comply with requirements to provide notice of the QME/AME process.	11	\$3,200	\$0	\$3,200	\$3,200	
Failure to pay any TD or SC in lieu of TD.	11	\$14,500	\$0	\$14,500	\$14,500	
Failure to pay any PD indemnity benefit.	2	\$1,900	\$0	\$1,900	\$1,900	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	15	\$2,750	\$0	\$2,750	\$2,750	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
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 DB.	0	\$0	\$0	\$0	\$0	

**Calendar Year: 2007**  
**Penalty Assessments and Collections**

<b>Files Audited:</b>	115
<b>Indemnity</b>	51
<b>Medical Only</b>	0
<b>Denied</b>	39
<b>Complaints</b>	0
<b>Additional</b>	25

**Audit No: SAC-09-07-R3-2**

**Subject: Weyerhaeuser Co. & Williamette, Ind., Inc.**

**Location: Sacramento**

**Type: SI**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Failure to issue benefit notices other than specific notices for VR or denial.	8	\$800	\$0	\$800	\$800	
Failure to pay or object to medical treatment expense in the manner required by law or regulation.	30	\$8,400	\$0	\$8,400	\$8,400	
Failure to pay or object to medical-legal expense in the manner required by law or regulation.	0	\$0	\$0	\$0	\$0	
Failure to timely assign a QRR to an employee after 90 aggregate days of total TD for injuries prior to 1/1/94.	0	\$0	\$0	\$0	\$0	
Failure to provide VR information after 90 aggregate days of total TD (injuries 1/1/94 thru 12/31/03).	0	\$0	\$0	\$0	\$0	
Failure to timely notify an injured employee of potential eligibility for VR (injuries thru 12/31/03).	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of non-eligibility for VR.	0	\$0	\$0	\$0	\$0	
Failure to provide notices denying all liability or death benefits as required.	0	\$0	\$0	\$0	\$0	
Failure to timely respond to a request to provide or authorize medical treatment.	0	\$0	\$0	\$0	\$0	
Failure to include specific items or properly designate entries on a claim log.	25	\$775	\$0	\$775	\$775	
Materially incomplete or inaccurate benefit notices including denial for all liability, other than specific vocational rehabilitation notices.	6	\$2,050	\$0	\$2,050	\$2,050	
Failure to investigate.	4	\$3,000	\$0	\$3,000	\$3,000	
Late payment of WCAB Orders or Awards or RU Orders for late payment of attorney fees and issues other than late payment of indemnity.	0	\$0	\$0	\$0	\$0	
Penalties for failure to comply with any regulation of the AD not otherwise assessed.	3	\$300	\$0	\$300	\$300	
Unsupported denial of all liability for a claim.	10	\$29,700	\$0	\$29,700	\$29,700	
<b>TOTAL</b>	<b>240</b>	<b>\$94,485</b>	<b>\$0</b>	<b>\$94,485</b>	<b>\$94,485</b>	

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

**Calendar Year: 2007**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: SAC-09-07-R3-2**

**Subject: Weyerhaeuser Company and Willamette Industries, Inc.**

**Location: Sacramento**

**Type: SI**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$66.97						\$66.97
2				\$111.48			\$111.48
3				\$65.71			\$65.71
4				\$337.00			\$337.00
5	\$585.38			\$41.29			\$626.67
6		\$5,940.00		\$594.00			\$6,534.00
7	\$2,433.64			\$339.19			\$2,772.83
8	\$3,412.24			\$268.04			\$3,680.28
9	\$31.90			\$3.19			\$35.09
10	\$84.23			\$488.42			\$572.65
11	\$45,223.98			\$4,583.50			\$49,807.48
12				\$53.01			\$53.01
13				\$169.05			\$169.05
14		\$800.00		\$54.29			\$854.29
15	\$475.70			\$47.57			\$523.27
16	\$1,734.96			\$173.50			\$1,908.46
17	\$558.77			\$249.11			\$807.88
18	\$1,874.74			\$187.47			\$2,062.21
<b>TOTAL</b>	<b>\$56,482.51</b>	<b>\$6,740.00</b>	<b>\$0.00</b>	<b>\$7,765.82</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$70,988.33</b>



**Calendar Year: 2007**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

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

**Audit No: OAK-24-07-R1-5**

**Subject: Workers' Compensation Administrators, LLC**

**Location: Santa Maria**

**Type: TPA**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	2	\$500	\$500	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	1	\$200	\$200	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	4	\$650	\$650	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	9	\$400	\$400	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	1	\$500	\$500	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	0	\$0	\$0	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	0	\$0	\$0	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
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 DB.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>17</b>	<b>\$2,250</b>	<b>\$2,250</b>	<b>\$0</b>	<b>\$0</b>	

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



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

**Audit No: OAK-14-07-R1-3**

**Subject: Zurich North America and Zurich Services Corporation**

**Location: San Francisco**

**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. =      \$ 12,541.61      divide by      # of claims with obligation to pay indem.      58  
 Avg Unpd Ind =      \$ 216.23

C. Severity Rate

Avg Unpd Indem      \$ 216.23      divide by avg unpd indem 2003-2005 of      \$ 167.71      =      1.28934

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.20690      X      Severity rate      1.28934      X      modifier of      2  
 =      0.53352

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

# claims with late 1st TD	17	divide by # with TD payments	52	
# claims with late first SC notice	3	divide by # with salary continuation	5	
Totals	20	divide by	Totals	57
				=
				<span style="border: 1px solid black; padding: 2px;">0.35088</span>

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

# claims with late first PD	1	divide by # with first PD	8	
# 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	8
				=
				<span style="border: 1px solid black; padding: 2px;">0.12500</span>

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

# claims with late subsequent payments      9      divide by # with subsequent payments      35      =  
0.25714

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

# claims with AME/QME notice violations	6	divide by # requiring notices	25	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
Totals	6	Totals	25	
				=
				<span style="border: 1px solid black; padding: 2px;">0.24000</span>

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2007** **1.50654**

**Profile Audit Review Performance Rating of 1.83202 or greater is a failing score.**

**Calendar Year: 2007**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	67
<b>Indemnity</b>	58
<b>Medical Only</b>	0
<b>Denied</b>	0
<b>Complaints</b>	9
<b>Additional</b>	0

**Audit No: OAK-14-07-R1-3**

**Subject: Zurich North America and Zurich Services Corporation**

**Location: San Francisco**

**Type: INS/TPA**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	22	\$10,170	\$10,170	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	1	\$320	\$320	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	1	\$800	\$800	\$0	\$0	
Late subsequent payment of indemnity benefits.	26	\$9,725	\$9,725	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	3	\$180	\$180	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	3	\$900	\$900	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	7	\$2,700	\$2,700	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	9	\$3,900	\$3,900	\$0	\$0	
Failure to pay any PD indemnity benefit.	5	\$10,200	\$10,200	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	13	\$2,100	\$2,100	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
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 DB.	2	\$800	\$800	\$0	\$0	
<b>TOTAL</b>	<b>92</b>	<b>\$41,795</b>	<b>\$41,795</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2007**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: OAK-14-07-R1-3**

**Subject: Zurich North America and Zurich Services Corporation**

**Location: San Francisco**

**Type: INS / TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$175.95						\$175.95
2				\$200.52			\$200.52
3				\$84.02			\$84.02
4	\$83.12						\$83.12
5				\$225.90			\$225.90
6	\$24.08	\$117.00		\$208.75			\$349.83
7				\$147.06			\$147.06
8	\$1,444.90			\$144.49			\$1,589.39
9	\$186.82						\$186.82
10	\$165.42			\$57.87			\$223.29
11	\$44.55			\$35.77			\$80.32
12			\$457.98				\$457.98
13		\$8,888.00					\$8,888.00
14	\$533.29						\$533.29
<b>TOTAL</b>	<b>\$2,658.13</b>	<b>\$9,005.00</b>	<b>\$457.98</b>	<b>\$1,104.38</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$13,225.49</b>



**Calendar Year: 2007**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	21
<b>Indemnity</b>	21
<b>Medical Only</b>	0
<b>Denied</b>	0
<b>Complaints</b>	0
<b>Additional</b>	0

**Audit No: OAK-02-07-R1-1**

**Subject: Zurich North America**

**Location: Schaumburg, IL**

**Type: INS**

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	7	\$1,250	\$1,250	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	3	\$820	\$820	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	5	\$2,190	\$2,190	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	6	\$2,500	\$2,500	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	0	\$0	\$0	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	1	\$150	\$150	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	1	\$800	\$800	\$0	\$0	
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 DB.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>23</b>	<b>\$7,710</b>	<b>\$7,710</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2007**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: OAK-02-07-R1-1**

**Subject: Zurich North America**

**Location: Schaumburg, IL**

**Type: INS**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1				\$91.63			\$91.63
2		\$66.07					\$66.07
<b>TOTAL</b>	<b>\$0.00</b>	<b>\$66.07</b>	<b>\$0.00</b>	<b>\$91.63</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$157.70</b>