



## **2009 AUDITS**

### **A Report to the California Legislature on Claims Handling Practices of Workers' Compensation Administrators**

**Department of Industrial Relations  
Division of Workers' Compensation  
Audit Unit**

**April 1, 2010**

## **2009 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 20th annual workers' compensation report summarizing the results of audits conducted by the DWC Audit Unit.

### **2009 Audit Results**

**Profile Audit Review (PAR) standard – 1.76686 / Full Compliance Audit (FCA) standard – 2.13923**

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 53 profile audit reviews (PAR audits). Of the PAR audits, 50 were routinely selected and three were target audits, which were conducted based upon failure of a prior audit. The total number of PAR audit subjects included 14 insurance companies, 15 self-administered, self-insured employers, 23 third-party administrators (TPA), and one insurance company / third-party administrator combined claims adjusting location. In addition to the PAR audits, the investigative section of the Audit Unit conducts investigations/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, California Code of Regulations, sections 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 that 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 2009, within the PAR/FCA audits, compliance officers audited 3,304 claim files, of which 3,031 were randomly selected claims in which some form of indemnity benefits were paid. Four audits included 203 randomly selected claims in which the employer or insurer denied all liability. Targeted claims audited included 67 files based on complaints received by the DWC. Three 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.

### **Basis for the Profile Audit Review Performance Rating**

The audit regulations (California Code of Regulations, Title 8, sections 10100.2 through 10115.2) were amended in 2008. The final regulations were filed with Office of Administrative Law on April 20, 2009 and became effective on May 20, 2009. The audit regulations seek to produce more efficient audits of workers' compensation claims administrators and also establish new procedures and penalty provisions for recent statutory and regulatory obligations. The revised regulations were updated to reflect the statutory changes made by the recent reforms.

Pursuant to Title 8, California Code of Regulations, section 10107.1(c)(3), when the Audit Unit conducts a profile audit review (PAR) audit of claim files, a performance rating is calculated for the sample of randomly selected indemnity claims. The performance rating is a composite score reflecting claims performance based on:

- The percentages of randomly selected claims with unpaid indemnity and the amounts of unpaid indemnity in those claims;
- The percentages of randomly selected claims with late first temporary disability payments and/or failure to comply with the regulations for the provision of first notices of salary continuation in lieu of TD payment;
- The percentages of claims with late first payments of permanent disability, vocational rehabilitation maintenance allowance, and/or death benefits;
- The percentages of claims with late subsequent indemnity payments; and,

- The percentages of claims with violations involving failure to comply with the regulations for provision of notices to advise injured workers of: the process for selecting Agreed Medical Examiners and/or Qualified Medical Examiners; the potential eligibility for vocational rehabilitation (for dates of injury prior to January 1, 2004); and/or the right to supplemental job displacement benefit (for dates of injury on or after January 1, 2004).

As calculated pursuant to Title 8, California Code of Regulations, section 10107.1 (c)(3), low performance ratings reflect good claims performance, and high ratings reflect poor performance. If an audit subject's PAR performance rating meets or exceeds the PAR performance standard, the audit is terminated and no penalties are assessed for claims violations. In order to meet or exceed the PAR performance standard, an audit subject's PAR performance rating must meet or exceed the ratings of the worst 20% of performance ratings calculated for all audits conducted over the three-year period preceding the year before the audit. In other words, a PAR performance rating for a 2009 audit that falls within the range of the 80% best scores of all audits conducted from 2005 through 2007 will meet or exceed the PAR performance standard for 2009 which is 1.76686.

### **Performance Ratings of Audit Subjects**

The performance for the 53 audit subjects in 2009 is broken down as follows:

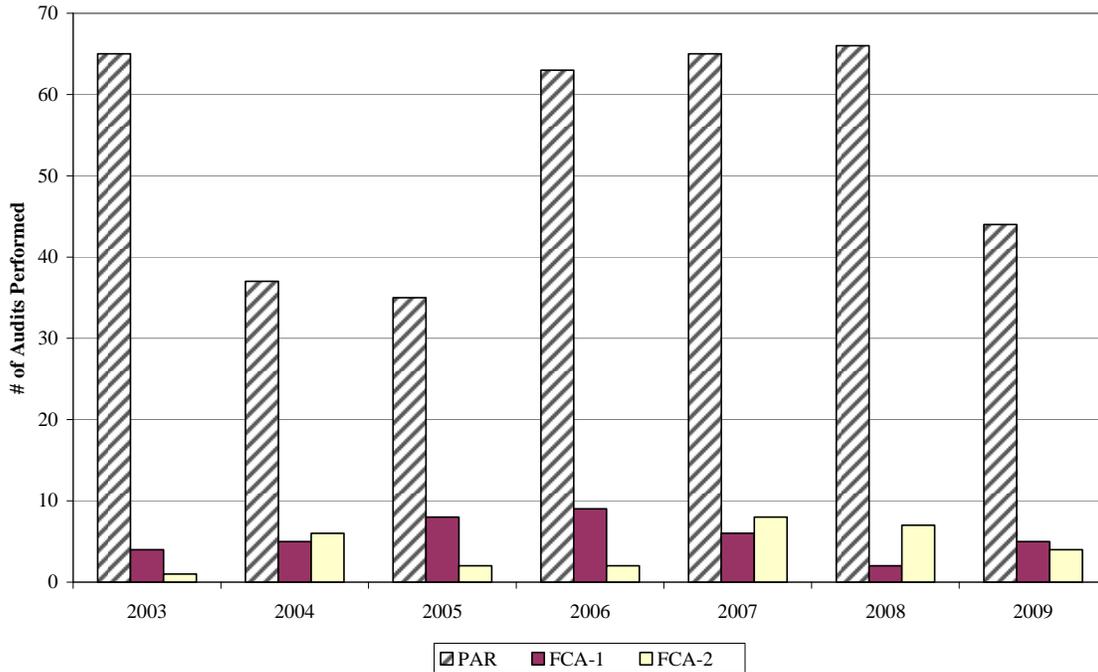
- Forty-four audit subjects (83.0%) met or exceeded the PAR 2009 performance standard thereby having all penalty citations not assessed in accordance with Labor Code section 129.5(c) and Title 8, California Code of Regulations, section 10107.1(c)(4). These audit subjects were ordered to pay all unpaid compensation.
- Nine audit subjects (17.0%) 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). Five of these audit subjects (9.4%) then met or exceeded the FCA-1 2009 standard. For these five 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).
- Four of the 53 audit subjects (7.6%) 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 administrative penalties for 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 2009 Audit Results Ranking Report** (Statewide Exhibit 4) is part of this annual report and the complete list of the performance standard scores for the 53 audit subjects can be reviewed in order, from the best to worst performer. The Ranking Report also gives 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 2009, 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 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 2003-2009**



### **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 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 indemnity; at FCA stage 2 indemnity as noted in FCA stage 1, plus one to 67 denials).

Calculations combining all individual audit findings within each of the three audit performances levels for the average rating for all audits conducted in 2009 and or the average within each level are listed below. Statewide Exhibits 4A through 4F provide the details of the average ratings for the audits that passed or failed at the PAR, FCA stage 1 and FCA stage 2 levels.

- 2009 PAR standard - 1.76686  
Average score of the 44 audit subjects passing PAR: 1.13435  
Average score of the nine audit subjects failing PAR: 3.11007
- 2009 FCA-1 standard - 2.13923  
Average score of the five audit subjects passing FCA stage 1: 1.76125  
Average score of the four audit subjects failing FCA stage 1: 4.33497
- 2009 FCA-2 standard - 2.13923  
Average score of the four audit subjects failing FCA stage 2: 4.36700

## **Appeals**

In 2009, Buckeye Claims Administrators, located in Norwalk, appealed the findings for its FCA stage 1 audit. The audit subject has requested an appeal conference for disputed issues.

The Administrative Director will assign a designee to conduct this appeal conference. Conferences for appeal of 2008 audit findings for Lance Camper Manufacturing Corporation of Lancaster and Power & Associates of Paso Robles are also to be scheduled. Notice of the conference date will be provided to all parties at least 30 days prior to the conference.

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

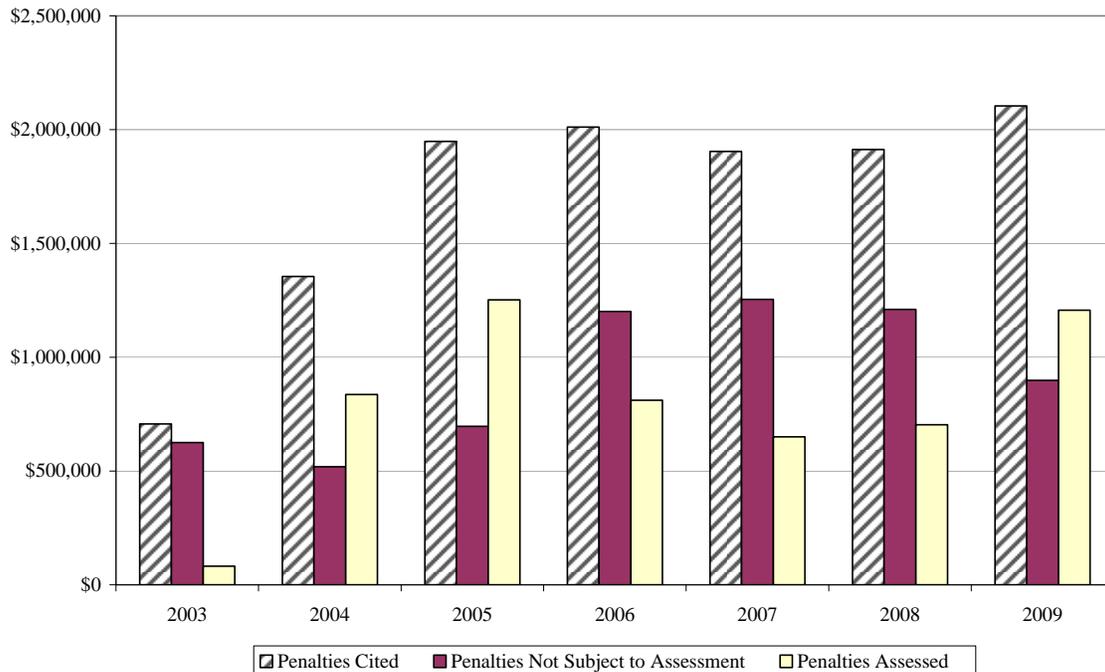
As a result of PAR/FCA audits conducted during the calendar year 2009, the Audit Unit found and cited 6,254 violations against claims administrators with administrative penalties totaling \$2,104,236 (Statewide Exhibit 1). Not all administrative penalties are subject to collection. Under the Labor Code, 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 Profile Audit Review (PAR), which is the first level of audit, no penalties will be assessed in accordance with Labor Code section 129.5(c)(1). If an audit subject fails the PAR but passes the second level, or Full Compliance Audit (FCA) stage 1, under Labor Code section 129.5(c)(2), penalties for unpaid and late-paid indemnity will be assessed, but penalties will not be 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 notices of potential eligibility for vocational rehabilitation or supplemental job displacement benefit. 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 the FCA stage 2 audit, in accordance with Labor Code section 129.5(c)(3), a comprehensive file review is conducted and penalties are applied for all violations found. Penalties assessed for a failed FCA stage 2 audit may be modified relative to the size of the adjusting location to mitigate any inequities for penalty assessment for small and large claims administrators in accordance with Title 8, California Code of Regulations, section 10111.2(c)(7).

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 \$897,890 of the cited violations. The violations which, by law, were not assessed occurred within 44 of the audits that met or exceeded the PAR performance standard, and five audits that met or exceeded the FCA Stage 1 performance standard. All violations cited in the four audits that failed the FCA Stage 2 standard were assessed. The assessed penalties subject to collection from claims administrators for FCA audits were \$1,206,346. The following table provides an analysis of violations cited and penalties assessed and collected in the PAR/FCA audit process for years 2003 through 2009:

**Penalty Assessments and Collections for 2003-2009**



## **Unpaid Compensation Due to Employees**

In the review of files for the PAR/FCA audits and target investigation/audit, there were 594 claims in which injured workers were owed unpaid compensation, 578 of these claims were randomly selected and the remaining 16 claims were audited because of complaints received by the Audit Unit. The total compensation cited to be paid was \$723,097.50 (Statewide Exhibit 3), an average of \$1,217.34 per file in which there was unpaid compensation. The unpaid compensation is broken down as follows:

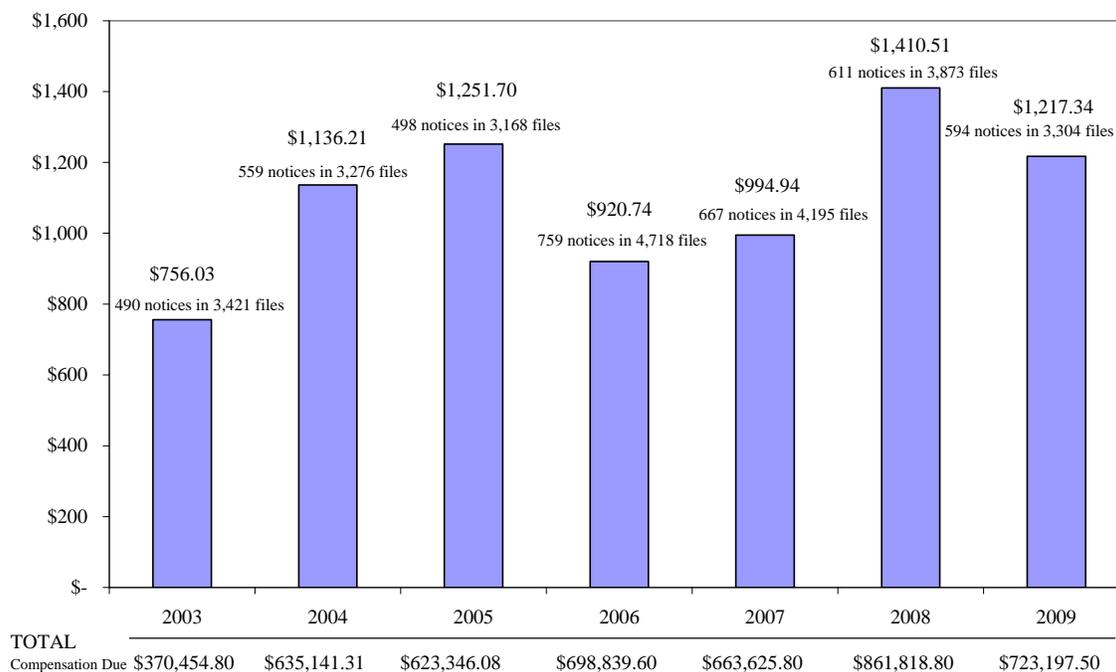
- \$289,228.33 in temporary disability indemnity and salary continuation in lieu of temporary disability (40.00% of the unpaid compensation)
- \$339,176.32 in permanent disability indemnity (46.91% of the unpaid compensation)
- \$926.02 in vocational rehabilitation maintenance allowance (.13% of the unpaid compensation)
- \$88,222.56 in 10% self-imposed increases for late indemnity payments (12.20% of the unpaid compensation)
- \$5,544.27 in interest and penalty and/or failure to reimburse medical expenses (.76% 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 2009, \$1,278.51 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. For the time analyzed, the average compensation due per file increased in all but two years, 2006 and 2009. While the average amount of compensation due did decrease in 2009, it should be noted that the compensation due was in 15.8% of the files audited in 2008, and this incidence of compensation due increased to 17.98% of the files audited in 2009.

### Average Compensation Due Per File for 2003-2009



## 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.

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 section 5814.6, Title 8, California Code of Regulations, sections 10112.1 through 10112.3, 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 reviews 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 2009 identify approximately 466 locations adjusting claims, of which 386 are in California and 80 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 2008 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 2009. The breakdown of the claims reported by type is problematic, the primary issue being the submission of the Subsequent Report of Injury (SROI) to WCIS for identification of the species of claim (indemnity, medical-only, denial).

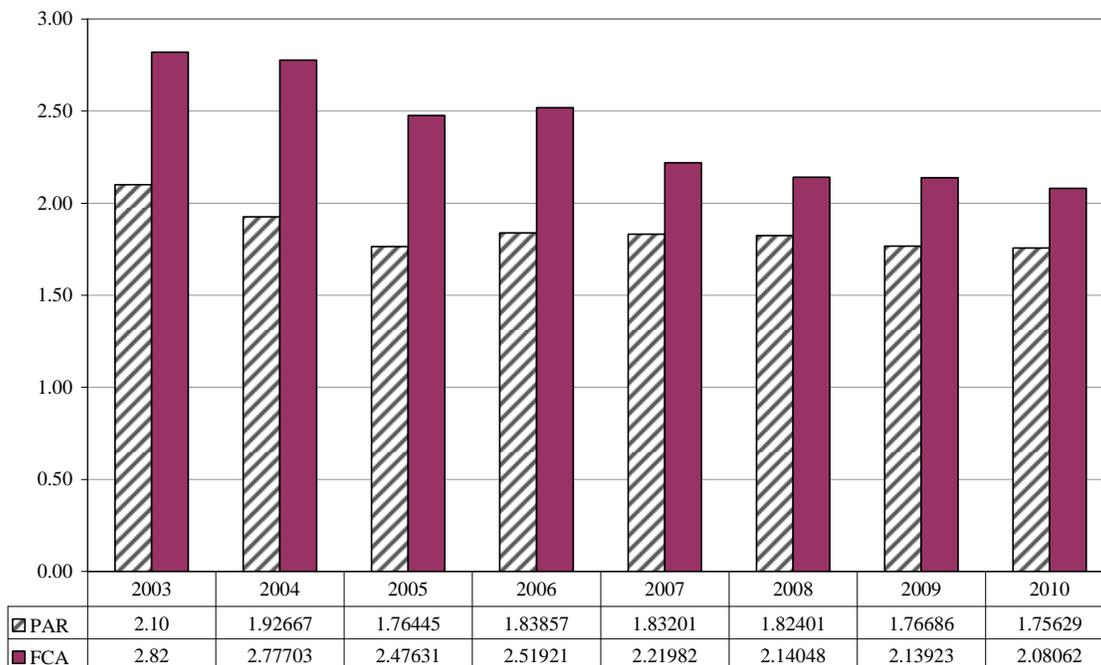
The Audit Unit is working closely with the WCIS to confirm the accuracy for numbers of claims reported. The tracking of claims will be linked to the 9-digit postal code for the physical location of the claims administrator both in the log for the Annual Report of Inventory and in the WCIS reporting elements.

### **Profile Audit Performance Standards / Full Compliance Audit Standards for 2010**

The PAR and FCA performance standards have been updated pursuant to Labor Code section 129(b) and Title 8, California Code of Regulations, sections 10107.1(c), (d), and (e). This was accomplished by taking the 2008 audit results and using the performance ratings for the five factors subject to the profile audit review program. The results were then combined with the 2006 and 2007 performance rating scores to develop the 2010 PAR/FCA standards. **The PAR standard for 2010 is 1.75629 and the FCA standard is 2.08062.** Profile audit review audits (PAR audits) commencing after January 1, 2010 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. The following table provides an historical analysis of the PAR/FCA performance standards set for audits conducted in the years 2003 through 2010.

**PAR/FCA Performance Ratings for 2003 -2010**



## **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 2009 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 2009 according to their performance measured by the profile audit review and full compliance audit performance standards.

**Statewide Exhibit 4A** is a summary of the final performance ratings for the 53 audits conducted in 2009.

**Statewide Exhibit 4B** is a summary of the final performance ratings for the 44 audits conducted in 2009 that met or exceeded the 2009 PAR performance standard of 1.76686.

**Statewide Exhibit 4C** is a summary of the final performance ratings for the nine audits conducted in 2009 that failed to meet or exceed the 2009 PAR performance standard of 1.76686.

**Statewide Exhibit 4D** is a summary of the final performance ratings for the five audits conducted in 2009 that met or exceeded the 2009 FCA-1 performance standard of 2.13923.

**Statewide Exhibit 4E** is a summary of the final performance ratings for the five audits conducted in 2009 that failed to meet or exceed the 2009 FCA-1 performance standard of 2.13923.

**Statewide Exhibit 4F** is a summary of the final performance ratings for the four audits conducted in 2009 that failed to meet or exceed the 2009 FCA-1 performance standard of 2.13923.

Audit Penalty Assessments and Collections

Audit Subject & Location	R / T	INS/ SI/ TPA	Number of Files Audited					# of AP's Cited	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Balance \$ Due	Appeals	
			I	D	C	A	Total						Y	N
			<b>PAR/FCA Audits</b>											
Acclamation Insurance Management Services / Sacramento	R	TPA	48	0	0	0	48	51	\$18,335	\$18,335	\$0	\$0		x
American All Risk Loss Administrators / Fresno	R	TPA	58	0	2	0	60	49	\$17,730	\$17,730	\$0	\$0		x
AIG Domestic Claims / Costa Mesa	R	TPA	58	0	2	0	60	77	\$37,500	\$37,500	\$0	\$0		x
AIG Domestic Claims / Phoenix, AZ	R	TPA	88	45	2	1	136	417	\$132,450	\$0	\$132,450	\$0		x
Association of California Water Agencies / Citrus Heights	R	SI	47	0	0	0	47	9	\$3,210	\$3,210	\$0	\$0		x
Buckeye Claims Administrators / Norwalk	R	TPA	36	0	0	0	36	47	\$18,340	\$3,668	\$14,672	\$14,672	x	
City of Glendale / Glendale	R	SI	49	0	0	0	49	43	\$12,830	\$12,830	\$0	\$0		x
City of Huntington Beach / Huntington Beach	R	SI	82	0	0	0	82	86	\$28,925	\$2,255	\$26,670	\$0		x
City of Long Beach / Long Beach	R	SI	55	0	0	0	55	47	\$16,310	\$16,310	\$0	\$0		x
City of Los Angeles / Los Angeles	R	SI	132	63	22	0	217	1,291	\$365,259	\$0	\$365,259	\$0		x
City of Pasadena / Pasadena	R	SI	42	0	1	0	43	35	\$11,770	\$11,770	\$0	\$0		x
City of Redding / Redding	R	SI	41	0	0	0	41	52	\$11,445	\$11,445	\$0	\$0		x
City of Riverside / Riverside	R	SI	51	0	0	0	51	29	\$9,170	\$9,170	\$0	\$0		x
City of Santa Monica / Santa Monica	R	SI	54	0	0	0	54	32	\$5,850	\$5,850	\$0	\$0		x
Claims Management, Inc. / Rancho Cordova	R	TPA	57	0	0	0	57	38	\$10,475	\$10,475	\$0	\$0		x
CompWest Insurance Company / San Francisco	R	INS	57	0	0	0	57	93	\$39,860	\$39,860	\$0	\$0		x
County of Riverside / Riverside	R	SI	54	0	1	0	55	50	\$27,240	\$27,240	\$0	\$0		x
ESIS (An ACE Group Company) / Southfield, MI	R	TPA	51	0	1	0	52	100	\$33,335	\$6,500	\$26,835	\$0		x
Farmers Insurance Group / Pleasanton	R	INS	57	0	0	0	57	58	\$20,675	\$20,675	\$0	\$0		x
FirstComp Underwriters Group, Inc. / Henderson, NV	R	TPA	58	0	1	0	59	80	\$25,705	\$25,705	\$0	\$0		x
Fresno Unified School District / Fresno	R	SI	50	0	0	0	50	80	\$17,020	\$17,020	\$0	\$0		x
Gallagher Bassett Services, Inc. #102 / Anaheim	R	TPA	58	0	1	1	60	75	\$41,590	\$41,590	\$0	\$0		x
Gallagher Bassett Services, Inc. #165 / Calabasas	R	TPA	57	0	0	0	57	42	\$13,945	\$13,945	\$0	\$0		x
Gallagher Bassett Services, Inc. #007 / Scottsdale, AZ	R	TPA	43	0	0	0	43	84	\$14,925	\$14,925	\$0	\$0		x
Hutch & Son / Simi Valley	R	TPA	26	0	0	0	26	9	\$1,690	\$1,690	\$0	\$0		x
ICW Group / San Diego	R	INS	58	0	1	0	59	65	\$34,000	\$34,000	\$0	\$0		x
LWP Claims Solutions / Sacramento	R	TPA	58	0	0	0	58	47	\$25,400	\$25,400	\$0	\$0		x
Majestic Insurance Company / San Diego	R	INS	52	0	0	0	52	63	\$31,900	\$31,900	\$0	\$0		x
Marriott International, Inc. / Santa Ana	R	SI	126	0	1	0	127	163	\$58,990	\$12,998	\$45,992	\$0		x
Metro Risk Management / Wilmington	T	TPA	1	0	0	0	1	1	\$200	\$200	\$0	\$0		x
Mitsui Sumitomo Insurance Group / Cincinnati, OH	R	INS	45	0	0	0	45	59	\$34,940	\$34,940	\$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 \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Balance \$ Due	Appeals	
			I	D	C	A	Total						Y	N
Mitsui Sumitomo Insurance Group / Universal City	R	INS	83	0	0	0	83	94	\$34,070	\$8,134	\$25,936	\$0		x
OneBeacon Insurance / Canton, MA	R	INS	88	47	2	0	137	395	\$131,828	\$0	\$131,828	\$0		x
Preferred Employers Insurance Company / San Diego	R	INS	56	0	0	0	56	74	\$29,450	\$29,450	\$0	\$0		x
Republic Indemnity Company / Encino	R	INS	57	0	1	0	58	17	\$4,285	\$4,285	\$0	\$0		x
Risk Enterprise Management / Brea	R	TPA	54	0	6	1	61	70	\$27,215	\$27,215	\$0	\$0		x
Robertson's Transport / Corona	T	SI	41	0	0	0	41	33	\$9,055	\$9,055	\$0	\$0		x
Safeco Insurance Companies / Aliso Viejo	R	INS	54	0	0	0	54	67	\$37,250	\$37,250	\$0	\$0		x
Safeco Insurance Companies / Portland, OR	R	INS	41	0	1	0	42	38	\$26,140	\$26,140	\$0	\$0		x
Sedgwick Claims Management Services / Rancho Cordova	R	TPA	50	0	0	0	50	14	\$2,675	\$2,675	\$0	\$0		x
Sedgwick Claims Management Services / Van Nuys	R	TPA	51	0	0	0	51	36	\$9,635	\$9,635	\$0	\$0		x
Sempra Energy Corporation / San Diego	R	SI	49	0	0	0	49	40	\$11,745	\$11,745	\$0	\$0		x
Southern California Risk Mgmt Associates / Morgan Hill	R	TPA	54	0	0	0	54	23	\$5,460	\$5,460	\$0	\$0		x
Southern California Risk Mgt (99¢ Only Stores)/ Riverside	T	TPA	54	0	0	0	54	58	\$20,480	\$20,480	\$0	\$0		x
Specialty Risk Services / Brea	R	TPA	59	0	13	0	72	82	\$73,315	\$73,315	\$0	\$0		x
Specialty Risk Services / Burbank	R	TPA	51	0	0	0	51	54	\$18,605	\$18,605	\$0	\$0		x
Specialty Risk Services / Pleasanton	R	TPA	58	0	0	0	58	41	\$14,065	\$14,065	\$0	\$0		x
State Compensation Insurance Fund / Pleasanton	R	INS	54	0	1	0	55	45	\$16,120	\$16,120	\$0	\$0		x
TOPA Insurance Company / Century City	R	INS	46	0	0	0	46	55	\$15,230	\$15,230	\$0	\$0		x
Travelers Company / Rancho Cordova	R	INS/TPA	58	0	4	0	62	61	\$24,730	\$24,730	\$0	\$0		x
TriStar Risk Management / Santa Ana	R	TPA	55	0	3	0	58	65	\$29,525	\$29,525	\$0	\$0		x
Warner Brothers Studio Facilities / Burbank	R	SI	50	0	0	0	50	23	\$5,640	\$5,640	\$0	\$0		x
Zurich North America / Phoenix, AZ	R	INS	119	48	1	0	168	1,497	\$436,704	\$0	\$436,704	\$0		x
<b>TOTALS:</b>			<b>3,031</b>	<b>203</b>	<b>67</b>	<b>3</b>	<b>3,304</b>	<b>6,254</b>	<b>\$ 2,104,236</b>	<b>\$ 897,890</b>	<b>\$ 1,206,346</b>	<b>\$ 14,672</b>		

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

R - Routine	50	INS Insurer	14
T - Target	3	SI Self-Insured Employer	15
<u>TOTAL</u>	<u>53</u>	TPA Third Party Administrator	23
		I&T Insurer & Third Party Administrator	1
		<u>TOTAL</u>	<u>53</u>

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

**Cited by Type of Penalty**

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	800	\$313,038	\$207,813	\$105,225	\$100,345	x
Late first payment of permanent disability indemnity benefits (PD).	288	\$159,372	\$75,979	\$83,393	\$82,897	x
Late first payment of vocational rehabilitation indemnity benefits (VR).	1	\$25	\$0	\$25	\$25	
Late subsequent payment of indemnity benefits.	1,246	\$364,581	\$174,008	\$190,573	\$187,317	x
Late first payment of death benefits (DB).	1	\$4,000	\$4,000	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	516	\$71,100	\$0	\$71,100	\$71,100	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	365	\$24,755	\$7,025	\$17,730	\$17,730	
Failure to notify an injured employee of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefit (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	156	\$23,520	\$1,900	\$21,620	\$21,620	
Failure to comply with requirements to provide notice of the QME/AME process.	546	\$186,998	\$100,110	\$86,888	\$86,888	
Failure to pay any TD or SC in lieu of TD.	409	\$337,935	\$204,375	\$133,560	\$131,080	x
Failure to pay any PD indemnity benefit.	172	\$147,410	\$66,050	\$81,360	\$78,800	x
Failure to pay any VR indemnity benefit.	1	\$100	\$0	\$100	\$100	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	374	\$88,550	\$48,430	\$40,120	\$39,120	x
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	14	\$24,760	\$5,400	\$19,360	\$19,360	
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.	9	\$6,300	\$2,800	\$3,500	\$3,500	

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

**Cited by Type of Penalty**

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Failure to pay or object to medical treatment expense in the manner required by law or regulation.	562	\$169,380	\$0	\$169,380	\$169,380	
Failure to pay or object to medical-legal expense in the manner required by law or regulation.	28	\$12,050	\$0	\$12,050	\$12,050	
Failure to pay or object to VR expense (injuries through 12/31/03) or issue training or SJDB voucher (injuries on/after 01/01/04) 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 01/01/94.	1	\$500	\$0	\$500	\$500	
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 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.	15	\$6,460	\$0	\$6,460	\$6,460	
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.	93	\$3,490	\$0	\$3,490	\$3,490	
Materially incomplete or inaccurate benefit notices including denial for all liability, other than specific vocational rehabilitation notices.	115	\$9,990	\$0	\$9,990	\$9,990	
Failure to investigate.	13	\$19,700	\$0	\$19,700	\$19,700	
Late payment of WCAB Orders or Awards or RU Orders for late payment of attorney fees and issues other than late payment of indemnity.	13	\$37,722	\$0	\$37,722	\$37,722	
Penalties for failure to comply with any regulation of the AD not otherwise assessed.	505	\$54,100	\$0	\$54,100	\$54,100	
Unsupported denial of all liability for a claim.	11	\$38,400	\$0	\$38,400	\$38,400	
<b>TOTAL</b>	<b>6,254</b>	<b>\$2,104,236</b>	<b>\$897,890</b>	<b>\$1,206,346</b>	<b>\$1,191,674</b>	

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

Calendar Year 2009

Statewide Exhibit 3

**Statewide Summary of  
594 Notices of Compensation Due**

<b>Type of Compensation</b>	<b>Amount Found Due</b>	
Temporary Disability	\$	289,228.33
Permanent Disability	\$	339,176.32
V R M A	\$	926.02
Self-Imposed Increase	\$	88,222.56
Death Benefits	\$	-
Penalty, Interest or Other	\$	5,544.27
<b>Total Compensation Due:</b>	<b>\$</b>	<b>723,097.50</b>

## DWC ADMINISTRATIVE DIRECTOR'S 2009 AUDIT RANKING REPORT

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

	<b>Routine and Target Audits conducted pursuant to Labor Code Sections 129(b)(1)(2)(3), and 129.5(c)(1)(2)(3)</b> (Rankings from best to worst performers) <b>AUDIT SUBJECT / LOCATION</b>	<b>Unpaid Compensation</b> All Claim Files # Notices / \$ Value	<b>PAR</b> Standard 1.76686	<b>FCA Stage 1</b> Standard 2.13923	<b>FCA Stage 2</b> Standard 2.13923
	<i>The following audit subjects under the Profile Audit Review (LC 129) met or exceeded the PAR standard (1.76686 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>				
1	Association of CA Water Agencies / Citrus Heights	4 / \$3,248.59	0.21112	n/a	n/a
2	Republic Indemnity Company / Encino	3 / \$244.18	0.24965	n/a	n/a
3	Sedgwick Claims Management Services / Rancho Cordova	1 / \$1,320.29	0.27709	n/a	n/a
4	Metro Risk Management / Wilmington	1 / \$29.13	0.35281	n/a	n/a
5	Hutch & Son, TPA / Simi Valley	0 / \$0.00	0.46078	n/a	n/a
6	Warner Brothers Studio Facilities / Burbank	5 / \$963.82	0.53234	n/a	n/a
7	Sedgwick Claims Management Services / Van Nuys	6 / \$3,252.29	0.54352	n/a	n/a
8	City of Riverside / Riverside	7 / \$4,296.53	0.58394	n/a	n/a
9	Southern California Risk Mgmt Associates / Morgan Hill	3 / \$5,788.00	0.61646	n/a	n/a
10	City of Santa Monica / Santa Monica	6 / \$2,813.97	0.72865	n/a	n/a
11	Southern CA Risk Mgmt Associates (99¢ Stores) / Riverside	12 / \$6,946.67	0.85349	n/a	n/a
12	Gallagher Bassett Services, Inc #165 / Calabasas	10 / \$1,819.54	0.86999	n/a	n/a
13	American All Risk Loss Administrators / Fresno	9 / \$6,215.69	0.93089	n/a	n/a
14	Sempra Energy Corporation / San Diego	13 / \$6,802.23	0.94922	n/a	n/a
15	Travelers Insurance Company / Rancho Cordova	12 / \$8,805.12	0.99286	n/a	n/a
16	Claims Management, Inc / Rancho Cordova	8 / \$3,655.46	1.02717	n/a	n/a
17	TOPA Insurance Company / Los Angeles	6 / \$1,001.43	1.06075	n/a	n/a
18	State Compensation Insurance Fund / Pleasanton	7 / \$4,007.86	1.10182	n/a	n/a
19	Specialty Risk Services / Pleasanton	13 / \$11,783.13	1.10260	n/a	n/a
20	Safeco Insurance Companies / Portland, OR	6 / \$3,298.19	1.11948	n/a	n/a

## DWC ADMINISTRATIVE DIRECTOR'S 2009 AUDIT RANKING REPORT

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

	<b>Routine and Target Audits conducted pursuant to Labor Code Sections 129(b)(1)(2)(3), and 129.5(c)(1)(2)(3)</b> (Rankings from best to worst performers) <b>AUDIT SUBJECT / LOCATION</b>	<b>Unpaid Compensation</b> All Claim Files # Notices / \$ Value	<b>PAR</b> Standard 1.76686	<b>FCA Stage 1</b> Standard 2.13923	<b>FCA Stage 2</b> Standard 2.13923
21	Robertson's Transport / Riverside	12 / \$7,608.24	1.17384	n/a	n/a
22	Safeco Insurance Companies / Aliso Viejo	5 / \$7,672.64	1.20399	n/a	n/a
23	LWP Claims Solutions / Sacramento	10 / \$12,495.48	1.25059	n/a	n/a
24	Specialty Risk Services / Burbank	9 / \$12,665.87	1.26329	n/a	n/a
25	Acclamation Insurance Management Services / Sacramento	7 / \$6,109.60	1.33107	n/a	n/a
26	ICW Group / San Diego	14 / \$11,412.80	1.33172	n/a	n/a
27	City of Glendale / Glendale	4 / \$3,226.84	1.34296	n/a	n/a
28	Specialty Risk Services / Brea	16 / \$24,527.34	1.34819	n/a	n/a
29	Mitsui Sumitomo Insurance Group / Cincinnati, OH	4 / \$5,361.69	1.46485	n/a	n/a
30	County of Riverside / Riverside	17 / 12,089.73	1.51290	n/a	n/a
31	Preferred Employers Insurance Company / San Diego	10 / \$6,990.23	1.51504	n/a	n/a
32	Gallagher Bassett Services, Inc #102 / Anaheim	17 / \$18,550.83	1.51954	n/a	n/a
33	FirstComp Underwriters Group / Henderson, NV	10 / \$4,605.25	1.54113	n/a	n/a
34	TriStar Risk Management / Santa Ana	8 / \$14,649.32	1.54247	n/a	n/a
35	City of Pasadena / Pasadena	5 / \$6,722.04	1.56804	n/a	n/a
36	AIG Domestic Claims, Inc / Santa Ana	9 / \$11,725.28	1.64394	n/a	n/a
37	CompWest Insurance Company / San Francisco	10 / \$6,561.58	1.68068	n/a	n/a
38	Farmers Insurance Group / Pleasanton	11 / \$15,365.97	1.68091	n/a	n/a
39	Gallagher Bassett Services / Scottsdale, AZ	9 / \$2,785.54	1.68762	n/a	n/a
40	City of Long Beach / Long Beach	6 / \$15,096.21	1.71374	n/a	n/a
41	Risk Enterprise Management / Brea	11 / \$19,375.57	1.71859	n/a	n/a
42	Majestic Insurance / San Diego	12 / \$14,225.94	1.73479	n/a	n/a
43	Fresno Unified School District / Fresno	8 / \$4,470.45	1.75075	n/a	n/a
44	City of Redding / Redding	5 / \$6,548.02	1.76337	n/a	n/a

DWC ADMINISTRATIVE DIRECTOR'S 2009 AUDIT RANKING REPORT

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

	<b>Routine and Target Audits conducted pursuant to Labor Code Sections 129(b)(1)(2)(3), and 129.5(c)(1)(2)(3)</b> (Rankings from best to worst performers) <b>AUDIT SUBJECT / LOCATION</b>	<b>Unpaid Compensation</b>  All Claim Files # Notices / \$ Value	<b>PAR</b>  Standard 1.76686	<b>FCA Stage 1</b>  Standard 2.13923	<b>FCA Stage 2</b>  Standard 2.13923
<p><i>Nine audit subjects under the Profile Audit Review (LC 129) failed to meet or exceed the PAR standard (1.76686 or less). The audit proceeded to the Full Compliance Audit Stage 1 [LC 129(b)(2)] and five of the nine met or exceeded the FCA standard (2.13923 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>					
45	Marriott International, Inc / Santa Ana	36 / \$31,159.13	2.04168	1.70543	n/a
46	Mitsui Sumitomo Insurance Group / Universal City	20 / \$25,735.59	2.00032	1.75467	n/a
47	City of Huntington Beach / Huntington Beach	15 / \$19,193.26	2.82026	1.82431	n/a
48	ESIS (An ACE Group Company) / Southfield, MI	12 / \$4,352.33	1.92376	1.85392	n/a
49	Buckeye Claims Administrators / Norwalk	11 / \$9,529.96	1.96132	1.98629	n/a
<p><i>Four audit subjects under the Profile Audit Review (LC 129) failed to meet or exceed the PAR standard (1.76686 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 (2.13923 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>					
50	City of Los Angeles / Los Angeles	34 / \$80,580.25	3.39411	2.70013	2.44837
51	OneBeacon Insurance / Canton, MA	26 / \$39,665.21	3.64642	3.61240	3.60191
52	AIG Domestic Claims, Inc / Phoenix, AZ	29 / \$70,498.13	5.89898	3.96730	4.54776
53	Zurich North America / Phoenix, AZ	50 / \$115,187.05	4.38537	7.81839	7.76223

Statewide Final Performance Rating of Randomly Selected Claims

53 Audits

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

A. Frequency Rate

# claims with unpd indem 578 divide by # claims with payable indem 3,037 = 0.19032

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

Total unpd indem. = \$ 662,708.28 divide by # of claims with obligation to pay indem. 3037  
Avg Unpd Ind = \$ 218.21

C. Severity Rate

Avg Unpd Indem \$ 218.21 divide by avg unpd indem 2005-2007 of \$ 165.13 = 1.32145

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.19032 X Severity rate 1.32145 X modifier of 2  
= 0.50300

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

# claims with late 1st TD	667	divide by # with TD payments	2,200	
# claims with first SC notice violations	173	divide by # with salary continuation	700	
Totals	840	divide by	Totals 2,900	=
				0.28966

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

# claims with late first PD	239	divide by # with first PD	874	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	1	divide by # with first DB paid	6	
Totals	240	divide by	Totals 880	=
				0.27273

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

# claims with late subsequent payments 501 divide by # with subsequent payments 1,768 = 0.28337

**5. FACTOR FOR PROVISION OF AME/QME NOTICES, NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION, AND NOTICES FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	475	divide by # requiring notices	2,230	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	10	divide by # requiring notices	20	
Totals	485		Totals 2,250	
				= 0.21556

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2009** 1.56431

Profile Audit Review Performance Rating of 1.76687 or greater is a failing score.

**Statewide Final Performance Rating of Randomly Selected Claims**

**Findings for the 44 Audits that**

**Met or Exceeded the PAR Performance Rating of 1.76686**

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

A. Frequency Rate

# claims with unpd indem 353 divide by # claims with payable indem 2,226 = 0.15858

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

Total unpd indem. = \$ 308,305.43 divide by # of claims with obligation to pay indem. 2,226  
Avg Unpd Ind = \$ 138.50

C. Severity Rate

Avg Unpd Indem \$ 138.50 divide by avg unpd indem 2005-2007 of \$ 165.13 = 0.83875

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.15858 X Severity rate 0.83875 X modifier of 2  
= 0.26602

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

# claims with late 1st TD	442	divide by # with TD payments	1,629	
# claims with first SC notice violations	124	divide by # with salary continuation	534	
Totals	566	divide by	Totals 2,163	=
				0.26167

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

# claims with late first PD	136	divide by # with first PD	616	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	1	divide by # with first DB paid	6	
Totals	137	divide by	Totals 622	=
				0.22026

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

# claims with late subsequent payments 293 divide by # with subsequent payments 1,277 = 0.22944

**5. FACTOR FOR PROVISION OF AME/QME NOTICES, NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION, AND NOTICES FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	259	divide by # requiring notices	1,667	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	5	divide by # requiring notices	15	
Totals	264	Totals	1,682	
				= 0.15696

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2009** 1.13435

Profile Audit Review Performance Rating of 1.76687 or greater is a failing score.

**Statewide Final Performance Rating of Randomly Selected Claims**

**Findings for the 9 Audits that Failed to**

**Meet or Exceed the PAR Performance Rating of 1.76686**

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

A. Frequency Rate

# claims with unpd indem      123      divide by # claims with payable indem      428      =      0.28738

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

Total unpd indem. =      \$ 197,468.00      divide by      # of claims with obligation to pay indem.      428  
 Avg Unpd Ind =      \$ 461.37

C. Severity Rate

Avg Unpd Indem      \$ 461.37      divide by avg unpd indem 2005-2007 of      \$ 165.13      =      2.79400

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.28738      X      Severity rate      2.79400      X      modifier of      2  
 =      1.60590

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

# claims with late 1st TD	117	divide by # with TD payments	307	
# claims with first SC notice violations	25	divide by # with salary continuation	84	
Totals	142	divide by	Totals	391
				=
				0.36317

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

# claims with late first PD	55	divide by # with first PD	150	
# 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	55	divide by	Totals	150
				=
				0.36667

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

# claims with late subsequent payments      109      divide by # with subsequent payments      262      =  
 0.41603

**5. FACTOR FOR PROVISION OF AME/QME NOTICES, NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION, AND NOTICES FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	109	divide by # requiring notices	305	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	1	divide by # requiring notices	2	
Totals	110	Totals	307	
				=
				0.35831

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2009**      **3.11007**

Profile Audit Review Performance Rating of 1.76687 or greater is a failing score.

## Statewide Final Performance Rating of Randomly Selected Claims

### Findings for the 5 Audits that

#### Met or Exceeded the FCA-Stage 1 Performance Rating of 2.13923

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

A. Frequency Rate

# claims with unpd indem      94      divide by # claims with payable indem      378      =      0.24868

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

Total unpd indem =      \$ 89,700.27      divide by      # of claims with obligation to pay indem.      378  
 Avg Unpd Ind =      \$      237.30

C. Severity Rate

Avg Unpd Ind.      \$      237.30      divide by avg unpd indem 2005-2007 of \$ 165.13      =      1.43706

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.24868      X      Severity rate      1.43706      X      modifier of      2  
 =      0.71473

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

# claims with late 1st TD	71	divide by # with TD payments	291	
# claims with first SC notice violations	11	divide by # with salary continuation	63	
Totals	82	divide by	Totals      354	=
				<span style="border: 1px solid black; padding: 2px;">0.23164</span>

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

# claims with late first PD	52	divide by # with first PD	152	
# 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	52	divide by	Totals      152	=
				<span style="border: 1px solid black; padding: 2px;">0.34211</span>

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

# claims with late subseq payments      95      divide by # with subseq payments      271      =  
0.35055

**5. FACTOR FOR PROVISION OF AME/QME NOTICES, NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION, AND NOTICES FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	33	divide by # requiring notices	270	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	0	divide by # requiring notices	0	
Totals	33		Totals      270	
				= <span style="border: 1px solid black; padding: 2px;">0.12222</span>

**FULL COMPLIANCE AUDIT PERFORMANCE RATING - 2009**      **1.76125**

Full Compliance Audit Performance Rating of indemnity files of 2.13924 or greater is a failing score.

**Statewide Final Performance Rating of Randomly Selected Claims**

**Findings for the 4 Audits that Failed to**

**Meet or Exceed the FCA-Stage 1 Performance Rating of 2.13923**

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

A. Frequency Rate

# claims with unpd indem	130	divide by # claims with payable indem	428	=	0.30374
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B. Average Amount of Unpaid Indemnity per Claim with Obligation to Pay Indemnity

Total unpd indem =	\$ 266,390.42	divide by	# of claims with obligation to pay indem.	428	
			Avg Unpd Ind =	\$	622.41

C. Severity Rate

Avg Unpd Ind.	\$ 622.41	divide by avg unpd indem 2005-2007 of	\$ 165.13	=	3.76920
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D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate	0.30374	X	Severity rate	3.76920	X	modifier of	2	=	2.28970
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**2. FACTOR FOR LATE FIRST PAYMENT OF TEMPORARY DISABILITY / VIOLATION FOR FIRST NOTICE OF SC**

# claims with late 1st TD	153	divide by # with TD payments	280		
# claims with first SC notice violations	39	divide by # with salary continuation	103		
Totals	192	divide by	Totals	383	=
					0.50131

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

# claims with late first PD	52	divide by # with first PD	104		
# 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	52	divide by	Totals	104	=
					0.50000

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

# claims with late subseq payments	113	divide by # with subseq payments	221	=	0.51131
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**5. FACTOR FOR PROVISION OF AME/QME NOTICES, NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION, AND NOTICES FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	183	divide by # requiring notices	291		
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0		
# claims with SJDB notice violations	3	divide by # requiring notices	3		
Totals	186		Totals	294	
				=	0.63265

**FULL COMPLIANCE AUDIT PERFORMANCE RATING - 2009** **4.43497**

Full Compliance Audit Performance Rating of indemnity files of 2.13924 or greater is a failing score.

**Statewide Final Performance Rating of Randomly Selected Claims**

**Findings for the 4 Audits that Failed to**

**Meet or Exceed the FCA-Stage 2 Performance Rating of 2.13923**

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

A. Frequency Rate

# claims with unpd inden      131      divide by # claims with payable indem      433      =      0.30254

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

Total unpd indem =      \$ 264,702.58      divide by      # of claims with obligation to pay indem.      433  
 Avg Unpd Ind =      \$ 611.32

C. Severity Rate

Avg Unpd Ind.      \$ 611.32      divide by avg unpd indem 2005-2007 of      \$ 165.13      =      3.70207

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.30254      X      Severity rate      3.70207      X      modifier of      2  
 =      2.24005

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

# claims with late 1st TD	154	divide by # with TD payments	280	
# claims with first SC notice violations	38	divide by # with salary continuation	103	
Totals	192	divide by	Totals	383 =
				0.50131

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

# claims with late first PD	51	divide by # with first PD	106	
# 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	51	divide by	Totals	106 =
				0.48113

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

# claims with late subseq payments      113      divide by # with subseq payments      220      =      0.51364

**5. FACTOR FOR PROVISION OF AME/QME NOTICES, NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION, AND NOTICES FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	183	divide by # requiring notices	293	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	5	divide by # requiring notices	5	
Totals	188	Totals	298	
				= 0.63087

**FULL COMPLIANCE AUDIT PERFORMANCE RATING - 2009**      **4.36700**

Full Compliance Audit Performance Rating of indemnity files of 2.13924 or greater is a failing score.

### **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: 2009**

**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: SAC-02-09-R1-5**

**Subject: Acclamation Insurance Management Services**

**Location: Sacramento**

**Type: TPA**

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	12	\$3,475	\$3,475	\$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.	2	\$340	\$340	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	3	\$130	\$130	\$0	\$0	
Failure to notify an injured employee of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	25	\$8,400	\$8,400	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	4	\$3,800	\$3,800	\$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.	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>51</b>	<b>\$18,335</b>	<b>\$18,335</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2009**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: SAC-02-09-R1-5**

**Subject: Acclamation Insurance Management Services**

**Location: Sacramento**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$1,752.24			\$194.42			\$1,946.66
2	\$423.74			\$42.37			\$466.11
3				\$220.14			\$220.14
4				\$110.44			\$110.44
5	\$50.88						\$50.88
6	\$62.50						\$62.50
7		\$2,957.15		\$295.72			\$3,252.87
<b>TOTAL</b>	<b>\$2,289.36</b>	<b>\$2,957.15</b>	<b>\$0.00</b>	<b>\$863.09</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$6,109.60</b>



**Calendar Year: 2009**

**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: LAO-24-09-R1-5**

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

**Location: Costa Mesa**

**Type: TPA**

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	27	\$16,020	\$16,020	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	9	\$3,200	\$3,200	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	24	\$6,630	\$6,630	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	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 of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	0	\$0	\$0	\$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.	7	\$7,400	\$7,400	\$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.	4	\$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>77</b>	<b>\$37,500</b>	<b>\$37,500</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2009**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-24-09-R1-5**

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

**Location: Costa Mesa**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$207.86						\$207.86
2	\$45.28			\$138.00			\$183.28
3		\$580.75		\$941.28			\$1,522.03
4		\$1,739.78		\$173.98			\$1,913.76
5	\$310.01						\$310.01
6	\$209.92			\$24.66			\$234.58
7	\$553.52			\$55.35			\$608.87
8	\$141.81						\$141.81
9	\$6,002.80			\$600.28			\$6,603.08
<b>TOTAL</b>	<b>\$7,471.20</b>	<b>\$2,320.53</b>	<b>\$0.00</b>	<b>\$1,933.55</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$11,725.28</b>

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

**Audit No: OAK-04-09-R3-5**

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

**Location: Phoenix, AZ**

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

A. Frequency Rate

# claims with unpd indem      19      divide by # claims with payable indem      48      =      0.39583

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

Total unpd indem. =      \$ 41,341.28      divide by      # of claims with obligation to pay indem.      48  
 Avg Unpd Ind =      \$ 861.28

C. Severity Rate

Avg Unpd Indem      \$ 861.28      divide by avg unpd indem 2005-2007 of      \$ 165.13      =      5.21575

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.39583      X      Severity rate      5.21575      X      modifier of      2  
 =      **4.12913**

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

# claims with late 1st TD	18	divide by # with TD payments	41	
# claims with first SC notice violations	2	divide by # with salary continuation	4	
Totals	20	divide by	Totals 45	=
				<b>0.44444</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	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	3	divide by	Totals 14	=
				<b>0.21429</b>

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

# claims with late subsequent payments      10      divide by # with subsequent payments      27      =  
**0.37037**

**5. FACTOR FOR PROVISION OF AME/QME NOTICES, NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION, AND NOTICES FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	20	divide by # requiring notices	27	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	0	divide by # requiring notices	0	
Totals	20	Totals	27	=
				<b>0.74074</b>

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2009**

**Profile Audit Review Performance Rating of 1.76687 or greater is a failing score.**

**5.89898**





**Penalty Assessments and Collections**

<b>Files Audited:</b>	136
<b>Indemnity</b>	88
<b>Medical Only</b>	0
<b>Denied</b>	45
<b>Complaints</b>	2
<b>Additional</b>	1

**Audit No: OAK-04-09-R3-5**

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

**Location: Phoenix, AZ**

**Type: TPA**

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	45	\$17,880	\$0	\$17,880	\$17,880	
Late first payment of permanent disability indemnity benefits (PD).	3	\$1,440	\$0	\$1,440	\$1,440	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	28	\$11,220	\$0	\$11,220	\$11,220	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	58	\$5,800	\$0	\$5,800	\$5,800	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	71	\$3,565	\$0	\$3,565	\$3,565	
Failure to notify an injured employee of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process.	43	\$15,520	\$0	\$15,520	\$15,520	
Failure to pay any TD or SC in lieu of TD.	23	\$30,200	\$0	\$30,200	\$30,200	
Failure to pay any PD indemnity benefit.	9	\$9,800	\$0	\$9,800	\$9,800	
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.	12	\$1,800	\$0	\$1,800	\$1,800	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	1	\$1,200	\$0	\$1,200	\$1,200	
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: 2009**  
**Penalty Assessments and Collections**

**Individual Exhibit 2**

<b>Files Audited:</b>	136
<b>Indemnity</b>	88
<b>Medical Only</b>	0
<b>Denied</b>	45
<b>Complaints</b>	2
<b>Additional</b>	1

**Audit No: OAK-04-09-R3-5**

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

**Location: Phoenix, AZ**

**Type: TPA**

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Failure to pay or object to medical treatment expense in the manner required by law or regulation.	9	\$2,175	\$0	\$2,175	\$2,175	
Failure to pay or object to medical-legal expense in the manner required by law or regulation.	0	\$0	\$0	\$0	\$0	
Failure to pay or object to VR expense (injuries through 12/31/03) or issue training or SJDB voucher (injuries on/after 01/01/04) 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 01/01/94.	0	\$0	\$0	\$0	\$0	
Failure to provide VR information after 90 aggregate days of total TD (injuries 1/1/94 through 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.	6	\$1,600	\$0	\$1,600	\$1,600	
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.	4	\$100	\$0	\$100	\$100	
Materially incomplete or inaccurate benefit notices including denial for all liability, other than specific vocational rehabilitation notices.	16	\$950	\$0	\$950	\$950	
Failure to investigate.	5	\$8,000	\$0	\$8,000	\$8,000	
Late payment of WCAB Orders or Awards or RU Orders for late payment of attorney fees and issues other than late payment of indemnity.	2	\$13,000	\$0	\$13,000	\$13,000	
Penalties for failure to comply with any regulation of the AD not otherwise assessed.	82	\$8,200	\$0	\$8,200	\$8,200	
Unsupported denial of all liability for a claim.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>417</b>	<b>\$132,450</b>	<b>\$0</b>	<b>\$132,450</b>	<b>\$132,450</b>	

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

**Calendar Year: 2009**  
**Notices of Compensation Due**

**Audit No: OAK-04-09-R3-5**

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

**Location: Phoenix, AZ**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$2,382.30			\$293.09			\$2,675.39
2	\$12,176.34						\$12,176.34
3		\$7,021.57		\$702.15			\$7,723.72
4				\$256.29			\$256.29
5				\$75.55			\$75.55
6				\$32.49			\$32.49
7	\$1,628.25	\$2,349.29		\$397.76			\$4,375.30
8	\$47.00			\$17.33			\$64.33
9	\$245.17						\$245.17
10	\$229.55						\$229.55
11	\$348.10						\$348.10
12	\$701.42			\$1,863.84			\$2,565.26
13	\$192.25						\$192.25
14		\$9,872.75		\$400.85			\$10,273.60
15	\$29.37						\$29.37
16				\$176.33			\$176.33
17	\$155.82						\$155.82
18		\$3,525.17					\$3,525.17
19	\$503.11	\$379.50					\$882.61
20	\$1,918.90						\$1,918.90
21	\$10,919.89			\$1,085.79			\$12,005.68
<b>SUBTOTAL</b>	<b>\$31,477.47</b>	<b>\$23,148.28</b>	<b>\$0.00</b>	<b>\$5,301.47</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$59,927.22</b>

**Calendar Year: 2009**  
**Notices of Compensation Due**

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

**Audit No: OAK-04-09-R3-5**

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

**Location: Phoenix, AZ**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
22		\$2,116.00					\$2,116.00
23	\$864.12	\$690.00		\$152.00			\$1,706.12
24	\$810.00	\$3,763.37		\$321.18			\$4,894.55
25		\$974.63					\$974.63
26	\$308.10						\$308.10
27	\$307.11			\$30.71			\$337.82
28				\$122.25			\$122.25
29	\$111.44						\$111.44
Page 2 SUBTOTAL	\$2,400.77	\$7,544.00	\$0.00	\$626.14	\$0.00	\$0.00	\$10,570.91
Page 1 SUBTOTAL	\$31,477.47	\$23,148.28	\$0.00	\$5,301.47	\$0.00	\$0.00	\$59,927.22
<b>TOTAL</b>	<b>\$33,878.24</b>	<b>\$30,692.28</b>	<b>\$0.00</b>	<b>\$5,927.61</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$70,498.13</b>



**Calendar Year: 2009**

**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-05-09-R1-5**

**Subject: American All Risk Loss Administrators**

**Location: Fresno**

**Type: TPA**

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	20	\$7,715	\$7,715	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	2	\$500	\$500	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	7	\$965	\$965	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	1	\$50	\$50	\$0	\$0	
Failure to notify an injured employee of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	6	\$1,500	\$1,500	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	7	\$5,400	\$5,400	\$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.	3	\$400	\$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>49</b>	<b>\$17,730</b>	<b>\$17,730</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2009**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: SAC-05-09-R1-5**

**Subject: American All Risk Loss Administrators**

**Location: Fresno**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1		\$291.52		\$121.15			\$412.67
2	\$1,263.00			\$126.30			\$1,389.30
3	\$1,129.56	\$211.10		\$107.77			\$1,448.43
4	\$1,975.71			\$197.57			\$2,173.28
5	\$37.71			\$16.34			\$54.05
6	\$45.76			\$0.29			\$46.05
7	\$26.69			\$1.12			\$27.81
8		\$468.68		\$46.87			\$515.55
9	\$148.55						\$148.55
<b>TOTAL</b>	<b>\$4,626.98</b>	<b>\$971.30</b>	<b>\$0.00</b>	<b>\$617.41</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$6,215.69</b>

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

**Audit No: SAC-09-09-R1-6**

**Subject: Association of California Water Agencies**

**Location: Citrus Heights**

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

A. Frequency Rate

# claims with unpd indem 4 divide by # claims with payable indem 47 = 0.08511

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

Total unpd indem. = \$ 3,248.59 divide by # of claims with obligation to pay indem. 47  
Avg Unpd Ind = \$ 69.12

C. Severity Rate

Avg Unpd Indem \$ 69.12 divide by avg unpd indem 2005-2007 of \$ 165.13 = 0.41857

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.08511 X Severity rate 0.41857 X modifier of 2  
= 0.07125

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

# claims with late 1st TD	1	divide by # with TD payments	45	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	1	divide by	Totals 45	=
				0.02222

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

# claims with late first PD	2	divide by # with first PD	17	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	2	divide by	Totals 17	=
				0.11765

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

# claims with late subsequent payments 0 divide by # with subsequent payments 28 = 0.00000

**5. FACTOR FOR PROVISION OF AME/QME NOTICES, NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION, AND NOTICES FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	0	divide by # requiring notices	45	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	0	divide by # requiring notices	0	
Totals	0		Totals 45	=
				0.00000

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2009**

**0.21112**

**Profile Audit Review Performance Rating of 1.76687 or greater is a failing score.**

**Calendar Year: 2009**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	47
<b>Indemnity</b>	47
<b>Medical Only</b>	0
<b>Denied</b>	0
<b>Complaints</b>	0
<b>Additional</b>	0

**Audit No: SAC-09-09-R1-6**

**Subject: Association of California Water Agencies**

**Location: Citrus Heights**

**Type: SI**

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ 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).	3	\$960	\$960	\$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	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	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 of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	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	\$200	\$200	\$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.	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>9</b>	<b>\$3,210</b>	<b>\$3,210</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2009**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: SAC-09-09-R1-6**

**Subject: Association of California Water Agencies**

**Location: Citrus Heights**

**Type: SI**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1		\$103.50		\$10.35			\$113.85
2		\$2,603.51		\$260.35			\$2,863.86
3				\$159.56			\$159.56
4	\$101.20			\$10.12			\$111.32
<b>TOTAL</b>	<b>\$101.20</b>	<b>\$2,707.01</b>	<b>\$0.00</b>	<b>\$440.38</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$3,248.59</b>

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

**Audit No: LAO-14-09-R2-5**

**Subject: Buckeye Claims Administrators**

**Location: Norwalk**

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

A. Frequency Rate

# claims with unpd indem      11      divide by # claims with payable indem      36      =      0.30556

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

Total unpd indem. =      \$ 9,287.01      divide by      # of claims with obligation to pay indem.      36  
 Avg Unpd Ind =      \$ 257.97

C. Severity Rate

Avg Unpd Indem      \$ 257.97      divide by avg unpd indem 2005-2007 of      \$ 165.13      =      1.56224

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.30556      X      Severity rate      1.56224      X      modifier of      2  
 =      0.95470

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

# claims with late 1st TD	14	divide by # with TD payments	27	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	14	divide by	Totals	27 =
				<span style="border: 1px solid black; padding: 2px;">0.51852</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	24	
# 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	24 =
				<span style="border: 1px solid black; padding: 2px;">0.16667</span>

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

# claims with late subsequent payments      9      divide by # with subsequent payments      28      =  
0.32143

**5. FACTOR FOR PROVISION OF AME/QME NOTICES, NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION, AND NOTICES FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	0	divide by # requiring notices	21	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	0	divide by # requiring notices	0	
Totals	0		Totals	21
				= <span style="border: 1px solid black; padding: 2px;">0.00000</span>

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2009**

1.96132

**Profile Audit Review Performance Rating of 1.76687 or greater is a failing score.**

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

**Audit No: LAO-14-09-R2-5**

**Subject: Buckeye Claims Administrators**

**Location: Norwalk**

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

A. Frequency Rate

# claims with unpd indem      11      divide by # claims with payable indem      36      =      0.30556

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

Total unpd indem =      \$ 9,529.96      divide by      # of claims with obligation to pay indem.      36  
 Avg Unpd Ind =      \$ 264.72

C. Severity Rate

Avg Unpd Ind.      \$ 264.72      divide by avg unpd indem 2005-2007 of      \$ 165.13      =      1.60311

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.30556      X      Severity rate      1.60311      X      modifier of      2  
 =      0.97968

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

# claims with late 1st TD	14	divide by # with TD payments	27	
# claims with first SC notice violations	<u>0</u>	divide by # with salary continuation	<u>0</u>	
Totals	14	divide by	Totals 27	=
				<u>0.51852</u>

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

# claims with late first PD	4	divide by # with first PD	24	
# 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	4	divide by	Totals 24	=
				<u>0.16667</u>

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

# claims with late subseq payments      9      divide by # with subseq payments      28      =      0.32143

**5. FACTOR FOR PROVISION OF AME/QME NOTICES, NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION, AND NOTICES FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	0	divide by # requiring notices	21	
# claims with VR potential eligibilty notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	<u>0</u>	divide by # requiring notices	<u>0</u>	
Totals	0		Totals 21	
				=
				<u>0.00000</u>

**FULL COMPLIANCE AUDIT PERFORMANCE RATING - 2009**

**Full Compliance Audit Performance Rating of indemnity files of 2.13924 or greater is a failing score.**

**1.98629**

**Calendar Year: 2009**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	36
<b>Indemnity</b>	36
<b>Medical Only</b>	0
<b>Denied</b>	0
<b>Complaints</b>	0
<b>Additional</b>	0

**Audit No: LAO-14-09-R2-5**

**Subject: Buckeye Claims Administrators**

**Location: Norwalk**

**Type: TPA**

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	15	\$6,100	\$1,220	\$4,880	\$0	x
Late first payment of permanent disability indemnity benefits (PD).	2	\$620	\$124	\$496	\$0	x
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	15	\$4,070	\$814	\$3,256	\$0	x
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	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 of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	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.	5	\$3,100	\$620	\$2,480	\$0	x
Failure to pay any PD indemnity benefit.	5	\$3,200	\$640	\$2,560	\$0	x
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	\$1,250	\$250	\$1,000	\$0	x
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>\$18,340</b>	<b>\$3,668</b>	<b>\$14,672</b>	<b>\$0</b>	

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

**Calendar Year: 2009**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-14-09-R2-5**

**Subject: Buckeye Claims Administrators**

**Location: Norwalk**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$238.68			\$23.87			\$262.55
2	\$41.08			\$70.91			\$111.99
3	\$1,425.04			\$146.16			\$1,571.20
4				\$127.81			\$127.81
5		\$2,516.35		\$251.64			\$2,767.99
6		\$213.20		\$21.32			\$234.52
7		\$1,178.00					\$1,178.00
8		\$2,792.50		\$345.57			\$3,138.07
9				\$62.80			\$62.80
10	\$30.91			\$0.84			\$31.75
11				\$43.28			\$43.28
<b>TOTAL</b>	<b>\$1,735.71</b>	<b>\$6,700.05</b>	<b>\$0.00</b>	<b>\$1,094.20</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$9,529.96</b>

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

**Audit No: LAO-04-09-R1-6**

**Subject: City of Glendale**

**Location: Glendale**

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

A. Frequency Rate

# claims with unpd indem 4 divide by # claims with payable indem 49 = 0.08163

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

Total unpd indem. = \$ 3,226.84 divide by # of claims with obligation to pay indem. 49  
Avg Unpd Ind = \$ 65.85

C. Severity Rate

Avg Unpd Indem \$ 65.85 divide by avg unpd indem 2005-2007 of \$ 165.13 = 0.39880

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.08163 X Severity rate 0.39880 X modifier of 2  
= 0.06511

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

# claims with late 1st TD	0	divide by # with TD payments	1	
# claims with first SC notice violations	7	divide by # with salary continuation	44	
Totals	7	divide by	Totals 45	=

0.15556

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

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

0.41176

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

# claims with late subsequent payments 6 divide by # with subsequent payments 12 =  
0.50000

**5. FACTOR FOR PROVISION OF AME/QME NOTICES, NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION, AND NOTICES FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	8	divide by # requiring notices	38	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	0	divide by # requiring notices	0	
Totals	8		Totals 38	

= 0.21053

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2009** 1.34296

**Profile Audit Review Performance Rating of 1.76687 or greater is a failing score.**

**Calendar Year: 2009**

**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: LAO-04-09-R1-6**

**Subject: City of Glendale**

**Location: Glendale**

**Type: SI**

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ 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).	8	\$2,550	\$2,550	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	16	\$5,180	\$5,180	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	0	\$300	\$300	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	7	\$0	\$0	\$0	\$0	
Failure to notify an injured employee of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	8	\$2,700	\$2,700	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	4	\$2,100	\$2,100	\$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>43</b>	<b>\$12,830</b>	<b>\$12,830</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: LAO-09-09-R2-6**

**Subject: City of Huntington Beach**

**Location: Huntington Beach**

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

A. Frequency Rate

# claims with unpd indem 13 divide by # claims with payable indem 46 = 0.28261

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

Total unpd indem. = \$ 18,203.35 divide by # of claims with obligation to pay indem. 46  
Avg Unpd Ind = \$ 395.73

C. Severity Rate

Avg Unpd Indem \$ 395.73 divide by avg unpd indem 2005-2007 of \$ 165.13 = 2.39645

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.28261 X Severity rate 2.39645 X modifier of 2  
= 1.35451

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

# claims with late 1st TD	1	divide by # with TD payments	7	
# claims with first SC notice violations	6	divide by # with salary continuation	36	
Totals	7	divide by	Totals 43	=
				0.16279

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

# claims with late first PD	15	divide by # with first PD	25	
# 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	15	divide by	Totals 25	=
				0.60000

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

# claims with late subsequent payments 13 divide by # with subsequent payments 24 = 0.54167

**5. FACTOR FOR PROVISION OF AME/QME NOTICES, NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION, AND NOTICES FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	5	divide by # requiring notices	31	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	0	divide by # requiring notices	0	
Totals	5		Totals 31	=
				0.16129

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2009**

**2.82026**

**Profile Audit Review Performance Rating of 1.76687 or greater is a failing score.**

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

**Audit No: LAO-09-09-R2-6**

**Subject: City of Huntington Beach**

**Location: Huntington Beach**

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

A. Frequency Rate

# claims with unpd indem 15 divide by # claims with payable indem 82 = 0.18293

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

Total unpd indem = \$ 19,193.26 divide by # of claims with obligation to pay indem. 82  
Avg Unpd Ind = \$ 234.06

C. Severity Rate

Avg Unpd Ind. \$ 234.06 divide by avg unpd indem 2005-2007 of \$ 165.13 = 1.41745

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.18293 X Severity rate 1.41745 X modifier of  $\frac{2}{0.51858}$

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

# claims with late 1st TD	2	divide by # with TD payments	16	
# claims with first SC notice violations	10	divide by # with salary continuation	60	
Totals	12	divide by	Totals 76	=
				<b>0.15789</b>

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

# claims with late first PD	21	divide by # with first PD	37	
# 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	21	divide by	Totals 37	=
				<b>0.56757</b>

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

# claims with late subseq payments 19 divide by # with subseq payments 40 = **0.47500**

**5. FACTOR FOR PROVISION OF AME/QME NOTICES, NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION, AND NOTICES FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	6	divide by # requiring notices	57	
# claims with VR potential eligibilty notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	0	divide by # requiring notices	0	
Totals	6		Totals 57	
				= <b>0.10526</b>

**FULL COMPLIANCE AUDIT PERFORMANCE RATING - 2009** **1.82431**

**Full Compliance Audit Performance Rating of indemnity files of 2.13924 or greater is a failing score.**

**Calendar Year: 2009**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	82
<b>Indemnity</b>	82
<b>Medical Only</b>	0
<b>Denied</b>	0
<b>Complaints</b>	0
<b>Additional</b>	0

**Audit No: LAO-09-09-R2-6**

**Subject: City of Huntington Beach**

**Location: Huntington Beach**

**Type: SI**

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	2	\$300	\$0	\$300	\$300	
Late first payment of permanent disability indemnity benefits (PD).	20	\$7,620	\$0	\$7,620	\$7,620	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	27	\$9,200	\$0	\$9,200	\$9,200	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	0	\$355	\$355	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	10	\$0	\$0	\$0	\$0	
Failure to notify an injured employee of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	0	\$1,900	\$1,900	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	6	\$1,600	\$0	\$1,600	\$1,600	
Failure to pay any TD or SC in lieu of TD.	6	\$5,200	\$0	\$5,200	\$5,200	
Failure to pay any PD indemnity benefit.	8	\$0	\$0	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$2,750	\$0	\$2,750	\$2,750	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	7	\$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>86</b>	<b>\$28,925</b>	<b>\$2,255</b>	<b>\$26,670</b>	<b>\$26,670</b>	

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

**Calendar Year: 2009**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-09-09-R2-6**

**Subject: City of Huntington Beach**

**Location: Huntington Beach**

**Type: SI**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1		\$793.50		\$608.35			\$1,401.85
2		\$811.57		\$288.16			\$1,099.73
3		\$391.00		\$203.39			\$594.39
4				\$209.36			\$209.36
5		\$1,610.00		\$344.34			\$1,954.34
6	\$1,460.00						\$1,460.00
7	\$198.08						\$198.08
8	\$593.62						\$593.62
9	\$60.80	\$8,288.62		\$828.86			\$9,178.28
10		\$397.57		\$39.76			\$437.33
11		\$1,516.22					\$1,516.22
12		\$32.86		\$22.84			\$55.70
13				\$26.29			\$26.29
14	\$71.78						\$71.78
15	\$396.29						\$396.29
<b>TOTAL</b>	<b>\$2,780.57</b>	<b>\$13,841.34</b>	<b>\$0.00</b>	<b>\$2,571.35</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$19,193.26</b>

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

**Audit No: LAO-11-09-R1-6**

**Subject: City of Long Beach**

**Location: Long Beach**

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

A. Frequency Rate

# claims with unpd indem      6      divide by # claims with payable indem      55      =      0.10909

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

Total unpd indem. =      \$ 15,096.21      divide by      # of claims with obligation to pay indem.      55  
 Avg Unpd Ind =      \$ 274.48

C. Severity Rate

Avg Unpd Indem      \$ 274.48      divide by avg unpd indem 2005-2007 of      \$ 165.13      =      1.66218

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.10909      X      Severity rate      1.66218      X      modifier of      2  
 =      0.36266

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

# claims with late 1st TD	0	divide by # with TD payments	1	
# claims with first SC notice violations	2	divide by # with salary continuation	42	
Totals	2	divide by	Totals	43
				=
				<span style="border: 1px solid black; padding: 2px;">0.04651</span>

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

# claims with late first PD	8	divide by # with first PD	16	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	8	divide by	Totals	16
				=
				<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      13      =  
0.61538

**5. FACTOR FOR PROVISION OF AME/QME NOTICES, NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION, AND NOTICES FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	7	divide by # requiring notices	37	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	0	divide by # requiring notices	0	
Totals	7		Totals	37
				=
				<span style="border: 1px solid black; padding: 2px;">0.18919</span>

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2009**

1.71374

**Profile Audit Review Performance Rating of 1.76687 or greater is a failing score.**

**Calendar Year: 2009**

**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-11-09-R1-6**

**Subject: City of Long Beach**

**Location: Long Beach**

**Type: SI**

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ 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).	9	\$3,120	\$3,120	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	12	\$3,235	\$3,235	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.		\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	4	\$155	\$155	\$0	\$0	
Failure to notify an injured employee of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	7	\$2,000	\$2,000	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	2	\$1,000	\$1,000	\$0	\$0	
Failure to pay any PD indemnity benefit.	5	\$3,900	\$3,900	\$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.	8	\$2,900	\$2,900	\$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>\$16,310</b>	<b>\$16,310</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2009**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-11-09-R1-6**

**Subject: City of Long Beach**

**Location: Long Beach**

**Type: SI**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1		\$3,450.00		\$314.64			\$3,764.64
2		\$505.45		\$126.12			\$631.57
3		\$1,831.21		\$526.33			\$2,357.54
4				\$117.30			\$117.30
5		\$1,920.78		\$1,280.53			\$3,201.31
6		\$4,567.14		\$456.71			\$5,023.85
<b>TOTAL</b>	<b>\$0.00</b>	<b>\$12,274.58</b>	<b>\$0.00</b>	<b>\$2,821.63</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$15,096.21</b>

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

**Audit No: LAO-13-09-R3-6**

**Subject: City of Los Angeles**

**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      58      =      0.18966

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

Total unpd indem. =      \$ 37,848.36      divide by      # of claims with obligation to pay indem.      58  
 Avg Unpd Ind =      \$ 652.56

C. Severity Rate

Avg Unpd Indem      \$ 652.56      divide by avg unpd indem 2005-2007 of      \$ 165.13      =      3.95178

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.18966      X      Severity rate      3.95178      X      modifier of      2  
 =      1.49895

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

# claims with late 1st TD	0	divide by # with TD payments	4	
# claims with first SC notice violations	15	divide by # with salary continuation	40	
Totals	15	divide by	44	=
				<b>0.34091</b>

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

# claims with late first PD	6	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	6	divide by	10	=
				<b>0.60000</b>

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

# claims with late subsequent payments      7      divide by # with subsequent payments      9      =  
**0.77778**

**5. FACTOR FOR PROVISION OF AME/QME NOTICES, NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION, AND NOTICES FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	6	divide by # requiring notices	34	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	0	divide by # requiring notices	0	
Totals	6	Totals	34	=
				<b>0.17647</b>

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2009**

**3.39411**

**Profile Audit Review Performance Rating of 1.76687 or greater is a failing score.**

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

**Audit No: LAO-13-09-R3-6**

**Subject: City of Los Angeles**

**Location: Los Angeles**

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

A. Frequency Rate

# claims with unpd indem      26      divide by # claims with payable indem      132      =      0.19697

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

Total unpd indem =      \$ 55,406.43      divide by      # of claims with obligation to pay indem.      132  
 Avg Unpd Ind =      \$      419.75

C. Severity Rate

Avg Unpd Ind.      \$      419.75      divide by avg unpd indem 2005-2007 of      \$ 165.13      =      2.54191

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.19697      X      Severity rate      2.54191      X      modifier of      2  
 =      1.00136

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

# claims with late 1st TD	1	divide by # with TD payments	9	
# claims with first SC notice violations	34	divide by # with salary continuation	93	
Totals	35	divide by	Totals	102 =
				0.34314

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

# claims with late first PD	14	divide by # with first PD	29	
# 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	14	divide by	Totals	29 =
				0.48276

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

# claims with late subseq payments      17      divide by # with subseq payments      27      =  
 0.62963

**5. FACTOR FOR PROVISION OF AME/QME NOTICES, NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION, AND NOTICES FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	18	divide by # requiring notices	74	
# claims with VR potential eligibilty notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	0	divide by # requiring notices	0	
Totals	18	Totals	74	=
				0.24324

**FULL COMPLIANCE AUDIT PERFORMANCE RATING - 2009**

**2.70013**

**Full Compliance Audit Performance Rating of indemnity files of 2.13924 or greater is a failing score.**

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

**Audit No: LAO-13-09-R3-6**

**Subject: City of Los Angeles**

**Location: Los Angeles**

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

A. Frequency Rate

# claims with unpd indem      26      divide by # claims with payable indem      134      =      0.19403

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

Total unpd indem =      \$ 39,290.26      divide by      # of claims with obligation to pay indem.      134  
 Avg Unpd Ind =      \$      293.21

C. Severity Rate

Avg Unpd Ind.      \$      293.21      divide by avg unpd indem 2005-2007 of      \$ 165.13      =      1.77564

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.19403      X      Severity rate      1.77564      X      modifier of      2  
 =      **0.68905**

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

# claims with late 1st TD	2	divide by # with TD payments	9	
# claims with first SC notice violations	33	divide by # with salary continuation	93	
Totals	35	divide by	Totals 102	=
				<b>0.34314</b>

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

# claims with late first PD	15	divide by # with first PD	31	
# 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	15	divide by	Totals 31	=
				<b>0.48387</b>

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

# claims with late subseq payments      18      divide by # with subseq payments      26      =  
**0.69231**

**5. FACTOR FOR PROVISION OF AME/QME NOTICES, NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION, AND NOTICES FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	18	divide by # requiring notices	75	
# claims with VR potential eligibilty notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	0	divide by # requiring notices	0	
Totals	18	Totals	75	=
				<b>0.24000</b>

**FULL COMPLIANCE AUDIT PERFORMANCE RATING - 2009**

**2.44837**

**Full Compliance Audit Performance Rating for indemnity and denied files of 2.13924 or greater is a failing score.**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	217
<b>Indemnity</b>	132
<b>Medical Only</b>	0
<b>Denied</b>	63
<b>Complaints</b>	22
<b>Additional</b>	0

**Audit No: LAO-13-09-R3-6**

**Subject: City of Los Angeles**

**Location: Los Angeles**

**Type: SI**

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	5	\$2,515	\$0	\$2,515	\$2,515	
Late first payment of permanent disability indemnity benefits (PD).	29	\$32,018	\$0	\$32,018	\$32,018	
Late first payment of vocational rehabilitation indemnity benefits (VR).	1	\$25	\$0	\$25	\$25	
Late subsequent payment of indemnity benefits.	76	\$39,569	\$0	\$39,569	\$39,569	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	247	\$39,980	\$0	\$39,980	\$39,980	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	99	\$9,725	\$0	\$9,725	\$9,725	
Failure to notify an injured employee of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	5	\$2,300	\$0	\$2,300	\$2,300	
Failure to comply with requirements to provide notice of the QME/AME process.	22	\$15,400	\$0	\$15,400	\$15,400	
Failure to pay any TD or SC in lieu of TD.	21	\$33,680	\$0	\$33,680	\$33,680	
Failure to pay any PD indemnity benefit.	9	\$15,840	\$0	\$15,840	\$15,840	
Failure to pay any VR indemnity benefit.	1	\$100	\$0	\$100	\$100	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	14	\$3,990	\$0	\$3,990	\$3,990	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	3	\$11,440	\$0	\$11,440	\$11,440	
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	\$3,000	\$0	\$3,000	\$3,000	

**Calendar Year: 2009**  
**Penalty Assessments and Collections**

**Individual Exhibit 2**

<b>Files Audited:</b>	217
<b>Indemnity</b>	132
<b>Medical Only</b>	0
<b>Denied</b>	63
<b>Complaints</b>	22
<b>Additional</b>	0

**Audit No:** LAO-13-09-R3-6  
**Subject:** City of Los Angeles  
**Location:** Los Angeles

**Type:** SI

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Failure to pay or object to medical treatment expense in the manner required by law or regulation.	219	\$50,205	\$0	\$50,205	\$50,205	
Failure to pay or object to medical-legal expense in the manner required by law or regulation.	17	\$7,850	\$0	\$7,850	\$7,850	
Failure to pay or object to VR expense (injuries through 12/31/03) or issue training or SJDB voucher (injuries on/after 01/01/04) 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 01/01/94.	1	\$500	\$0	\$500	\$500	
Failure to provide VR information after 90 aggregate days of total TD (injuries 1/1/94 through 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.	3	\$2,340	\$0	\$2,340	\$2,340	
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	\$5,860	\$0	\$5,860	\$5,860	
Failure to investigate.	1	\$4,500	\$0	\$4,500	\$4,500	
Late payment of WCAB Orders or Awards or RU Orders for late payment of attorney fees and issues other than late payment of indemnity.	10	\$24,122	\$0	\$24,122	\$24,122	
Penalties for failure to comply with any regulation of the AD not otherwise assessed.	423	\$45,900	\$0	\$45,900	\$45,900	
Unsupported denial of all liability for a claim.	4	\$14,400	\$0	\$14,400	\$14,400	
<b>TOTAL</b>	<b>1291</b>	<b>\$365,259</b>	<b>\$0</b>	<b>\$365,259</b>	<b>\$365,259</b>	

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

**Calendar Year: 2009**  
**Notices of Compensation Due**

**Audit No: LAO-13-09-R3-6**

**Subject: City of Los Angeles**

**Location: Los Angeles**

**Type: SI**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1				\$85.10			\$85.10
2	\$132.51			\$55.05			\$187.56
3	\$246.21						\$246.21
4	\$2,076.67			\$203.02			\$2,279.69
5	\$1,984.00		\$926.02	\$198.40			\$3,108.42
6				\$113.47			\$113.47
7	\$454.33						\$454.33
8	\$1,259.51						\$1,259.51
9	\$780.00						\$780.00
10				\$22.67			\$22.67
11	\$4,628.57						\$4,628.57
12		\$7,458.57		\$637.43			\$8,096.00
13	\$16,326.12			\$2,827.33		\$4,060.05	\$23,213.50
14	\$3,400.71						\$3,400.71
15	\$654.52						\$654.52
16	\$1,259.51						\$1,259.51
17				\$174.05			\$174.05
18	\$125.95						\$125.95
19	\$881.66						\$881.66
20		\$1,759.50		\$175.95			\$1,935.45
21	\$139.78	\$4,138.70		\$308.78			\$4,587.26
<b>SUBTOTAL</b>	<b>\$34,350.05</b>	<b>\$13,356.77</b>	<b>\$926.02</b>	<b>\$4,801.25</b>	<b>\$0.00</b>	<b>\$4,060.05</b>	<b>\$57,494.14</b>

**Calendar Year: 2009**  
**Notices of Compensation Due**

**Audit No: LAO-13-09-R3-6**

**Subject: City of Los Angeles**

**Location: Los Angeles**

**Type: SI**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
22	\$2,040.00						\$2,040.00
23				\$119.03			\$119.03
24		\$887.90		\$88.79		\$224.43	\$1,201.12
25	\$688.00	\$3,630.62					\$4,318.62
26		\$1,173.00		\$117.30			\$1,290.30
27		\$974.24		\$48.15			\$1,022.39
28	\$726.51			\$80.73			\$807.24
29		\$2,941.94		\$294.19			\$3,236.13
30	\$131.87						\$131.87
31		\$6,059.45		\$605.95			\$6,665.40
32	\$267.47						\$267.47
33		\$1,855.64					\$1,855.64
34	\$130.90						\$130.90
Page 2 SUBTOTAL	\$3,984.75	\$17,522.79	\$0.00	\$1,354.14	\$0.00	\$224.43	\$23,086.11
Page 1 SUBTOTAL	\$34,350.05	\$13,356.77	\$926.02	\$4,801.25	\$0.00	\$4,060.05	\$57,494.14
<b>TOTAL</b>	<b>\$38,334.80</b>	<b>\$30,879.56</b>	<b>\$926.02</b>	<b>\$6,155.39</b>	<b>\$0.00</b>	<b>\$4,284.48</b>	<b>\$80,580.25</b>

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

**Audit No: LAO-17-09-R1-6**

**Subject: City of Pasadena**

**Location: Pasadena**

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

A. Frequency Rate

# claims with unpd indem 5 divide by # claims with payable indem 42 = 0.11905

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

Total unpd indem. = \$ 6,722.04 divide by # of claims with obligation to pay indem. 42  
Avg Unpd Ind = \$ 160.05

C. Severity Rate

Avg Unpd Indem \$ 160.05 divide by avg unpd indem 2005-2007 of \$ 165.13 = 0.96923

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.11905 X Severity rate 0.96923 X modifier of 2  
= 0.23077

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

# claims with late 1st TD	1	divide by # with TD payments	4	
# claims with first SC notice violations	10	divide by # with salary continuation	36	
Totals	11	divide by	Totals 40	=
				0.27500

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

# claims with late first PD	1	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	1	divide by	Totals 7	=
				0.14286

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

# claims with late subsequent payments 5 divide by # with subsequent payments 7 = 0.71429

**5. FACTOR FOR PROVISION OF AME/QME NOTICES, NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION, AND NOTICES FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	8	divide by # requiring notices	39	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	0	divide by # requiring notices	0	
Totals	8		Totals 39	
				= 0.20513

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2009**

**1.56804**

**Profile Audit Review Performance Rating of 1.76687 or greater is a failing score.**

**Calendar Year: 2009**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	<u>43</u>
<b>Indemnity</b>	<u>42</u>
<b>Medical Only</b>	<u>0</u>
<b>Denied</b>	<u>0</u>
<b>Complaints</b>	<u>1</u>
<b>Additional</b>	<u>0</u>

**Audit No: LAO-17-09-R1-6**

**Subject: City of Pasadena**

**Location: Pasadena**

**Type: SI**

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ 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).	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.	10	\$3,430	\$3,430	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	10	\$2,090	\$2,090	\$0	\$0	
Failure to notify an injured employee of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	8	\$3,400	\$3,400	\$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.	4	\$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.	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>35</b>	<b>\$11,770</b>	<b>\$11,770</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2009**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-17-09-R1-6**

**Subject: City of Pasadena**

**Location: Pasadena**

**Type: SI**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$40.12						\$40.12
2		\$2,413.36		\$241.34			\$2,654.70
3		\$1,096.61		\$109.66			\$1,206.27
4		\$1,322.50		\$132.25			\$1,454.75
5		\$1,242.00		\$124.20			\$1,366.20
<b>TOTAL</b>	<b>\$40.12</b>	<b>\$6,074.47</b>	<b>\$0.00</b>	<b>\$607.45</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$6,722.04</b>

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

**Audit No: SAC-04-09-R1-6**

**Subject: City of Redding**

**Location: Redding**

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

A. Frequency Rate

# claims with unpd indem      5      divide by # claims with payable indem      41      =      0.12195

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

Total unpd indem. =      \$ 6,548.02      divide by      # of claims with obligation to pay indem.      41  
 Avg Unpd Ind =      \$ 159.71

C. Severity Rate

Avg Unpd Indem      \$ 159.71      divide by avg unpd indem 2005-2007 of      \$ 165.13      =      0.96716

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.12195      X      Severity rate      0.96716      X      modifier of      2  
 =      0.23589

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

# claims with late 1st TD	0	divide by # with TD payments	2	
# claims with first SC notice violations	17	divide by # with salary continuation	37	
Totals	17	divide by	Totals	39
				=
				<span style="border: 1px solid black; padding: 2px;">0.43590</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	1	
Totals	6	divide by	Totals	17
				=
				<span style="border: 1px solid black; padding: 2px;">0.35294</span>

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

# claims with late subsequent payments      4      divide by # with subsequent payments      11      =  
0.36364

**5. FACTOR FOR PROVISION OF AME/QME NOTICES, NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION, AND NOTICES FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	12	divide by # requiring notices	32	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	0	divide by # requiring notices	0	
Totals	12		Totals	32
				=
				<span style="border: 1px solid black; padding: 2px;">0.37500</span>

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2009**

1.76337

**Profile Audit Review Performance Rating of 1.76687 or greater is a failing score.**

**Calendar Year: 2009**

**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: SAC-04-09-R1-6**

**Subject: City of Redding**

**Location: Redding**

**Type: SI**

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	1	\$400	\$400	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	8	\$4,300	\$4,300	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	5	\$1,290	\$1,290	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	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 of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	11	\$1,500	\$1,500	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	18	\$755	\$755	\$0	\$0	
Failure to pay any PD indemnity benefit.	4	\$1,600	\$1,600	\$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	\$1,600	\$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>52</b>	<b>\$11,445</b>	<b>\$11,445</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2009**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: SAC-04-09-R1-6**

**Subject: City of Redding**

**Location: Redding**

**Type: SI**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1		\$1,226.42		\$841.55			\$2,067.97
2		\$207.00		\$20.70			\$227.70
3	\$1,231.44						\$1,231.44
4		\$134.57		\$103.18			\$237.75
5		\$1,562.35		\$1,220.81			\$2,783.16
<b>TOTAL</b>	<b>\$1,231.44</b>	<b>\$3,130.34</b>	<b>\$0.00</b>	<b>\$2,186.24</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$6,548.02</b>

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

**Audit No: LAO-19-09-R1-6**

**Subject: City of Riverside**

**Location: Riverside**

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

A. Frequency Rate

# claims with unpd indem 7 divide by # claims with payable indem 51 = 0.13725

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

Total unpd indem. = \$ 4,296.53 divide by # of claims with obligation to pay indem. 51  
Avg Unpd Ind = \$ 84.25

C. Severity Rate

Avg Unpd Indem \$ 84.25 divide by avg unpd indem 2005-2007 of \$ 165.13 = 0.51018

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.13725 X Severity rate 0.51018 X modifier of 2  
= 0.14005

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

# claims with late 1st TD	0	divide by # with TD payments	6	
# claims with first SC notice violations	2	divide by # with salary continuation	36	
Totals	2	divide by	Totals 42	=
				0.04762

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

# claims with late first PD	3	divide by # with first PD	24	
# 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 24	=
				0.12500

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

# claims with late subsequent payments 4 divide by # with subsequent payments 16 = 0.25000

**5. FACTOR FOR PROVISION OF AME/QME NOTICES, NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION, AND NOTICES FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	1	divide by # requiring notices	47	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	0	divide by # requiring notices	0	
Totals	1		Totals 47	
				= 0.02128

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2009**

**0.58394**

**Profile Audit Review Performance Rating of 1.76687 or greater is a failing score.**

**Calendar Year: 2009**

**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: LAO-19-09-R1-6**

**Subject: City of Riverside**

**Location: Riverside**

**Type: SI**

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ 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	\$2,130	\$2,130	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	6	\$1,920	\$1,920	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	4	\$320	\$320	\$0	\$0	
Failure to notify an injured employee of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	1	\$200	\$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.	3	\$2,300	\$2,300	\$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.	8	\$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>29</b>	<b>\$9,170</b>	<b>\$9,170</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2009**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-19-09-R1-6**

**Subject: City of Riverside**

**Location: Riverside**

**Type: SI**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1		\$108.43		\$78.29			\$186.72
2		\$103.50		\$10.35			\$113.85
3				\$276.00			\$276.00
4				\$63.25		\$7.40	\$70.65
5		\$2,960.00		\$586.71			\$3,546.71
6				\$63.00			\$63.00
7	\$36.00			\$3.60			\$39.60
<b>TOTAL</b>	<b>\$36.00</b>	<b>\$3,171.93</b>	<b>\$0.00</b>	<b>\$1,081.20</b>	<b>\$0.00</b>	<b>\$7.40</b>	<b>\$4,296.53</b>

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

**Audit No: LAO-25-09-R1-6**

**Subject: City of Santa Monica**

**Location: Santa Monica**

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

A. Frequency Rate

# claims with unpd indem      6      divide by # claims with payable indem      54      =      0.11111

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

Total unpd indem. =      \$ 2,813.97      divide by      # of claims with obligation to pay indem.      54  
 Avg Unpd Ind =      \$ 52.11

C. Severity Rate

Avg Unpd Indem      \$ 52.11      divide by avg unpd indem 2005-2007 of      \$ 165.13      =      0.31557

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.11111      X      Severity rate      0.31557      X      modifier of      2  
 =      **0.07013**

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

# claims with late 1st TD	4	divide by # with TD payments	22	
# claims with first SC notice violations	7	divide by # with salary continuation	39	
Totals	11	divide by	Totals	61
				=
				<b>0.18033</b>

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

# claims with late first PD	2	divide by # with first PD	13	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	2	divide by	Totals	13
				=
				<b>0.15385</b>

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

# claims with late subsequent payments      7      divide by # with subsequent payments      23      =  
**0.30435**

**5. FACTOR FOR PROVISION OF AME/QME NOTICES, NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION, AND NOTICES FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	1	divide by # requiring notices	48	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	0	divide by # requiring notices	2	
Totals	1		Totals	50
				=
				<b>0.02000</b>

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2009**

**0.72865**

**Profile Audit Review Performance Rating of 1.76687 or greater is a failing score.**

**Calendar Year: 2009**

**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-25-09-R1-6**

**Subject: City of Santa Monica**

**Location: Santa Monica**

**Type: SI**

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	3	\$400	\$400	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	2	\$740	\$740	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	9	\$1,635	\$1,635	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	8	\$275	\$275	\$0	\$0	
Failure to notify an injured employee of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	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.	3	\$600	\$600	\$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	\$900	\$900	\$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>\$5,850</b>	<b>\$5,850</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2009**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-25-09-R1-6**

**Subject: City of Santa Monica**

**Location: Santa Monica**

**Type: SI**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1				\$238.05			\$238.05
2		\$690.00		\$118.29			\$808.29
3				\$131.27			\$131.27
4	\$175.27	\$1,054.71		\$128.47			\$1,358.45
5	\$57.26						\$57.26
6	\$211.50			\$9.15			\$220.65
<b>TOTAL</b>	<b>\$444.03</b>	<b>\$1,744.71</b>	<b>\$0.00</b>	<b>\$625.23</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$2,813.97</b>

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

**Audit No: SAC-01-09-R1-5**

**Subject: Claims Management, Inc.**

**Location: Rancho Cordova**

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

A. Frequency Rate

# claims with unpd indem      8      divide by # claims with payable indem      57      =      0.14035

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

Total unpd indem. =      \$ 3,622.00      divide by      # of claims with obligation to pay indem.      57  
 Avg Unpd Ind =      \$ 63.54

C. Severity Rate

Avg Unpd Indem      \$ 63.54      divide by avg unpd indem 2005-2007 of      \$ 165.13      =      0.38481

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.14035      X      Severity rate      0.38481      X      modifier of      2  
 =      **0.10802**

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

# claims with late 1st TD	3	divide by # with TD payments	20	
# claims with first SC notice violations	9	divide by # with salary continuation	37	
Totals	12	divide by	Totals 57	=

**0.21053**

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

# claims with late first PD	5	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	5	divide by	Totals 11	=

**0.45455**

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

# claims with late subsequent payments      1      divide by # with subsequent payments      20      =  
**0.05000**

**5. FACTOR FOR PROVISION OF AME/QME NOTICES, NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION, AND NOTICES FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	10	divide by # requiring notices	49	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	0	divide by # requiring notices	0	
Totals	10		Totals 49	

= **0.20408**

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2009**

**1.02717**

**Profile Audit Review Performance Rating of 1.76687 or greater is a failing score.**

**Calendar Year: 2009**

**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-01-09-R1-5**

**Subject: Claims Management, Inc.**

**Location: Rancho Cordova**

**Type: TPA**

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	3	\$500	\$500	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	4	\$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.	2	\$420	\$420	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	9	\$275	\$275	\$0	\$0	
Failure to notify an injured employee of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	11	\$3,100	\$3,100	\$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.	4	\$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.	3	\$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>38</b>	<b>\$10,475</b>	<b>\$10,475</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2009**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: SAC-01-09-R1-5**

**Subject: Claims Management, Inc.**

**Location: Rancho Cordova**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1		\$1,502.46		\$150.25			\$1,652.71
2	\$524.43	\$98.57		\$62.29			\$685.29
3				\$46.00			\$46.00
4		\$44.35		\$4.44			\$48.79
5				\$31.05			\$31.05
6	\$268.35					\$33.46	\$301.81
7				\$69.00			\$69.00
8		\$746.19		\$74.62			\$820.81
<b>TOTAL</b>	<b>\$792.78</b>	<b>\$2,391.57</b>	<b>\$0.00</b>	<b>\$437.65</b>	<b>\$0.00</b>	<b>\$33.46</b>	<b>\$3,655.46</b>

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

**Audit No: OAK-07-09-R1-1**

**Subject: CompWest Insurance Company**

**Location: San Francisco**

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

A. Frequency Rate

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

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

Total unpd indem. =      \$ 6,561.58      divide by      # of claims with obligation to pay indem.      57  
 Avg Unpd Ind =      \$ 115.12

C. Severity Rate

Avg Unpd Indem      \$ 115.12      divide by avg unpd indem 2005-2007 of      \$ 165.13      =      0.69712

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.17544      X      Severity rate      0.69712      X      modifier of      2  
 =      0.24460

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

# claims with late 1st TD	20	divide by # with TD payments	56	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	20	divide by	Totals	56 =
				<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	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      13      divide by # with subsequent payments      35      =  
0.37143

**5. FACTOR FOR PROVISION OF AME/QME NOTICES, NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION, AND NOTICES FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	20	divide by # requiring notices	46	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	0	divide by # requiring notices	0	
Totals	20		Totals	46
				= <span style="border: 1px solid black; padding: 2px;">0.43478</span>

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2009**

1.68068

**Profile Audit Review Performance Rating of 1.76687 or greater is a failing score.**

**Calendar Year: 2009**

**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-07-09-R1-1**

**Subject: CompWest Insurance Company**

**Location: San Francisco**

**Type: INS**

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	23	\$8,710	\$8,710	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	5	\$2,740	\$2,740	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	32	\$10,535	\$10,535	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	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 of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	20	\$8,425	\$8,425	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	8	\$7,000	\$7,000	\$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.	3	\$450	\$450	\$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>93</b>	<b>\$39,860</b>	<b>\$39,860</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2009**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: OAK-07-09-R1-1**

**Subject: CompWest 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	\$39.88						\$39.88
2	\$125.16			\$9.03			\$134.19
3	\$107.25						\$107.25
4	\$81.20			\$9.31			\$90.51
5	\$922.88						\$922.88
6	\$1,681.34			\$366.79			\$2,048.13
7	\$79.47						\$79.47
8		\$1,279.71		\$127.97			\$1,407.68
9		\$1,137.43					\$1,137.43
10	\$594.16						\$594.16
<b>TOTAL</b>	<b>\$3,631.34</b>	<b>\$2,417.14</b>	<b>\$0.00</b>	<b>\$513.10</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$6,561.58</b>

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

**Audit No: LAO-10-09-R1-6**

**Subject: County of Riverside**

**Location: Riverside**

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

A. Frequency Rate

# claims with unpd indem 16 divide by # claims with payable indem 54 = 0.29630

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

Total unpd indem. = \$ 10,565.10 divide by # of claims with obligation to pay indem. 54  
Avg Unpd Ind = \$ 195.65

C. Severity Rate

Avg Unpd Indem \$ 195.65 divide by avg unpd indem 2005-2007 of \$ 165.13 = 1.18482

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.29630 X Severity rate 1.18482 X modifier of 2  
= 0.70212

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

# claims with late 1st TD	3	divide by # with TD payments	21	
# claims with first SC notice violations	10	divide by # with salary continuation	48	
Totals	13	divide by	Totals 69	=
				0.18841

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

# claims with late first PD	3	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	1	
Totals	3	divide by	Totals 11	=
				0.27273

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

# claims with late subsequent payments 6 divide by # with subsequent payments 22 = 0.27273

**5. FACTOR FOR PROVISION OF AME/QME NOTICES, NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION, AND NOTICES FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	4	divide by # requiring notices	52	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	0	divide by # requiring notices	0	
Totals	4		Totals 52	
				= 0.07692

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2009**

**1.51290**

**Profile Audit Review Performance Rating of 1.76687 or greater is a failing score.**

**Calendar Year: 2009**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	55
<b>Indemnity</b>	54
<b>Medical Only</b>	0
<b>Denied</b>	0
<b>Complaints</b>	1
<b>Additional</b>	0

**Audit No: LAO-10-09-R1-6**

**Subject: County of Riverside**

**Location: Riverside**

**Type: SI**

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	3	\$900	\$900	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	3	\$1,700	\$1,700	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	10	\$2,465	\$2,465	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	10	\$375	\$375	\$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 of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	4	\$2,000	\$2,000	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	12	\$13,000	\$13,000	\$0	\$0	
Failure to pay any PD indemnity benefit.	3	\$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	\$1,800	\$1,800	\$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>50</b>	<b>\$27,240</b>	<b>\$27,240</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2009**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-10-09-R1-6**

**Subject: County of Riverside**

**Location: Riverside**

**Type: SI**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1		\$690.00		\$69.00			\$759.00
2	\$660.63			\$66.06			\$726.69
3	\$556.23						\$556.23
4	\$135.24						\$135.24
5	\$445.90			\$29.36			\$475.26
6	\$89.44			\$8.94			\$98.38
7	\$1,182.00			\$118.20		\$224.43	\$1,524.63
8				\$750.44			\$750.44
9	\$211.82			\$21.18			\$233.00
10		\$2,401.88		\$240.19			\$2,642.07
11				\$299.12			\$299.12
12	\$31.08			\$3.11			\$34.19
13		\$3,244.94		\$324.49			\$3,569.43
14	\$70.20						\$70.20
15				\$144.57			\$144.57
16	\$32.76			\$3.28			\$36.04
17				\$35.24			\$35.24
<b>TOTAL</b>	<b>\$3,415.30</b>	<b>\$6,336.82</b>	<b>\$0.00</b>	<b>\$2,113.18</b>	<b>\$0.00</b>	<b>\$224.43</b>	<b>\$12,089.73</b>

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

**Audit No: OAK-01-09-R2-5**

**Subject: ESIS (An ACE Group Company)**

**Location: Southfield, MI**

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

A. Frequency Rate

# claims with unpd indem 9 divide by # claims with payable indem 34 = 0.26471

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

Total unpd indem. = \$ 2,838.67 divide by # of claims with obligation to pay indem. 34  
Avg Unpd Ind = \$ 83.49

C. Severity Rate

Avg Unpd Indem \$ 83.49 divide by avg unpd indem 2005-2007 of \$ 165.13 = 0.50560

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.26471 X Severity rate 0.50560 X modifier of 2  
= 0.26767

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

# claims with late 1st TD	18	divide by # with TD payments	34	
# claims with first SC notice violations	0	divide by # with salary continuation	2	
Totals	18	divide by	Totals 36	=
				0.50000

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

# claims with late first PD	4	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	4	divide by	Totals 14	=
				0.28571

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

# claims with late subsequent payments 10 divide by # with subsequent payments 27 = 0.37037

**5. FACTOR FOR PROVISION OF AME/QME NOTICES, NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION, AND NOTICES FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	12	divide by # requiring notices	24	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	0	divide by # requiring notices	0	
Totals	12		Totals 24	
				= 0.50000

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2009**

**1.92376**

**Profile Audit Review Performance Rating of 1.76687 or greater is a failing score.**

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

**Audit No: OAK-01-09-R2-5**

**Subject: ESIS (An ACE Group Company)**

**Location: Southfield, MI**

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

A. Frequency Rate

# claims with unpd indem      12      divide by # claims with payable indem      51      =      0.23529

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

Total unpd indem =      \$ 4,352.33      divide by      # of claims with obligation to pay indem.      51  
 Avg Unpd Ind =      \$ 85.34

C. Severity Rate

Avg Unpd Ind.      \$ 85.34      divide by avg unpd indem 2005-2007 of      \$ 165.13      =      0.51680

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.23529      X      Severity rate      0.51680      X      modifier of      2  
 =      0.24320

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

# claims with late 1st TD	28	divide by # with TD payments	49	
# claims with first SC notice violations	<u>0</u>	divide by # with salary continuation	<u>2</u>	
Totals	28	divide by	Totals 51	=
				<u>0.54902</u>

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

# claims with late first PD	4	divide by # with first PD	18	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims/late first death benefits	<u>0</u>	divide by # with first death ben paid	<u>0</u>	
Totals	4	divide by	Totals 18	=
				<u>0.22222</u>

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

# claims with late subseq payments      12      divide by # with subseq payments      37      =      0.32432

**5. FACTOR FOR PROVISION OF AME/QME NOTICES, NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION, AND NOTICES FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	17	divide by # requiring notices	33	
# claims with VR potential eligibilty notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	<u>0</u>	divide by # requiring notices	<u>0</u>	
Totals	17		Totals 33	
				=
				<u>0.51515</u>

**FULL COMPLIANCE AUDIT PERFORMANCE RATING - 2009**

**Full Compliance Audit Performance Rating of indemnity files of 2.13924 or greater is a failing score.**

**1.85392**

**Calendar Year: 2009**

**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: OAK-01-09-R2-5**

**Subject: ESIS (An ACE Group Company)**

**Location: Southfield, MI**

**Type: TPA**

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	26	\$9,880	\$0	\$9,880	\$9,880	
Late first payment of permanent disability indemnity benefits (PD).	4	\$2,285	\$0	\$2,285	\$2,285	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	31	\$9,270	\$0	\$9,270	\$9,270	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	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 of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	20	\$6,500	\$6,500	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	8	\$2,400	\$0	\$2,400	\$2,400	
Failure to pay any PD indemnity benefit.	3	\$1,200	\$0	\$1,200	\$1,200	
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	\$1,800	\$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>100</b>	<b>\$33,335</b>	<b>\$6,500</b>	<b>\$26,835</b>	<b>\$26,835</b>	

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

**Calendar Year: 2009**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: OAK-01-09-R2-5**

**Subject: ESIS (An ACE Group Company)**

**Location: Southfield, MI**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1		\$19.23					\$19.23
2	\$55.13						\$55.13
3	\$95.88						\$95.88
4	\$133.66						\$133.66
5	\$182.25						\$182.25
6		\$792.14		\$390.28			\$1,182.42
7	\$66.19			\$550.00			\$616.19
8	\$205.28	\$236.97		\$44.23			\$486.48
9				\$67.43			\$67.43
10				\$102.30			\$102.30
11	\$257.40			\$9.50			\$266.90
12	\$1,144.46						\$1,144.46
<b>TOTAL</b>	<b>\$2,140.25</b>	<b>\$1,048.34</b>	<b>\$0.00</b>	<b>\$1,163.74</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$4,352.33</b>

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

**Audit No: OAK-03-09-R1-1**

**Subject: Farmers Insurance Group**

**Location: Pleasanton**

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

A. Frequency Rate

# claims with unpd indem      11      divide by # claims with payable indem      57      =      0.19298

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

Total unpd indem. =      \$ 15,365.97      divide by      # of claims with obligation to pay indem.      57  
 Avg Unpd Ind =      \$ 269.58

C. Severity Rate

Avg Unpd Indem      \$ 269.58      divide by avg unpd indem 2005-2007 of      \$ 165.13      =      1.63252

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.19298      X      Severity rate      1.63252      X      modifier of      2  
 =      **0.63010**

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

# claims with late 1st TD	20	divide by # with TD payments	55	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	20	divide by	Totals	55 =
				<b>0.36364</b>

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

# claims with late first PD	5	divide by # with first PD	13	
# 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	13 =
				<b>0.38462</b>

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

# claims with late subsequent payments      4      divide by # with subsequent payments      39      =  
**0.10256**

**5. FACTOR FOR PROVISION OF AME/QME NOTICES, NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION, AND NOTICES FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	7	divide by # requiring notices	35	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	0	divide by # requiring notices	0	
Totals	7		Totals	35
				=
				<b>0.20000</b>

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2009**

**1.68091**

**Profile Audit Review Performance Rating of 1.76687 or greater is a failing score.**

**Calendar Year: 2009**

**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-03-09-R1-1**

**Subject: Farmers Insurance Group**

**Location: Pleasanton**

**Type: INS**

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	22	\$4,850	\$4,850	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	4	\$1,970	\$1,970	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	9	\$2,655	\$2,655	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	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 of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	7	\$2,300	\$2,300	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	7	\$6,400	\$6,400	\$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.	7	\$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>58</b>	<b>\$20,675</b>	<b>\$20,675</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2009**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: OAK-03-09-R1-1**

**Subject: Farmers Insurance Group**

**Location: Pleasanton**

**Type: INS**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1				\$161.00			\$161.00
2	\$4,356.90			\$406.44			\$4,763.34
3	\$4,760.89			\$409.49			\$5,170.38
4	\$188.57			\$194.86			\$383.43
5	\$255.15			\$25.51			\$280.66
6	\$149.95			\$2.61			\$152.56
7	\$58.28						\$58.28
8	\$222.86						\$222.86
9	\$833.00			\$141.56			\$974.56
10	\$2,835.90			\$351.00			\$3,186.90
11				\$12.00			\$12.00
<b>TOTAL</b>	<b>\$13,661.50</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$1,704.47</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$15,365.97</b>

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

**Audit No: OAK-11-09-R1-5**

**Subject: FirstComp Underwriters Group, Inc.**

**Location: Henderson, NV**

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

A. Frequency Rate

# claims with unpd indem      10      divide by # claims with payable indem      58      =      0.17241

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

Total unpd indem. =      \$ 4,605.25      divide by      # of claims with obligation to pay indem.      58  
 Avg Unpd Ind =      \$ 79.40

C. Severity Rate

Avg Unpd Indem      \$ 79.40      divide by avg unpd indem 2005-2007 of      \$ 165.13      =      0.48084

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.17241      X      Severity rate      0.48084      X      modifier of      2  
 =      **0.16581**

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

# claims with late 1st TD	20	divide by # with TD payments	56	
# claims with first SC notice violations	1	divide by # with salary continuation	3	
Totals	21	divide by	Totals	59
				=
				<b>0.35593</b>

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

# claims with late first PD	6	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	6	divide by	Totals	15
				=
				<b>0.40000</b>

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

# claims with late subsequent payments      6      divide by # with subsequent payments      40      =  
**0.15000**

**5. FACTOR FOR PROVISION OF AME/QME NOTICES, NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION, AND NOTICES FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	20	divide by # requiring notices	42	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	3	divide by # requiring notices	7	
Totals	23		Totals	49
				=
				<b>0.46939</b>

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2009**

**1.54113**

**Profile Audit Review Performance Rating of 1.76687 or greater is a failing score.**

**Calendar Year: 2009**

**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: OAK-11-09-R1-5**

**Subject: FirstComp Underwriters Group, Inc.**

**Location: Henderson, NV**

**Type: TPA**

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	22	\$4,600	\$4,600	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	6	\$3,230	\$3,230	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	15	\$3,075	\$3,075	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	1	\$50	\$50	\$0	\$0	
Failure to notify an injured employee of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	3	\$1,100	\$1,100	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	21	\$7,400	\$7,400	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	6	\$3,800	\$3,800	\$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	\$1,650	\$1,650	\$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>80</b>	<b>\$25,705</b>	<b>\$25,705</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2009**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: OAK-11-09-R1-5**

**Subject: FirstComp Underwriters Group, Inc.**

**Location: Henderson, NV**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$273.81						\$273.81
2				\$212.23			\$212.23
3				\$197.16			\$197.16
4	\$685.71						\$685.71
5				\$345.00			\$345.00
6				\$161.00			\$161.00
7				\$107.69			\$107.69
8	\$1,309.59						\$1,309.59
9	\$1,141.40			\$108.42			\$1,249.82
10	\$63.24						\$63.24
<b>TOTAL</b>	<b>\$3,473.75</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$1,131.50</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$4,605.25</b>

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

**Audit No: SAC-07-09-R1-6**

**Subject: Fresno Unified School District**

**Location: Fresno**

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

A. Frequency Rate

# claims with unpd indem 8 divide by # claims with payable indem 50 = 0.16000

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

Total unpd indem. = \$ 4,470.05 divide by # of claims with obligation to pay indem. 50  
Avg Unpd Ind = \$ 89.40

C. Severity Rate

Avg Unpd Indem \$ 89.40 divide by avg unpd indem 2005-2007 of \$ 165.13 = 0.54140

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.16000 X Severity rate 0.54140 X modifier of 2  
= 0.17325

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

# claims with late 1st TD	2	divide by # with TD payments	13	
# claims with first SC notice violations	4	divide by # with salary continuation	39	
Totals	6	divide by	Totals 52	=
				0.11538

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

# claims with late first PD	6	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	6	divide by	Totals 11	=
				0.54545

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

# claims with late subsequent payments 8 divide by # with subsequent payments 12 = 0.66667

**5. FACTOR FOR PROVISION OF AME/QME NOTICES, NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION, AND NOTICES FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	9	divide by # requiring notices	34	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	0	divide by # requiring notices	2	
Totals	9		Totals 36	
				= 0.25000

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2009**

**1.75075**

**Profile Audit Review Performance Rating of 1.76687 or greater is a failing score.**

**Calendar Year: 2009**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

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

**Audit No: SAC-07-09-R1-6**

**Subject: Fresno Unified School District**

**Location: Fresno**

**Type: SI**

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ 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).	6	\$2,100	\$2,100	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	30	\$4,710	\$4,710	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	4	\$210	\$210	\$0	\$0	
Failure to notify an injured employee of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	9	\$4,000	\$4,000	\$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.	3	\$1,600	\$1,600	\$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.	24	\$3,700	\$3,700	\$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>80</b>	<b>\$17,020</b>	<b>\$17,020</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2009**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: SAC-07-09-R1-6**

**Subject: Fresno Unified School District**

**Location: Fresno**

**Type: SI**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1				\$26.39			\$26.39
2				\$106.43			\$106.43
3		\$70.95		\$7.10			\$78.05
4	\$56.68	\$1,874.79		\$187.48			\$2,118.95
5		\$1,148.85		\$114.89			\$1,263.74
6	\$54.00			\$192.60			\$246.60
7				\$585.34			\$585.34
8				\$44.55			\$44.55
<b>TOTAL</b>	<b>\$110.68</b>	<b>\$3,094.59</b>	<b>\$0.00</b>	<b>\$1,264.78</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$4,470.05</b>

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

**Audit No: LAO-03-09-R1-5**

**Subject: Gallagher Bassett Services, Inc. #102**

**Location: Anaheim**

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

A. Frequency Rate

# claims with unpd indem 16 divide by # claims with payable indem 58 = 0.27586

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

Total unpd indem. = \$ 11,315.97 divide by # of claims with obligation to pay indem. 58  
Avg Unpd Ind = \$ 195.10

C. Severity Rate

Avg Unpd Indem \$ 195.10 divide by avg unpd indem 2005-2007 of \$ 165.13 = 1.18151

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.27586 X Severity rate 1.18151 X modifier of 2  
= 0.65187

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

# claims with late 1st TD	16	divide by # with TD payments	53	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	16	divide by	Totals 53	=
				0.30189

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

# claims with late first PD	3	divide by # with first PD	20	
# 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 20	=
				0.15000

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

# claims with late subsequent payments 12 divide by # with subsequent payments 38 = 0.31579

**5. FACTOR FOR PROVISION OF AME/QME NOTICES, NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION, AND NOTICES FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	3	divide by # requiring notices	30	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	0	divide by # requiring notices	0	
Totals	3		Totals 30	
				= 0.10000

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2009**

**1.51954**

**Profile Audit Review Performance Rating of 1.76687 or greater is a failing score.**

**Calendar Year: 2009**

**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>	1
<b>Additional</b>	1

**Audit No: LAO-03-09-R1-5**

**Subject: Gallagher Bassett Services, Inc. #102**

**Location: Anaheim**

**Type: TPA**

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	19	\$13,330	\$13,330	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	3	\$1,140	\$1,140	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	16	\$2,820	\$2,820	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	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 of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	3	\$1,100	\$1,100	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	15	\$16,300	\$16,300	\$0	\$0	
Failure to pay any PD indemnity benefit.	6	\$3,900	\$3,900	\$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.	13	\$3,000	\$3,000	\$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>75</b>	<b>\$41,590</b>	<b>\$41,590</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2009**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-03-09-R1-5**

**Subject: Gallagher Bassett Services, Inc. #102**

**Location: Anaheim**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1				\$153.25			\$153.25
2	\$2,437.15	\$4,140.00		\$657.71			\$7,234.86
3		\$345.00		\$34.50			\$379.50
4	\$640.00			\$64.00			\$704.00
5		\$503.70					\$503.70
6	\$37.16						\$37.16
7				\$71.59			\$71.59
8	\$1,270.77			\$109.95			\$1,380.72
9	\$63.26						\$63.26
10	\$252.32			\$158.60			\$410.92
11				\$59.77			\$59.77
12	\$53.72			\$92.00			\$145.72
13		\$5,005.78		\$661.58			\$5,667.36
14	\$407.14			\$126.36			\$533.50
15	\$633.18			\$46.92			\$680.10
16	\$106.01			\$141.79			\$247.80
17	\$191.40			\$86.22			\$277.62
<b>TOTAL</b>	<b>\$6,092.11</b>	<b>\$9,994.48</b>	<b>\$0.00</b>	<b>\$2,464.24</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$18,550.83</b>

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

**Audit No: VNO-01-09-R1-5**

**Subject: Gallagher Bassett Services, Inc. #165**

**Location: Calabasas**

**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. =      \$ 1,819.54      divide by      # of claims with obligation to pay indem.      57  
 Avg Unpd Ind =      \$ 31.92

C. Severity Rate

Avg Unpd Indem      \$ 31.92      divide by avg unpd indem 2005-2007 of      \$ 165.13      =      0.19331

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.17544      X      Severity rate      0.19331      X      modifier of      2  
 =      **0.06783**

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

# claims with late 1st TD	14	divide by # with TD payments	53	
# claims with first SC notice violations	0	divide by # with salary continuation	1	
Totals	14	divide by	Totals	54
				=
				<b>0.25926</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	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
				=
				<b>0.27273</b>

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

# claims with late subsequent payments      9      divide by # with subsequent payments      38      =  
**0.23684**

**5. FACTOR FOR PROVISION OF AME/QME NOTICES, NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION, AND NOTICES FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	1	divide by # requiring notices	30	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	0	divide by # requiring notices	0	
Totals	1		Totals	30
				=
				<b>0.03333</b>

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2009**

**0.86999**

**Profile Audit Review Performance Rating of 1.76687 or greater is a failing score.**

**Calendar Year: 2009**

**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: VNO-01-09-R1-5**

**Subject: Gallagher Bassett Services, Inc. #165**

**Location: Calabasas**

**Type: TPA**

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	14	\$3,170	\$3,170	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	3	\$950	\$950	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	13	\$6,525	\$6,525	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	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 of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	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.	8	\$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.	2	\$400	\$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>42</b>	<b>\$13,945</b>	<b>\$13,945</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2009**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: VNO-01-09-R1-5**

**Subject: Gallagher Bassett Services, Inc. #165**

**Location: Calabasas**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$205.48			\$82.72			\$288.20
2	\$269.94						\$269.94
3	\$240.00						\$240.00
4	\$119.64			\$1.54			\$121.18
5		\$426.00					\$426.00
6	\$35.64						\$35.64
7	\$81.28						\$81.28
8				\$33.20			\$33.20
9	\$77.30			\$1.78			\$79.08
10	\$245.02						\$245.02
<b>TOTAL</b>	<b>\$1,274.30</b>	<b>\$426.00</b>	<b>\$0.00</b>	<b>\$119.24</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$1,819.54</b>



**Calendar Year: 2009**

**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: OAK-09-09-R1-5**

**Subject: Gallagher Bassett Services, Inc. #007**

**Location: Scottsdale, AZ**

**Type: TPA**

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	23	\$4,525	\$4,525	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	4	\$1,250	\$1,250	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	20	\$3,265	\$3,265	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	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 of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	17	\$2,085	\$2,085	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	7	\$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.	12	\$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>84</b>	<b>\$14,925</b>	<b>\$14,925</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2009**  
**Notices of Compensation Due**

**Individual Exhibit 3**

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

**Subject: Gallagher Bassett Services, Inc. #007**

**Location: Scottsdale, AZ**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1		\$527.85					\$527.85
2				\$227.28			\$227.28
3	\$518.13			\$228.54			\$746.67
4	\$110.66			\$320.90			\$431.56
5	\$142.86						\$142.86
6	\$125.72						\$125.72
7	\$97.51						\$97.51
8	\$15.20			\$71.77			\$86.97
9	\$252.02			\$147.10			\$399.12
<b>TOTAL</b>	<b>\$1,262.10</b>	<b>\$527.85</b>	<b>\$0.00</b>	<b>\$995.59</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$2,785.54</b>

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

**Audit No: LAO-07-09-R1-5**

**Subject: Hutch & Son, TPA**

**Location: Simi Valley**

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

A. Frequency Rate

# claims with unpd indem      0      divide by # claims with payable indem      26      =      0.00000

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

Total unpd indem. =      divide by      # of claims with obligation to pay indem.      26  
 Avg Unpd Ind =      \$      -

C. Severity Rate

Avg Unpd Indem      \$      -      divide by avg unpd indem 2005-2007 of      \$ 165.13      =      0.00000

D. Factor for Failure to pay Undisputed Accrued Indemnity

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

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

# claims with late 1st TD	0	divide by # with TD payments	24	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	0	divide by	Totals 24	=

0.00000

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

# claims with late first PD	1	divide by # with first PD	6	
# 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 6	=

0.16667

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

# claims with late subsequent payments      5      divide by # with subsequent payments      17      =  
0.29412

**5. FACTOR FOR PROVISION OF AME/QME NOTICES, NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION, AND NOTICES FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	0	divide by # requiring notices	25	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	0	divide by # requiring notices	0	
Totals	0		Totals 25	=

0.00000

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2009**

**0.46078**

**Profile Audit Review Performance Rating of 1.76687 or greater is a failing score.**

**Calendar Year: 2009**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	26
<b>Indemnity</b>	26
<b>Medical Only</b>	0
<b>Denied</b>	0
<b>Complaints</b>	0
<b>Additional</b>	0

**Audit No: LAO-07-09-R1-5**

**Subject: Hutch & Son, TPA**

**Location: Simi Valley**

**Type: TPA**

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ 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	\$250	\$250	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	8	\$1,440	\$1,440	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	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 of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	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>9</b>	<b>\$1,690</b>	<b>\$1,690</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: LAO-05-09-R1-1**

**Subject: ICW Group**

**Location: San Diego**

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

A. Frequency Rate

# claims with unpd indem 14 divide by # claims with payable indem 58 = 0.24138

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

Total unpd indem. = \$ 11,412.80 divide by # of claims with obligation to pay indem. 58  
Avg Unpd Ind = \$ 196.77

C. Severity Rate

Avg Unpd Indem \$ 196.77 divide by avg unpd indem 2005-2007 of \$ 165.13 = 1.19162

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.24138 X Severity rate 1.19162 X modifier of 2  
= 0.57527

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

# claims with late 1st TD	21	divide by # with TD payments	57	
# claims with first SC notice violations	0	divide by # with salary continuation	1	
Totals	21	divide by	Totals 58	=
				0.36207

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

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

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

# claims with late subsequent payments 4 divide by # with subsequent payments 33 = 0.12121

**5. FACTOR FOR PROVISION OF AME/QME NOTICES, NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION, AND NOTICES FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	3	divide by # requiring notices	41	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	0	divide by # requiring notices	0	
Totals	3		Totals 41	
				=
				0.07317

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2009**

**1.33172**

**Profile Audit Review Performance Rating of 1.76687 or greater is a failing score.**

**Calendar Year: 2009**

**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-05-09-R1-1**

**Subject: ICW Group**

**Location: San Diego**

**Type: INS**

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	24	\$13,860	\$13,860	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	3	\$2,040	\$2,040	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	16	\$8,550	\$8,550	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	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 of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	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.	9	\$3,400	\$3,400	\$0	\$0	
Failure to pay any PD indemnity benefit.	3	\$4,300	\$4,300	\$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.	7	\$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>65</b>	<b>\$34,000</b>	<b>\$34,000</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2009**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-05-09-R1-1**

**Subject: ICW Group**

**Location: San Diego**

**Type: INS**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1		\$5,851.34		\$585.14			\$6,436.48
2	\$228.63			\$366.01		\$226.06	\$820.70
3	\$63.81						\$63.81
4				\$85.33			\$85.33
5				\$18.28			\$18.28
6	\$91.27						\$91.27
7	\$555.04			\$32.34			\$587.38
8		\$1,412.64		\$141.26			\$1,553.90
9	\$683.94			\$21.76			\$705.70
10	\$226.67						\$226.67
11	\$313.59						\$313.59
12				\$138.00			\$138.00
13	\$230.56			\$107.60			\$338.16
14	\$30.48			\$3.05			\$33.53
<b>TOTAL</b>	<b>\$2,423.99</b>	<b>\$7,263.98</b>	<b>\$0.00</b>	<b>\$1,498.77</b>	<b>\$0.00</b>	<b>\$226.06</b>	<b>\$11,412.80</b>

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

**Audit No: SAC-03-09-R1-5**

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

**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. =      \$ 12,495.48      divide by      # of claims with obligation to pay indem.      58  
 Avg Unpd Ind =      \$ 215.44

C. Severity Rate

Avg Unpd Indem      \$ 215.44      divide by avg unpd indem 2005-2007 of      \$ 165.13      =      1.30466

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.17241      X      Severity rate      1.30466      X      modifier of      2  
 =      0.44988

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

# claims with late 1st TD	11	divide by # with TD payments	47	
# claims with first SC notice violations	4	divide by # with salary continuation	8	
Totals	15	divide by	Totals	55
				=
				<span style="border: 1px solid black; padding: 2px;">0.27273</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	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	3	divide by	Totals	16
				=
				<span style="border: 1px solid black; padding: 2px;">0.18750</span>

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

# claims with late subsequent payments      3      divide by # with subsequent payments      36      =  
0.08333

**5. FACTOR FOR PROVISION OF AME/QME NOTICES, NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION, AND NOTICES FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	9	divide by # requiring notices	35	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	0	divide by # requiring notices	0	
Totals	9		Totals	35
				=
				<span style="border: 1px solid black; padding: 2px;">0.25714</span>

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2009**

1.25059

**Profile Audit Review Performance Rating of 1.76687 or greater is a failing score.**

**Calendar Year: 2009**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	<u>58</u>
<b>Indemnity</b>	<u>58</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: SAC-03-09-R1-5**

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

**Location: Sacramento**

**Type: TPA**

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	17	\$3,055	\$3,055	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	4	\$995	\$995	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	3	\$1,100	\$1,100	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	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 of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	10	\$3,300	\$3,300	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	10	\$16,800	\$16,800	\$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.	3	\$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>47</b>	<b>\$25,400</b>	<b>\$25,400</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2009**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: SAC-03-09-R1-5**

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

**Location: Sacramento**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1				\$107.44			\$107.44
2	\$1,207.51			\$120.76			\$1,328.27
3	\$1,483.53			\$148.35			\$1,631.88
4	\$625.78						\$625.78
5	\$289.71			\$28.97			\$318.68
6	\$76.88						\$76.88
7				\$69.35			\$69.35
8	\$24.38						\$24.38
9	\$1,215.49			\$131.67			\$1,347.16
10	\$6,421.56			\$544.10			\$6,965.66
<b>TOTAL</b>	<b>\$11,344.84</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$1,150.64</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$12,495.48</b>

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

**Audit No: LAO-02-09-R1-1**

**Subject: Majestic Insurance Company**

**Location: San Diego**

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

A. Frequency Rate

# claims with unpd indem 12 divide by # claims with payable indem 52 = 0.23077

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

Total unpd indem. = \$ 14,225.94 divide by # of claims with obligation to pay indem. 52  
Avg Unpd Ind = \$ 273.58

C. Severity Rate

Avg Unpd Indem \$ 273.58 divide by avg unpd indem 2005-2007 of \$ 165.13 = 1.65673

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.23077 X Severity rate 1.65673 X modifier of 2  
= 0.76464

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

# claims with late 1st TD	18	divide by # with TD payments	52	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	18	divide by	Totals 52	=
				0.34615

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

# claims with late first PD	1	divide by # with first PD	11	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	1	divide by	Totals 11	=
				0.09091

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

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

**5. FACTOR FOR PROVISION OF AME/QME NOTICES, NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION, AND NOTICES FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	3	divide by # requiring notices	35	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	0	divide by # requiring notices	0	
Totals	3		Totals 35	
				= 0.08571

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2009**

**1.73479**

**Profile Audit Review Performance Rating of 1.76687 or greater is a failing score.**

**Calendar Year: 2009**

**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-02-09-R1-1**

**Subject: Majestic Insurance Company**

**Location: San Diego**

**Type: INS**

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	21	\$15,950	\$15,950	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	1	\$1,200	\$1,200	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	25	\$6,050	\$6,050	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	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 of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	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.	10	\$3,800	\$3,800	\$0	\$0	
Failure to pay any PD indemnity benefit.	2	\$3,000	\$3,000	\$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.	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>63</b>	<b>\$31,900</b>	<b>\$31,900</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2009**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-02-09-R1-1**

**Subject: Majestic Insurance Company**

**Location: San Diego**

**Type: INS**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$143.61			\$3.94			\$147.55
2	\$169.33			\$16.93			\$186.26
3	\$27.32			\$2.73			\$30.05
4	\$963.34			\$69.03			\$1,032.37
5	\$164.91						\$164.91
6	\$334.76			\$33.48			\$368.24
7	\$45.02						\$45.02
8	\$93.40						\$93.40
9	\$470.27			\$47.03			\$517.30
10		\$3,756.45		\$388.03			\$4,144.48
11	\$243.77			\$24.38			\$268.15
12	\$6,571.10			\$657.11			\$7,228.21
<b>TOTAL</b>	<b>\$9,226.83</b>	<b>\$3,756.45</b>	<b>\$0.00</b>	<b>\$1,242.66</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$14,225.94</b>

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

**Audit No: LAO-18-09-R2-2**

**Subject: Marriott International, Inc.; Marriott Claims Services**

**Location: Santa Ana**

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

A. Frequency Rate

# claims with unpd indem      18      divide by # claims with payable indem      57      =      0.31579

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

Total unpd indem. =      \$ 18,456.50      divide by      # of claims with obligation to pay indem.      57  
 Avg Unpd Ind =      \$ 323.80

C. Severity Rate

Avg Unpd Indem      \$ 323.80      divide by avg unpd indem 2005-2007 of      \$ 165.13      =      1.96087

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.31579      X      Severity rate      1.96087      X      modifier of      2  
 =      1.23844

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

# claims with late 1st TD	7	divide by # with TD payments	55	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	7	divide by	Totals 55	=
				0.12727

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

# claims with late first PD	6	divide by # with first PD	20	
# 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 20	=
				0.30000

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

# claims with late subsequent payments      16      divide by # with subsequent payments      45      =  
 0.35556

**5. FACTOR FOR PROVISION OF AME/QME NOTICES, NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION, AND NOTICES FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	1	divide by # requiring notices	49	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	0	divide by # requiring notices	0	
Totals	1		Totals 49	
				=
				0.02041

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2009**

**2.04168**

**Profile Audit Review Performance Rating of 1.76687 or greater is a failing score.**



**Calendar Year: 2009**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	127
<b>Indemnity</b>	126
<b>Medical Only</b>	0
<b>Denied</b>	0
<b>Complaints</b>	1
<b>Additional</b>	0

**Audit No: LAO-18-09-R2-2**

**Subject: Marriott International, Inc.;  
Marriott Claims Services**

**Location: Santa Ana**

**Type: SI**

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	20	\$3,860	\$772	\$3,088	\$3,088	
Late first payment of permanent disability indemnity benefits (PD).	17	\$8,410	\$1,682	\$6,728	\$6,728	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0		\$0	\$0	
Late subsequent payment of indemnity benefits.	56	\$20,070	\$4,014	\$16,056	\$16,056	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	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 of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	6	\$1,500	\$1,500	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	23	\$8,200	\$1,640	\$6,560	\$6,560	
Failure to pay any PD indemnity benefit.	14	\$8,900	\$1,780	\$7,120	\$7,120	
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.	27	\$8,050	\$1,610	\$6,440	\$6,440	
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>163</b>	<b>\$58,990</b>	<b>\$12,998</b>	<b>\$45,992</b>	<b>\$45,992</b>	

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

**Calendar Year: 2009**  
**Notices of Compensation Due**

**Audit No: LAO-18-09-R2-2**

**Subject: Marriott International, Inc.; Marriott Claims Services**

**Location: Santa Ana**

**Type: SI**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$401.87			\$40.19			\$442.06
2	\$121.41			\$11.15			\$132.56
3	\$54.40			\$3.06			\$57.46
4		\$1,192.88		\$760.95			\$1,953.83
5		\$102.31		\$6.90			\$109.21
6	\$313.91			\$469.35			\$783.26
7	\$132.68			\$9.63			\$142.31
8	\$209.14						\$209.14
9		\$635.79		\$93.15			\$728.94
10		\$4,650.41		\$465.04		\$61.14	\$5,176.59
11		\$3,198.64		\$688.52			\$3,887.16
12				\$577.24			\$577.24
13	\$30.46			\$3.05			\$33.51
14	\$601.31						\$601.31
15	\$59.59			\$5.96			\$65.55
16	\$16.29			\$19.55			\$35.84
17	\$162.71	\$341.38		\$50.41			\$554.50
18	\$72.13			\$7.21			\$79.34
19		\$492.86		\$213.58			\$706.44
20		\$299.00		\$77.61			\$376.61
21	\$1,421.59						\$1,421.59
<b>SUBTOTAL</b>	<b>\$3,597.49</b>	<b>\$10,913.27</b>	<b>\$0.00</b>	<b>\$3,502.55</b>	<b>\$0.00</b>	<b>\$61.14</b>	<b>\$18,074.45</b>

**Calendar Year: 2009**  
**Notices of Compensation Due**

**Audit No: LAO-18-09-R2-2**

**Subject: Marriott International, Inc.; Marriott Claims Services**

**Location: Santa Ana**

**Type: SI**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
22	\$490.16					\$4.96	\$495.12
23				\$129.44			\$129.44
24	\$35.77			\$153.82			\$189.59
25	\$217.22			\$21.72			\$238.94
26		\$497.79		\$273.21			\$771.00
27		\$220.80		\$276.00			\$496.80
28	\$72.03			\$150.32			\$222.35
29		\$6,674.04		\$759.40			\$7,433.44
30				\$68.12			\$68.12
31	\$241.19			\$24.12			\$265.31
32		\$884.00		\$88.40			\$972.40
33	\$406.57			\$40.66			\$447.23
34		\$803.36		\$197.64			\$1,001.00
35		\$138.00		\$13.80			\$151.80
36	\$183.76			\$18.38			\$202.14
Page 2 SUBTOTAL	\$1,646.70	\$9,217.99	\$0.00	\$2,215.03	\$0.00	\$4.96	\$13,084.68
Page 1 SUBTOTAL	\$3,597.49	\$10,913.27	\$0.00	\$3,502.55	\$0.00	\$61.14	\$18,074.45
<b>TOTAL</b>	<b>\$5,244.19</b>	<b>\$20,131.26</b>	<b>\$0.00</b>	<b>\$5,717.58</b>	<b>\$0.00</b>	<b>\$66.10</b>	<b>\$31,159.13</b>



**Calendar Year: 2009**

**Individual Exhibit 2**

**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: LAO-26-09-T1-5**

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

**Location: Wilmington**

**Type: TPA**

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ 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	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	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 of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	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	\$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>1</b>	<b>\$200</b>	<b>\$200</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-05-09-R1-1**

**Subject: Mitsui Sumitomo Insurance Group**

**Location: Cincinnati, OH**

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

A. Frequency Rate

# claims with unpd indem      4      divide by # claims with payable indem      45      =      0.08889

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

Total unpd indem. =      \$ 5,361.69      divide by      # of claims with obligation to pay indem.      45  
 Avg Unpd Ind =      \$ 119.15

C. Severity Rate

Avg Unpd Indem      \$ 119.15      divide by avg unpd indem 2005-2007 of      \$ 165.13      =      0.72154

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.08889      X      Severity rate      0.72154      X      modifier of      2  
 =      0.12827

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

# claims with late 1st TD	14	divide by # with TD payments	40	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
<b>Totals</b>	<b>14</b>	<b>divide by</b>	<b>Totals</b>	<b>40</b>
				<b>=</b>
				<span style="border: 1px solid black; padding: 2px;">0.35000</span>

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

# claims with late first PD	8	divide by # with first PD	21	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	1	divide by # with first DB paid	1	
<b>Totals</b>	<b>9</b>	<b>divide by</b>	<b>Totals</b>	<b>22</b>
				<b>=</b>
				<span style="border: 1px solid black; padding: 2px;">0.40909</span>

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

# claims with late subsequent payments      17      divide by # with subsequent payments      36      =  
0.47222

**5. FACTOR FOR PROVISION OF AME/QME NOTICES, NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION, AND NOTICES FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	3	divide by # requiring notices	37	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	1	divide by # requiring notices	1	
<b>Totals</b>	<b>4</b>		<b>Totals</b>	<b>38</b>
				<b>=</b>
				<span style="border: 1px solid black; padding: 2px;">0.10526</span>

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2009**

1.46485

**Profile Audit Review Performance Rating of 1.76687 or greater is a failing score.**

**Calendar Year: 2009**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	<u>45</u>
<b>Indemnity</b>	<u>45</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-05-09-R1-1**

**Subject: Mitsui Sumitomo Insurance Group**

**Location: Cincinnati, OH**

**Type: INS**

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	14	\$3,190	\$3,190	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	8	\$7,120	\$7,120	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	28	\$15,330	\$15,330	\$0	\$0	
Late first payment of death benefits (DB).	1	\$4,000	\$4,000	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	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 of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	1	\$500	\$500	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	3	\$1,200	\$1,200	\$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.	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.	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>59</b>	<b>\$34,940</b>	<b>\$34,940</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2009**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: VNO-05-09-R1-1**

**Subject: Mitsui Sumitomo Insurance Group**

**Location: Cincinnati, OH**

**Type: INS**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$123.75			\$12.38			\$136.13
2	\$101.44			\$4.15			\$105.59
3		\$1,400.88		\$140.09			\$1,540.97
4		\$3,253.64		\$325.36			\$3,579.00
<b>TOTAL</b>	<b>\$225.19</b>	<b>\$4,654.52</b>	<b>\$0.00</b>	<b>\$481.98</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$5,361.69</b>

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

**Audit No: VNO-02-09-R2-1**

**Subject: Mitsui Sumitomo Insurance Group**

**Location: Universal City**

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

A. Frequency Rate

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

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

Total unpd indem. =      \$ 20,127.04      divide by      # of claims with obligation to pay indem.      46  
 Avg Unpd Ind =      \$ 437.54

C. Severity Rate

Avg Unpd Indem      \$ 437.54      divide by avg unpd indem 2005-2007 of      \$ 165.13      =      2.64970

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.23913      X      Severity rate      2.64970      X      modifier of      2  
 =      **1.26725**

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

# claims with late 1st TD	5	divide by # with TD payments	43	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	5	divide by	Totals 43	=
				<b>0.11628</b>

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

# claims with late first PD	5	divide by # with first PD	20	
# 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 20	=
				<b>0.25000</b>

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

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

**5. FACTOR FOR PROVISION OF AME/QME NOTICES, NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION, AND NOTICES FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	3	divide by # requiring notices	37	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	0	divide by # requiring notices	0	
Totals	3		Totals 37	
				=
				<b>0.08108</b>

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2009**

**2.00032**

**Profile Audit Review Performance Rating of 1.76687 or greater is a failing score.**

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

**Audit No: VNO-02-09-R2-1**

**Subject: Mitsui Sumitomo Insurance Group**

**Location: Universal City**

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

A. Frequency Rate

# claims with unpd indem      20      divide by # claims with payable indem      83      =      0.24096

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

Total unpd indem =      \$ 25,735.59      divide by      # of claims with obligation to pay indem.      83  
 Avg Unpd Ind =      \$      310.07

C. Severity Rate

Avg Unpd Ind.      \$      310.07      divide by avg unpd indem 2005-2007 of      \$ 165.13      =      1.87772

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.24096      X      Severity rate      1.87772      X      modifier of      2  
 =      0.90492

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

# claims with late 1st TD	11	divide by # with TD payments	78	
# claims with first SC notice violations	<u>1</u>	divide by # with salary continuation	<u>1</u>	
Totals	12	divide by	Totals 79	=
				<u>0.15190</u>

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

# claims with late first PD	9	divide by # with first PD	30	
# 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	9	divide by	Totals 30	=
				<u>0.30000</u>

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

# claims with late subseq payments      22      divide by # with subseq payments      66      =      0.33333

**5. FACTOR FOR PROVISION OF AME/QME NOTICES, NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION, AND NOTICES FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	4	divide by # requiring notices	62	
# claims with VR potential eligibilty notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	<u>0</u>	divide by # requiring notices	<u>0</u>	
Totals	4		Totals 62	
				=
				<u>0.06452</u>

**FULL COMPLIANCE AUDIT PERFORMANCE RATING - 2009**

**Full Compliance Audit Performance Rating of indemnity files of 2.13924 or greater is a failing score.**

**1.75467**

**Calendar Year: 2009**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	83
<b>Indemnity</b>	83
<b>Medical Only</b>	0
<b>Denied</b>	0
<b>Complaints</b>	0
<b>Additional</b>	0

**Audit No: VNO-02-09-R2-1**

**Subject: Mitsui Sumitomo Insurance Group**

**Location: Universal City**

**Type: INS**

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	13	\$3,530	\$706	\$2,824	\$2,824	
Late first payment of permanent disability indemnity benefits (PD).	9	\$6,740	\$1,348	\$5,392	\$5,392	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	36	\$6,100	\$1,220	\$4,880	\$4,880	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	1	\$50	\$50	\$0	\$0	
Failure to notify an injured employee of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	0	\$0	\$0	\$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.	11	\$7,800	\$1,560	\$6,240	\$6,240	
Failure to pay any PD indemnity benefit.	6	\$4,400	\$880	\$3,520	\$3,520	
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.	14	\$3,850	\$770	\$3,080	\$3,080	
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>94</b>	<b>\$34,070</b>	<b>\$8,134</b>	<b>\$25,936</b>	<b>\$25,936</b>	

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

**Calendar Year: 2009**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: VNO-02-09-R2-1**

**Subject: Mitsui Sumitomo Insurance Group**

**Location: Universal City Type: INS**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1				\$138.00			\$138.00
2		\$1,261.71		\$126.17			\$1,387.88
3	\$244.67			\$146.83			\$391.50
4	\$30.87			\$354.99			\$385.86
5	\$41.07			\$4.11			\$45.18
6				\$104.72			\$104.72
7		\$1,291.65		\$217.89			\$1,509.54
8	\$412.19			\$23.73			\$435.92
9	\$3,506.88	\$1,880.64		\$538.75			\$5,926.27
10		\$6,957.50		\$695.75			\$7,653.25
11	\$1,625.65			\$284.85			\$1,910.50
12	\$413.35						\$413.35
13	\$10.89			\$30.54			\$41.43
14		\$221.79					\$221.79
15	\$182.85			\$18.29			\$201.14
16	\$910.27			\$643.03			\$1,553.30
17		\$207.00		\$138.00			\$345.00
18				\$293.36			\$293.36
19				\$289.80			\$289.80
20	\$2,261.64			\$226.16			\$2,487.80
<b>TOTAL</b>	<b>\$9,640.33</b>	<b>\$11,820.29</b>	<b>\$0.00</b>	<b>\$4,274.97</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$25,735.59</b>

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

**Audit No: OAK-06-09-R3-1**

**Subject: OneBeacon Insurance Company**

**Location: Canton, MA**

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

A. Frequency Rate

# claims with unpd indem      13      divide by # claims with payable indem      48      =      0.27083

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

Total unpd indem. =      \$ 24,195.07      divide by      # of claims with obligation to pay indem.      48  
 Avg Unpd Ind =      \$ 504.06

C. Severity Rate

Avg Unpd Indem      \$ 504.06      divide by avg unpd indem 2005-2007 of      \$ 165.13      =      3.05253

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.27083      X      Severity rate      3.05253      X      modifier of      2  
 =      1.65345

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

# claims with late 1st TD	21	divide by # with TD payments	42	
# claims with first SC notice violations	2	divide by # with salary continuation	2	
Totals	23	divide by	Totals 44	=
				0.52273

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

# claims with late first PD	3	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	3	divide by	Totals 7	=
				0.42857

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

# claims with late subsequent payments      9      divide by # with subsequent payments      24      =  
 0.37500

**5. FACTOR FOR PROVISION OF AME/QME NOTICES, NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION, AND NOTICES FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	22	divide by # requiring notices	33	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	0	divide by # requiring notices	0	
Totals	22		Totals 33	
				=
				0.66667

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2009**

**Profile Audit Review Performance Rating of 1.76687 or greater is a failing score.**

**3.64642**

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

**Audit No: OAK-06-09-R3-1**

**Subject: OneBeacon Insurance Company**

**Location: Canton, MA**

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

A. Frequency Rate

# claims with unpd indem      27      divide by # claims with payable indem      88      =      0.30682

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

Total unpd indem =      \$ 37,591.03      divide by      # of claims with obligation to pay indem.      88  
 Avg Unpd Ind =      \$ 427.17

C. Severity Rate

Avg Unpd Ind.      \$ 427.17      divide by avg unpd indem 2005-2007 of      \$ 165.13      =      2.58688

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.30682      X      Severity rate      2.58688      X      modifier of      2  
 =      1.58740

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

# claims with late 1st TD	41	divide by # with TD payments	76	
# claims with first SC notice violations	3	divide by # with salary continuation	4	
Totals	44	divide by	Totals	80
				=
				0.55000

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

# claims with late first PD	5	divide by # with first PD	12	
# 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	5	divide by	Totals	12
				=
				0.41667

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

# claims with late subseq payments      18      divide by # with subseq payments      48      =  
 0.37500

**5. FACTOR FOR PROVISION OF AME/QME NOTICES, NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION, AND NOTICES FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	41	divide by # requiring notices	60	
# claims with VR potential eligibilty notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	0	divide by # requiring notices	0	
Totals	41		Totals	60
				=
				0.68333

**FULL COMPLIANCE AUDIT PERFORMANCE RATING - 2009**

**3.61240**

**Full Compliance Audit Performance Rating of indemnity files of 2.13924 or greater is a failing score.**

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

**Audit No: OAK-06-09-R3-1**

**Subject: OneBeacon Insurance Company**

**Location: Canton, MA**

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

A. Frequency Rate

# claims with unpd indem      26      divide by # claims with payable indem      89      =      0.29213

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

Total unpd indem =      \$ 39,665.21      divide by      # of claims with obligation to pay indem.      89  
 Avg Unpd Ind =      \$ 445.68

C. Severity Rate

Avg Unpd Ind.      \$ 445.68      divide by avg unpd indem 2005-2007 of      \$ 165.13      =      2.69894

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.29213      X      Severity rate      2.69894      X      modifier of      2  
 =      1.57691

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

# claims with late 1st TD	41	divide by # with TD payments	76	
# claims with first SC notice violations	3	divide by # with salary continuation	4	
Totals	44	divide by	Totals	80 =
				0.55000

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

# claims with late first PD	5	divide by # with first PD	12	
# 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	5	divide by	Totals	12 =
				0.41667

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

# claims with late subseq payments      18      divide by # with subseq payments      48      =  
 0.37500

**5. FACTOR FOR PROVISION OF AME/QME NOTICES, NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION, AND NOTICES FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	41	divide by # requiring notices	60	
# claims with VR potential eligibilty notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	0	divide by # requiring notices	0	
Totals	41	Totals	60	=
				0.68333

**FULL COMPLIANCE AUDIT PERFORMANCE RATING - 2009**

**3.60191**

**Full Compliance Audit Performance Rating for indemnity and denied files of 2.13924 or greater is a failing score.**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	137
<b>Indemnity</b>	88
<b>Medical Only</b>	0
<b>Denied</b>	47
<b>Complaints</b>	2
<b>Additional</b>	0

**Audit No: OAK-06-09-R3-1**

**Subject: OneBeacon Insurance Company**

**Location: Canton, MA**

**Type: INS**

Type of Violation	# of Violations Cited	Total \$ Violations Cited*	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	49	\$15,096	\$0	\$15,096	\$15,096	
Late first payment of permanent disability indemnity benefits (PD).	9	\$5,328	\$0	\$5,328	\$5,328	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	55	\$23,274	\$0	\$23,274	\$23,274	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	24	\$2,880	\$0	\$2,880	\$2,880	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	17	\$1,164	\$0	\$1,164	\$1,164	
Failure to notify an injured employee of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	42	\$5,040	\$0	\$5,040	\$5,040	
Failure to comply with requirements to provide notice of the QME/AME process.	60	\$15,306	\$0	\$15,306	\$15,306	
Failure to pay any TD or SC in lieu of TD.	16	\$10,800	\$0	\$10,800	\$10,800	
Failure to pay any PD indemnity benefit.	9	\$9,840	\$0	\$9,840	\$9,840	
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.	17	\$3,060	\$0	\$3,060	\$3,060	
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	\$500	\$0	\$500	\$500	

**Calendar Year: 2009**  
**Penalty Assessments and Collections**

**Individual Exhibit 2**

<b>Files Audited:</b>	137
<b>Indemnity</b>	88
<b>Medical Only</b>	0
<b>Denied</b>	47
<b>Complaints</b>	2
<b>Additional</b>	0

**Audit No: OAK-06-09-R3-1**

**Subject: OneBeacon Insurance Company**

**Location: Canton, MA**

**Type: INS**

Type of Violation	# of Violations Cited	Total \$ Violations Cited*	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Failure to pay or object to medical treatment expense in the manner required by law or regulation.	82	\$26,760	\$0	\$26,760	\$26,760	
Failure to pay or object to medical-legal expense in the manner required by law or regulation.	2	\$960	\$0	\$960	\$960	
Failure to pay or object to VR expense (injuries through 12/31/03) or issue training or SJDB voucher (injuries on/after 01/01/04) 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 01/01/94.	0	\$0	\$0	\$0	\$0	
Failure to provide VR information after 90 aggregate days of total TD (injuries 1/1/94 through 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.	3	\$360	\$0	\$360	\$360	
Materially incomplete or inaccurate benefit notices including denial for all liability, other than specific vocational rehabilitation notices.	4	\$1,260	\$0	\$1,260	\$1,260	
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.	1	\$600	\$0	\$600	\$600	
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.	4	\$9,600	\$0	\$9,600	\$9,600	
<b>TOTAL</b>	<b>395</b>	<b>\$131,828</b>	<b>\$0</b>	<b>\$131,828</b>	<b>\$131,828</b>	

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

\*Administrative penalties modified by a factor of 1.2 pursuant to Labor Code §129.5(c) and 8CCR§10111.2(c)(7).

**Calendar Year: 2009**  
**Notices of Compensation Due**

**Audit No: OAK-06-09-R3-1**

**Subject: OneBeacon Insurance Company**

**Location: Canton, MA**

**Type: INS**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$55.61						\$55.61
2		\$3,466.47		\$426.26		\$28.79	\$3,921.52
3		\$3,944.16		\$394.41			\$4,338.57
4		\$118.29					\$118.29
5	\$1,300.92			\$12.63			\$1,313.55
6	\$63.38						\$63.38
7		\$1,250.51					\$1,250.51
8	\$121.74						\$121.74
9	\$39.17						\$39.17
10	\$3,218.67						\$3,218.67
11	\$1,133.70			\$516.41			\$1,650.11
12		\$363.07		\$36.31			\$399.38
13	\$2,052.00						\$2,052.00
14	\$79.59						\$79.59
15	\$1,499.74						\$1,499.74
16		\$4,672.45		\$834.91			\$5,507.36
17	\$27.37						\$27.37
18	\$860.36	\$241.50		\$1,305.41			\$2,407.27
19		\$9,952.94		\$995.29			\$10,948.23
20	\$83.81						\$83.81
21	\$35.21						\$35.21
<b>SUBTOTAL</b>	<b>\$10,571.27</b>	<b>\$24,009.39</b>	<b>\$0.00</b>	<b>\$4,521.63</b>	<b>\$0.00</b>	<b>\$28.79</b>	<b>\$39,131.08</b>

**Calendar Year: 2009**  
**Notices of Compensation Due**

**Audit No: OAK-06-09-R3-1**

**Subject: OneBeacon Insurance Company**

**Location: Canton, MA**

**Type: INS**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
22		\$170.58					\$170.58
23				\$128.00			\$128.00
24	\$32.07						\$32.07
25	\$126.12			\$42.24			\$168.36
26	\$35.12						\$35.12
Page 2 SUBTOTAL	\$193.31	\$170.58	\$0.00	\$170.24	\$0.00	\$0.00	\$534.13
Page 1 SUBTOTAL	\$10,571.27	\$24,009.39	\$0.00	\$4,521.63	\$0.00	\$28.79	\$39,131.08
<b>TOTAL</b>	<b>\$10,764.58</b>	<b>\$24,179.97</b>	<b>\$0.00</b>	<b>\$4,691.87</b>	<b>\$0.00</b>	<b>\$28.79</b>	<b>\$39,665.21</b>

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

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

**Subject: Preferred Employers Insurance Company**

**Location: San Diego**

**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. =      \$ 6,990.23      divide by      # of claims with obligation to pay indem.      56  
 Avg Unpd Ind =      \$ 124.83

C. Severity Rate

Avg Unpd Indem      \$ 124.83      divide by avg unpd indem 2005-2007 of      \$ 165.13      =      0.75592

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.17857      X      Severity rate      0.75592      X      modifier of      2  
 =      **0.26997**

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

# claims with late 1st TD	16	divide by # with TD payments	54	
# claims with first SC notice violations	0	divide by # with salary continuation	2	
Totals	16	divide by	Totals 56	=
				<b>0.28571</b>

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

# claims with late first PD	2	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	2	divide by	Totals 15	=
				<b>0.13333</b>

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

# claims with late subsequent payments      7      divide by # with subsequent payments      36      =  
**0.19444**

**5. FACTOR FOR PROVISION OF AME/QME NOTICES, NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION, AND NOTICES FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	24	divide by # requiring notices	38	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	0	divide by # requiring notices	0	
Totals	24		Totals 38	
				=
				<b>0.63158</b>

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2009**

**1.51504**

**Profile Audit Review Performance Rating of 1.76687 or greater is a failing score.**

**Calendar Year: 2009**

**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-06-09-R1-1**

**Subject: Preferred Employers Insurance Company**

**Location: San Diego**

**Type: INS**

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	18	\$4,960	\$4,960	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	2	\$500	\$500	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	16	\$3,440	\$3,440	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	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 of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	25	\$10,400	\$10,400	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	10	\$8,000	\$8,000	\$0	\$0	
Failure to pay any PD indemnity benefit.	1	\$650	\$650	\$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	\$1,500	\$1,500	\$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>74</b>	<b>\$29,450</b>	<b>\$29,450</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2009**  
**Notices of Compensation Due**

**Individual Exhibit 3**

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

**Subject: Preferred Employers Insurance Company**

**Location: San Diego**

**Type: INS**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$81.32			\$8.13			\$89.45
2	\$185.13			\$115.65			\$300.78
3	\$192.82			\$19.28			\$212.10
4	\$3,773.40						\$3,773.40
5	\$250.84			\$25.08			\$275.92
6	\$140.31			\$9.35			\$149.66
7	\$907.93			\$90.79			\$998.72
8	\$46.18						\$46.18
9		\$689.74		\$168.56			\$858.30
10	\$285.72						\$285.72
<b>TOTAL</b>	<b>\$5,863.65</b>	<b>\$689.74</b>	<b>\$0.00</b>	<b>\$436.84</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$6,990.23</b>



**Calendar Year: 2009**

**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: VNO-03-09-R1-1**

**Subject: Republic Indemnity Company**

**Location: Encino**

**Type: INS**

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	5	\$1,350	\$1,350	\$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.	7	\$1,885	\$1,885	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	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 of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	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.	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.	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>17</b>	<b>\$4,285</b>	<b>\$4,285</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: LAO-12-09-R1-5**

**Subject: Risk Enterprise Management**

**Location: Brea**

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

A. Frequency Rate

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

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

Total unpd indem. = \$ 19,375.57 divide by # of claims with obligation to pay indem. 54  
Avg Unpd Ind = \$ 358.81

C. Severity Rate

Avg Unpd Indem \$ 358.81 divide by avg unpd indem 2005-2007 of \$ 165.13 = 2.17288

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.20370 X Severity rate 2.17288 X modifier of 2  
= 0.88525

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

# claims with late 1st TD	14	divide by # with TD payments	51	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	14	divide by	Totals 51	=
				0.27451

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

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

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

# claims with late subsequent payments 11 divide by # with subsequent payments 39 = 0.28205

**5. FACTOR FOR PROVISION OF AME/QME NOTICES, NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION, AND NOTICES FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	2	divide by # requiring notices	32	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	0	divide by # requiring notices	0	
Totals	2		Totals 32	
				= 0.06250

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2009**

**1.71859**

**Profile Audit Review Performance Rating of 1.76687 or greater is a failing score.**

**Calendar Year: 2009**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	61
<b>Indemnity</b>	54
<b>Medical Only</b>	0
<b>Denied</b>	0
<b>Complaints</b>	6
<b>Additional</b>	1

**Audit No: LAO-12-09-R1-5**

**Subject: Risk Enterprise Management**

**Location: Brea**

**Type: TPA**

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	14	\$2,910	\$2,910	\$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.	31	\$6,335	\$6,335	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	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 of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	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.	6	\$11,000	\$11,000	\$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.	10	\$2,350	\$2,350	\$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>70</b>	<b>\$27,215</b>	<b>\$27,215</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2009**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-12-09-R1-5**

**Subject: Risk Enterprise Management**

**Location: Brea**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$2,815.93			\$497.92			\$3,313.85
2		\$2,990.00					\$2,990.00
3	\$164.08			\$39.44			\$203.52
4	\$6,889.94	\$1,520.60		\$841.05			\$9,251.59
5				\$153.79			\$153.79
6	\$236.18						\$236.18
7		\$1,854.79		\$361.43			\$2,216.22
8	\$61.18						\$61.18
9	\$166.88			\$5.64			\$172.52
10		\$690.00					\$690.00
11				\$86.72			\$86.72
<b>TOTAL</b>	<b>\$10,334.19</b>	<b>\$7,055.39</b>	<b>\$0.00</b>	<b>\$1,985.99</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$19,375.57</b>

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

**Audit No: LAO-21-09-T1-2**

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

**Location: Corona**

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

A. Frequency Rate

# claims with unpd indem 12 divide by # claims with payable indem 41 = 0.29268

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

Total unpd indem. = \$ 7,608.24 divide by # of claims with obligation to pay indem. 41  
Avg Unpd Ind = \$ 185.57

C. Severity Rate

Avg Unpd Indem \$ 185.57 divide by avg unpd indem 2005-2007 of \$ 165.13 = 1.12376

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.29268 X Severity rate 1.12376 X modifier of 2  
= 0.65781

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

# claims with late 1st TD	4	divide by # with TD payments	40	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	4	divide by	Totals 40	=
				0.10000

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

# claims with late first PD	2	divide by # with first PD	11	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	0	divide by # with first DB paid	1	
Totals	2	divide by	Totals 12	=
				0.16667

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

# claims with late subsequent payments 7 divide by # with subsequent payments 34 = 0.20588

**5. FACTOR FOR PROVISION OF AME/QME NOTICES, NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION, AND NOTICES FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	1	divide by # requiring notices	23	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	0	divide by # requiring notices	0	
Totals	1		Totals 23	=
				0.04348

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2009**

**1.17384**

**Profile Audit Review Performance Rating of 1.76687 or greater is a failing score.**

**Calendar Year: 2009**

**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-21-09-T1-2**

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

**Location: Corona**

**Type: SI**

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	5	\$1,230	\$1,230	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	2	\$550	\$550	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	8	\$1,125	\$1,125	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	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 of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	1	\$200	\$200	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	11	\$3,800	\$3,800	\$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.	4	\$950	\$950	\$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>33</b>	<b>\$9,055</b>	<b>\$9,055</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2009**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-21-09-T1-2**

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

**Location: Corona**

**Type: SI**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$499.80			\$45.46			\$545.26
2	\$101.47			\$10.15			\$111.62
3	\$2,354.78			\$85.40			\$2,440.18
4	\$52.69			\$10.77			\$63.46
5	\$44.93			\$4.49			\$49.42
6	\$136.44						\$136.44
7	\$97.49						\$97.49
8	\$480.94						\$480.94
9	\$227.00						\$227.00
10	\$374.57			\$228.03			\$602.60
11	\$165.83	\$2,346.01		\$226.66			\$2,738.50
12	\$115.33						\$115.33
<b>TOTAL</b>	<b>\$4,651.27</b>	<b>\$2,346.01</b>	<b>\$0.00</b>	<b>\$610.96</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$7,608.24</b>

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

**Audit No: LAO-27-09-R1-1**

**Subject: Safeco Insurance Companies**

**Location: Aliso Viejo**

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

A. Frequency Rate

# claims with unpd indem 5 divide by # claims with payable indem 54 = 0.09259

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

Total unpd indem. = \$ 7,672.64 divide by # of claims with obligation to pay indem. 54  
Avg Unpd Ind = \$ 142.09

C. Severity Rate

Avg Unpd Indem \$ 142.09 divide by avg unpd indem 2005-2007 of \$ 165.13 = 0.86045

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.09259 X Severity rate 0.86045 X modifier of 2  
= 0.15934

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

# claims with late 1st TD	18	divide by # with TD payments	54	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	18	divide by	Totals 54	=
				0.33333

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

# claims with late first PD	6	divide by # with first PD	24	
# 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 24	=
				0.25000

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

# claims with late subsequent payments 15 divide by # with subsequent payments 42 = 0.35714

**5. FACTOR FOR PROVISION OF AME/QME NOTICES, NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION, AND NOTICES FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	4	divide by # requiring notices	47	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	1	divide by # requiring notices	1	
Totals	5		Totals 48	
				= 0.10417

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2009**

**1.20399**

**Profile Audit Review Performance Rating of 1.76687 or greater is a failing score.**

**Calendar Year: 2009**

**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-27-09-R1-1**

**Subject: Safeco Insurance Companies**

**Location: Aliso Viejo**

**Type: INS**

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	22	\$16,740	\$16,740	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	6	\$2,350	\$2,350	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	26	\$9,860	\$9,860	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	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 of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	1	\$300	\$300	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	5	\$1,900	\$1,900	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	4	\$1,800	\$1,800	\$0	\$0	
Failure to pay any PD indemnity benefit.	1	\$1,500	\$1,500	\$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.	2	\$2,800	\$2,800	\$0	\$0	
<b>TOTAL</b>	<b>67</b>	<b>\$37,250</b>	<b>\$37,250</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2009**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-27-09-R1-1**

**Subject: Safeco Insurance Companies**

**Location: Aliso Viejo**

**Type: INS**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$29.30	\$4,224.29		\$425.36			\$4,678.95
2	\$66.72						\$66.72
3	\$1,230.08			\$123.01			\$1,353.09
4	\$63.97						\$63.97
5	\$1,238.86	\$29.82		\$126.87		\$114.36	\$1,509.91
<b>TOTAL</b>	<b>\$2,628.93</b>	<b>\$4,254.11</b>	<b>\$0.00</b>	<b>\$675.24</b>	<b>\$0.00</b>	<b>\$114.36</b>	<b>\$7,672.64</b>

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

**Audit No: LAO-22-09-R1-1**

**Subject: Safeco Insurance Companies**

**Location: Portland, OR**

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

A. Frequency Rate

# claims with unpd indem      6      divide by # claims with payable indem      41      =      0.14634

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

Total unpd indem. =      \$ 3,298.19      divide by      # of claims with obligation to pay indem.      41  
 Avg Unpd Ind =      \$ 80.44

C. Severity Rate

Avg Unpd Indem      \$ 80.44      divide by avg unpd indem 2005-2007 of      \$ 165.13      =      0.48715

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.14634      X      Severity rate      0.48715      X      modifier of      2  
 =      **0.14258**

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

# claims with late 1st TD	14	divide by # with TD payments	40	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	14	divide by	Totals	40
				=
				<b>0.35000</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	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
				=
				<b>0.27273</b>

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

# claims with late subsequent payments      7      divide by # with subsequent payments      24      =  
**0.29167**

**5. FACTOR FOR PROVISION OF AME/QME NOTICES, NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION, AND NOTICES FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	2	divide by # requiring notices	32	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	0	divide by # requiring notices	0	
Totals	2		Totals	32
				=
				<b>0.06250</b>

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2009**

**1.11948**

**Profile Audit Review Performance Rating of 1.76687 or greater is a failing score.**

**Calendar Year: 2009**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	42
<b>Indemnity</b>	41
<b>Medical Only</b>	0
<b>Denied</b>	0
<b>Complaints</b>	1
<b>Additional</b>	0

**Audit No: LAO-22-09-R1-1**

**Subject: Safeco Insurance Companies**

**Location: Portland, OR**

**Type: INS**

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	15	\$14,670	\$14,670	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	5	\$1,120	\$1,120	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	10	\$2,350	\$2,350	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	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 of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	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.	5	\$6,600	\$6,600	\$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.	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>\$26,140</b>	<b>\$26,140</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2009**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-22-09-R1-1**

**Subject: Safeco Insurance Companies**

**Location: Portland, OR**

**Type: INS**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$41.05						\$41.05
2		\$148.27					\$148.27
3	\$852.49			\$40.14			\$892.63
4	\$1,917.14			\$191.71			\$2,108.85
5	\$68.96						\$68.96
6	\$38.43						\$38.43
<b>TOTAL</b>	<b>\$2,918.07</b>	<b>\$148.27</b>	<b>\$0.00</b>	<b>\$231.85</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$3,298.19</b>

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

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

**Subject: Sedgwick Claims Management Services**

**Location: Rancho Cordova**

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

A. Frequency Rate

# claims with unpd indem      1      divide by # claims with payable indem      50      =      0.02000

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

Total unpd indem. =      \$ 1,320.29      divide by      # of claims with obligation to pay indem.      50  
 Avg Unpd Ind =      \$ 26.41

C. Severity Rate

Avg Unpd Indem      \$ 26.41      divide by avg unpd indem 2005-2007 of      \$ 165.13      =      0.15991

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.02000      X      Severity rate      0.15991      X      modifier of      2  
 =      **0.00640**

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

# claims with late 1st TD	3	divide by # with TD payments	9	
# claims with first SC notice violations	2	divide by # with salary continuation	44	
Totals	5	divide by	Totals 53	=
				<b>0.09434</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	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	0	divide by	Totals 16	=
				<b>0.00000</b>

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

# claims with late subsequent payments      1      divide by # with subsequent payments      12      =  
**0.08333**

**5. FACTOR FOR PROVISION OF AME/QME NOTICES, NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION, AND NOTICES FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	4	divide by # requiring notices	43	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	0	divide by # requiring notices	0	
Totals	4		Totals 43	=
				<b>0.09302</b>

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2009**

**0.27709**

**Profile Audit Review Performance Rating of 1.76687 or greater is a failing score.**

**Calendar Year: 2009**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

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

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

**Subject: Sedgwick Claims Management Services**

**Location: Rancho Cordova**

**Type: TPA**

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	2	\$225	\$225	\$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.	3	\$725	\$725	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	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 of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	0	\$0	\$0	\$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.	2	\$75	\$75	\$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.	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>14</b>	<b>\$2,675</b>	<b>\$2,675</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2009**  
**Notices of Compensation Due**

**Individual Exhibit 3**

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

**Subject: Sedgwick Claims Management Services**

**Location: Rancho Cordova Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1		\$1,156.63		\$163.66			\$1,320.29
<b>TOTAL</b>	<b>\$0.00</b>	<b>\$1,156.63</b>	<b>\$0.00</b>	<b>\$163.66</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$1,320.29</b>

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

**Audit No: VNO-04-09-R1-5**

**Subject: Sedgwick Claims Management Services**

**Location: Van Nuys**

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

A. Frequency Rate

# claims with unpd indem      6      divide by # claims with payable indem      51      =      0.11765

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

Total unpd indem. =      \$ 3,252.29      divide by      # of claims with obligation to pay indem.      51  
 Avg Unpd Ind =      \$ 63.77

C. Severity Rate

Avg Unpd Indem      \$ 63.77      divide by avg unpd indem 2005-2007 of      \$ 165.13      =      0.38618

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.11765      X      Severity rate      0.38618      X      modifier of      2  
 =      0.09087

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

# claims with late 1st TD	6	divide by # with TD payments	46	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	6	divide by	Totals 46	=

0.13043

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

# claims with late first PD	2	divide by # with first PD	20	
# 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	2	divide by	Totals 20	=

0.10000

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

# claims with late subsequent payments      8      divide by # with subsequent payments      36  
 =      0.22222

**5. FACTOR FOR PROVISION OF AME/QME NOTICES, NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION, AND NOTICES FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	0	divide by # requiring notices	43	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	0	divide by # requiring notices	0	
Totals	0		Totals 43	

=      0.00000

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2009**

**0.54352**

**Profile Audit Review Performance Rating of 1.76687 or greater is a failing score.**

**Calendar Year: 2009**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	<u>51</u>
<b>Indemnity</b>	<u>51</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-04-09-R1-5**

**Subject: Sedgwick Claims Management Services**

**Location: Van Nuys**

**Type: TPA**

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	6	\$1,450	\$1,450	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	4	\$1,170	\$1,170	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	16	\$3,415	\$3,415	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	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 of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	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.	3	\$1,200	\$1,200	\$0	\$0	
Failure to pay any PD indemnity benefit.	5	\$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.	2	\$400	\$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>36</b>	<b>\$9,635</b>	<b>\$9,635</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2009**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: VNO-04-09-R1-5**

**Subject: Sedgwick Claims Management Services**

**Location: Van Nuys**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$265.00			\$65.97			\$330.97
2	\$469.84						\$469.84
3		\$532.29		\$53.23			\$585.52
4		\$982.35		\$181.37			\$1,163.72
5	\$292.26			\$25.06			\$317.32
6		\$349.93		\$34.99			\$384.92
<b>TOTAL</b>	<b>\$1,027.10</b>	<b>\$1,864.57</b>	<b>\$0.00</b>	<b>\$360.62</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$3,252.29</b>

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

**Audit No: LAO-01-09-R1-2**

**Subject: Sempra Energy Corporation - San Diego Gas & Electric**

**Location: San Diego**

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

A. Frequency Rate

# claims with unpd indem 13 divide by # claims with payable indem 49 = 0.26531

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

Total unpd indem. = \$ 6,802.23 divide by # of claims with obligation to pay indem. 49  
Avg Unpd Ind = \$ 138.82

C. Severity Rate

Avg Unpd Indem \$ 138.82 divide by avg unpd indem 2005-2007 of \$ 165.13 = 0.84068

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.26531 X Severity rate 0.84068 X modifier of 2  
= 0.44607

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

# claims with late 1st TD	2	divide by # with TD payments	44	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	2	divide by	Totals 44	=
				0.04545

**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	1	
Totals	3	divide by	Totals 20	=
				0.15000

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

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

**5. FACTOR FOR PROVISION OF AME/QME NOTICES, NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION, AND NOTICES FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	3	divide by # requiring notices	39	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	0	divide by # requiring notices	0	
Totals	3		Totals 39	
				=
				0.07692

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2009**

**0.94922**

**Profile Audit Review Performance Rating of 1.76687 or greater is a failing score.**

**Calendar Year: 2009**

**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: LAO-01-09-R1-2**

**Subject: Sempra Energy Corporation  
San Diego Gas & Electric**

**Location: San Diego**

**Type: SI**

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	2	\$200	\$200	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	3	\$1,600	\$1,600	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	14	\$2,245	\$2,245	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	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 of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	3	\$800	\$800	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	5	\$3,100	\$3,100	\$0	\$0	
Failure to pay any PD indemnity benefit.	4	\$1,600	\$1,600	\$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	\$1,400	\$1,400	\$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>40</b>	<b>\$11,745</b>	<b>\$11,745</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2009**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-01-09-R1-2**

**Subject: Sempra Energy Corporation - San Diego Gas & Electric**

**Location: San Diego**

**Type: SI**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1				\$183.27			\$183.27
2				\$125.95			\$125.95
3		\$310.50		\$31.05			\$341.55
4		\$192.23		\$19.22			\$211.45
5		\$880.48		\$88.05			\$968.53
6		\$175.95		\$17.60			\$193.55
7	\$573.72			\$57.37			\$631.09
8	\$54.33			\$5.43			\$59.76
9				\$41.46			\$41.46
10	\$90.50			\$18.10			\$108.60
11	\$23.28	\$951.21		\$429.80		\$6.45	\$1,410.74
12	\$2,197.79			\$218.09			\$2,415.88
13				\$110.40			\$110.40
<b>TOTAL</b>	<b>\$2,939.62</b>	<b>\$2,510.37</b>	<b>\$0.00</b>	<b>\$1,345.79</b>	<b>\$0.00</b>	<b>\$6.45</b>	<b>\$6,802.23</b>

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

**Audit No: OAK-10-09-R1-5**

**Subject: Southern California Risk Management Associates, Inc.**

**Location: Morgan Hill**

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

A. Frequency Rate

# claims with unpd indem      3      divide by # claims with payable indem      54      =      0.05556

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

Total unpd indem. =      \$ 5,788.48      divide by      # of claims with obligation to pay indem.      54  
 Avg Unpd Ind =      \$ 107.19

C. Severity Rate

Avg Unpd Indem      \$ 107.19      divide by avg unpd indem 2005-2007 of      \$ 165.13      =      0.64915

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.05556      X      Severity rate      0.64915      X      modifier of      2  
 =      **0.07213**

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

# claims with late 1st TD	0	divide by # with TD payments	10	
# claims with first SC notice violations	9	divide by # with salary continuation	41	
Totals	9	divide by	Totals	51
				=
				<b>0.17647</b>

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

# claims with late first PD	2	divide by # with first PD	13	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	0	divide by # with first DB paid	1	
Totals	2	divide by	Totals	14
				=
				<b>0.14286</b>

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

# claims with late subsequent payments      2      divide by # with subsequent payments      20      =  
**0.10000**

**5. FACTOR FOR PROVISION OF AME/QME NOTICES, NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION, AND NOTICES FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	5	divide by # requiring notices	40	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	0	divide by # requiring notices	0	
Totals	5		Totals	40
				=
				<b>0.12500</b>

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2009**

**0.61646**

**Profile Audit Review Performance Rating of 1.76687 or greater is a failing score.**

**Calendar Year: 2009**

**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: OAK-10-09-R1-5**

**Subject: Southern California Risk Management Associates, Inc.**

**Location: Morgan Hill**

**Type: TPA**

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ 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	\$500	\$500	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	3	\$560	\$560	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	9	\$300	\$300	\$0	\$0	
Failure to notify an injured employee of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	5	\$1,400	\$1,400	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	1	\$1,000	\$1,000	\$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.	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>23</b>	<b>\$5,460</b>	<b>\$5,460</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2009**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: OAK-10-09-R1-5**

**Subject: Southern California Risk Management Associates, Inc.**

**Location: Morgan Hill**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1		\$575.71		\$57.57			\$633.28
2				\$433.43			\$433.43
3	\$2,141.17	\$2,346.00		\$234.60			\$4,721.77
<b>TOTAL</b>	<b>\$2,141.17</b>	<b>\$2,921.71</b>	<b>\$0.00</b>	<b>\$725.60</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$5,788.48</b>

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

**Audit No: CPS-01-09-T1-5**

**Subject: Southern California Risk Management Associates, Inc.; 99¢ Only Stores (client)**

**Location: Riverside**

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

A. Frequency Rate

# claims with unpd indem 12 divide by # claims with payable indem 54 = 0.22222

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

Total unpd indem. = \$ 6,946.67 divide by # of claims with obligation to pay indem. 54  
Avg Unpd Ind = \$ 128.64

C. Severity Rate

Avg Unpd Indem \$ 128.64 divide by avg unpd indem 2005-2007 of \$ 165.13 = 0.77903

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.22222 X Severity rate 0.77903 X modifier of 2  
= 0.34624

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

# claims with late 1st TD	16	divide by # with TD payments	52	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	16	divide by	Totals 52	=
				0.30769

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

# claims with late first PD	0	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	0	divide by	Totals 8	=
				0.00000

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

# claims with late subsequent payments 6 divide by # with subsequent payments 38 = 0.15789

**5. FACTOR FOR PROVISION OF AME/QME NOTICES, NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION, AND NOTICES FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# 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	
# claims with SJDB notice violations	0	divide by # requiring notices	0	
Totals	1		Totals 24	
				= 0.04167

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2009**

**0.85349**

**Profile Audit Review Performance Rating of 1.76687 or greater is a failing score.**

**Calendar Year: 2009**

**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: CPS-01-09-T1-5**

**Subject: Southern California Risk Management Associates, Inc.  
99¢ Only Stores (client)**

**Location: Riverside**

**Type: TPA**

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	19	\$5,420	\$5,420	\$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.	15	\$1,810	\$1,810	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	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 of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	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.	18	\$11,300	\$11,300	\$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.	5	\$1,450	\$1,450	\$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>58</b>	<b>\$20,480</b>	<b>\$20,480</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2009**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: CPS-01-09-T1-5**

**Subject: Southern California Risk Management Associates, Inc.**  
**99¢ Only Stores (client)**

**Location: Riverside**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$324.51			\$65.79			\$390.30
2	\$74.66						\$74.66
3	\$120.60						\$120.60
4	\$743.22			\$208.52			\$951.74
5	\$1,005.29			\$90.18			\$1,095.47
6	\$477.84			\$36.51			\$514.35
7	\$591.08			\$50.24			\$641.32
8	\$74.65			\$6.63			\$81.28
9	\$92.75			\$149.83			\$242.58
10	\$733.07						\$733.07
11	\$1,486.26			\$182.27			\$1,668.53
12	\$432.77						\$432.77
<b>TOTAL</b>	<b>\$6,156.70</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$789.97</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$6,946.67</b>

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

**Audit No: LAO-08-09-R1-5**

**Subject: Specialty Risk Services**

**Location: Brea**

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

A. Frequency Rate

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

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

Total unpd indem. = \$ 14,823.10 divide by # of claims with obligation to pay indem. 59  
Avg Unpd Ind = \$ 251.24

C. Severity Rate

Avg Unpd Indem \$ 251.24 divide by avg unpd indem 2005-2007 of \$ 165.13 = 1.52146

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.20339 X Severity rate 1.52146 X modifier of 2  
= 0.61890

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

# claims with late 1st TD 12 divide by # with TD payments 57  
# claims with first SC notice violations 0 divide by # with salary continuation 0  
Totals 12 divide by Totals 57 = 0.21053

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

# claims with late first PD 3 divide by # with first PD 13  
# 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 13 = 0.23077

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

# claims with late subsequent payments 11 divide by # with subsequent payments 48 = 0.22917

**5. FACTOR FOR PROVISION OF AME/QME NOTICES, NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION, AND NOTICES FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations 2 divide by # requiring notices 34  
# claims with VR potential eligibility notice violations 0 divide by # requiring notices 0  
# claims with SJDB notice violations 0 divide by # requiring notices 0  
Totals 2 divide by Totals 34 = 0.05882

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2009 1.34819**

**Profile Audit Review Performance Rating of 1.76687 or greater is a failing score.**

**Calendar Year: 2009**

**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: LAO-08-09-R1-5**

**Subject: Specialty Risk Services**

**Location: Brea**

**Type: TPA**

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	17	\$13,700	\$13,700	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	6	\$5,960	\$5,960	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	31	\$21,055	\$21,055	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	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 of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	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.	15	\$26,400	\$26,400	\$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.	9	\$2,800	\$2,800	\$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>82</b>	<b>\$73,315</b>	<b>\$73,315</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2009**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-08-09-R1-5**

**Subject: Specialty Risk Services**

**Location: Brea**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$2,273.58			\$227.36			\$2,500.94
2	\$43.60			\$1,426.22			\$1,469.82
3	\$528.47						\$528.47
4	\$243.93						\$243.93
5	\$726.70			\$286.15			\$1,012.85
6	\$4,263.73			\$584.88			\$4,848.61
7		\$163.60		\$16.36			\$179.96
8	\$739.02			\$57.36			\$796.38
9	\$1,440.60			\$224.73			\$1,665.33
10				\$348.09			\$348.09
11	\$1,379.02			\$137.90			\$1,516.92
12	\$182.86						\$182.86
13	\$1,767.37			\$165.14			\$1,932.51
14	\$843.89						\$843.89
15				\$67.65			\$67.65
16		\$5,670.05		\$719.08			\$6,389.13
<b>TOTAL</b>	<b>\$14,432.77</b>	<b>\$5,833.65</b>	<b>\$0.00</b>	<b>\$4,260.92</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$24,527.34</b>

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

**Audit No: LAO-20-09-R1-5**

**Subject: Specialty Risk Services**

**Location: Burbank**

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

A. Frequency Rate

# claims with unpd indem 9 divide by # claims with payable indem 51 = 0.17647

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

Total unpd indem. = \$ 12,665.87 divide by # of claims with obligation to pay indem. 51  
Avg Unpd Ind = \$ 248.35

C. Severity Rate

Avg Unpd Indem \$ 248.35 divide by avg unpd indem 2005-2007 of \$ 165.13 = 1.50397

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.17647 X Severity rate 1.50397 X modifier of 2  
= 0.53081

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

# claims with late 1st TD	10	divide by # with TD payments	46	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	10	divide by	Totals 46	=
				0.21739

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

# claims with late first PD	4	divide by # with first PD	26	
# 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 26	=
				0.15385

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

# claims with late subsequent payments 12 divide by # with subsequent payments 38 = 0.31579

**5. FACTOR FOR PROVISION OF AME/QME NOTICES, NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION, AND NOTICES FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	2	divide by # requiring notices	44	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	0	divide by # requiring notices	0	
Totals	2		Totals 44	
				= 0.04545

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2009**

**1.26329**

**Profile Audit Review Performance Rating of 1.76687 or greater is a failing score.**

**Calendar Year: 2009**

**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: LAO-20-09-R1-5**

**Subject: Specialty Risk Services**

**Location: Burbank**

**Type: TPA**

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	10	\$2,350	\$2,350	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	5	\$1,370	\$1,370	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	22	\$5,685	\$5,685	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	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 of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	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.	3	\$2,600	\$2,600	\$0	\$0	
Failure to pay any PD indemnity benefit.	4	\$3,800	\$3,800	\$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.	8	\$2,300	\$2,300	\$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>54</b>	<b>\$18,605</b>	<b>\$18,605</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2009**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-20-09-R1-5**

**Subject: Specialty Risk Services**

**Location: Burbank**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1		\$4,370.00		\$437.00			\$4,807.00
2		\$4,263.50		\$470.19			\$4,733.69
3	\$89.17						\$89.17
4	\$194.45			\$402.50			\$596.95
5		\$467.50		\$94.94			\$562.44
6	\$1,289.36			\$128.94			\$1,418.30
7				\$296.47			\$296.47
8				\$58.65			\$58.65
9		\$103.20					\$103.20
<b>TOTAL</b>	<b>\$1,572.98</b>	<b>\$9,204.20</b>	<b>\$0.00</b>	<b>\$1,888.69</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$12,665.87</b>

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

**Audit No: OAK-05-09-R1-5**

**Subject: Specialty Risk Services**

**Location: Pleasanton**

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

A. Frequency Rate

# claims with unpd indem 13 divide by # claims with payable indem 58 = 0.22414

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

Total unpd indem. = \$ 11,783.13 divide by # of claims with obligation to pay indem. 58  
Avg Unpd Ind = \$ 203.16

C. Severity Rate

Avg Unpd Indem \$ 203.16 divide by avg unpd indem 2005-2007 of \$ 165.13 = 1.23029

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.22414 X Severity rate 1.23029 X modifier of 2  
= 0.55151

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

# claims with late 1st TD	5	divide by # with TD payments	51	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	5	divide by	Totals 51	=
				0.09804

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

# claims with late first PD	1	divide by # with first PD	18	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	1	divide by	Totals 18	=
				0.05556

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

# claims with late subsequent payments 3 divide by # with subsequent payments 41 = 0.07317

**5. FACTOR FOR PROVISION OF AME/QME NOTICES, NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION, AND NOTICES FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	12	divide by # requiring notices	37	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	0	divide by # requiring notices	0	
Totals	12		Totals 37	
				= 0.32432

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2009**

**1.10260**

**Profile Audit Review Performance Rating of 1.76687 or greater is a failing score.**

**Calendar Year: 2009**

**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-05-09-R1-5**

**Subject: Specialty Risk Services**

**Location: Pleasanton**

**Type: TPA**

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	7	\$1,590	\$1,590	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	1	\$1,200	\$1,200	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	4	\$675	\$675	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	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 of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	11	\$3,300	\$3,300	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	7	\$2,400	\$2,400	\$0	\$0	
Failure to pay any PD indemnity benefit.	4	\$3,100	\$3,100	\$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.	7	\$1,800	\$1,800	\$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>41</b>	<b>\$14,065</b>	<b>\$14,065</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2009**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: OAK-05-09-R1-5**

**Subject: Specialty Risk Services**

**Location: Pleasanton**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1				\$66.98			\$66.98
2				\$154.66			\$154.66
3	\$380.76						\$380.76
4		\$1,304.24		\$1,522.18			\$2,826.42
5	\$252.00						\$252.00
6	\$57.96						\$57.96
7		\$463.29					\$463.29
8	\$89.66			\$8.97			\$98.63
9		\$4,958.44					\$4,958.44
10		\$988.79					\$988.79
11	\$251.90						\$251.90
12	\$958.57			\$263.86			\$1,222.43
13				\$60.87			\$60.87
<b>TOTAL</b>	<b>\$1,990.85</b>	<b>\$7,714.76</b>	<b>\$0.00</b>	<b>\$2,077.52</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$11,783.13</b>

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

**Audit No: OAK-02-01-R1-1**

**Subject: State Compensation Insurance Fund**

**Location: Pleasanton**

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

A. Frequency Rate

# claims with unpd indem 7 divide by # claims with payable indem 54 = 0.12963

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

Total unpd indem. = \$ 4,007.86 divide by # of claims with obligation to pay indem. 54  
Avg Unpd Ind = \$ 74.22

C. Severity Rate

Avg Unpd Indem \$ 74.22 divide by avg unpd indem 2005-2007 of \$ 165.13 = 0.44946

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.12963 X Severity rate 0.44946 X modifier of 2  
= 0.11653

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

# claims with late 1st TD	18	divide by # with TD payments	52	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	18	divide by	Totals 52	=
				0.34615

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

# claims with late first PD	2	divide by # with first PD	13	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	2	divide by	Totals 13	=
				0.15385

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

# claims with late subsequent payments 8 divide by # with subsequent payments 34 = 0.23529

**5. FACTOR FOR PROVISION OF AME/QME NOTICES, NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION, AND NOTICES FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	7	divide by # requiring notices	28	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	0	divide by # requiring notices	0	
Totals	7		Totals 28	
				= 0.25000

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2009**

**1.10182**

**Profile Audit Review Performance Rating of 1.76687 or greater is a failing score.**

**Calendar Year: 2009**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	55
<b>Indemnity</b>	54
<b>Medical Only</b>	0
<b>Denied</b>	0
<b>Complaints</b>	1
<b>Additional</b>	0

**Audit No: OAK-02-09-R1-1**

**Subject: State Compensation Insurance Fund**

**Location: Pleasanton**

**Type: INS**

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	18	\$7,780	\$7,780	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	2	\$1,600	\$1,600	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	11	\$1,840	\$1,840	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	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 of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	7	\$2,500	\$2,500	\$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	\$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>45</b>	<b>\$16,120</b>	<b>\$16,120</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2009**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: OAK-02-09-R1-1**

**Subject: State Compensation Insurance Fund**

**Location: Pleasanton**

**Type: INS**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$13.83						\$13.83
2	\$119.36						\$119.36
3		\$484.98		\$48.49			\$533.47
4		\$995.57		\$99.56			\$1,095.13
5		\$1,656.00		\$165.60			\$1,821.60
6		\$26.75					\$26.75
7		\$397.72					\$397.72
<b>TOTAL</b>	<b>\$133.19</b>	<b>\$3,561.02</b>	<b>\$0.00</b>	<b>\$313.65</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$4,007.86</b>

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

**Audit No: LAO-23-09-R1-1**

**Subject: TOPA Insurance Company**

**Location: Los Angeles**

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

A. Frequency Rate

# claims with unpd indem 6 divide by # claims with payable indem 46 = 0.13043

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

Total unpd indem. = \$ 1,001.43 divide by # of claims with obligation to pay indem. 46  
Avg Unpd Ind = \$ 21.77

C. Severity Rate

Avg Unpd Indem \$ 21.77 divide by avg unpd indem 2005-2007 of \$ 165.13 = 0.13184

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.13043 X Severity rate 0.13184 X modifier of 2  
= 0.03439

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

# claims with late 1st TD	33	divide by # with TD payments	46	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	33	divide by	Totals 46	=
				0.71739

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

# claims with late first PD	0	divide by # with first PD	3	
# 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 3	=
				0.00000

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

# claims with late subsequent payments 6 divide by # with subsequent payments 21 = 0.28571

**5. FACTOR FOR PROVISION OF AME/QME NOTICES, NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION, AND NOTICES FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	1	divide by # requiring notices	43	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	0	divide by # requiring notices	0	
Totals	1		Totals 43	
				= 0.02326

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2009**

**1.06075**

**Profile Audit Review Performance Rating of 1.76687 or greater is a failing score.**

**Calendar Year: 2009**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	<u>46</u>
<b>Indemnity</b>	<u>46</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: LAO-23-09-R1-1**

**Subject: TOPA Insurance Company**

**Location: Los Angeles**

**Type: INS**

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	34	\$10,020	\$10,020	\$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.	13	\$3,460	\$3,460	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	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 of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	1	\$400	\$400	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	5	\$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.	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>55</b>	<b>\$15,230</b>	<b>\$15,230</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2009**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-23-09-R1-1**

**Subject: TOPA Insurance Company**

**Location: Los Angeles**

**Type: INS**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$46.85						\$46.85
2				\$48.00			\$48.00
3				\$29.33			\$29.33
4	\$333.55			\$10.20			\$343.75
5	\$125.92						\$125.92
6	\$407.58						\$407.58
<b>TOTAL</b>	<b>\$913.90</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$87.53</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$1,001.43</b>

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

**Audit No: SAC-08-09-R1-3**

**Subject: Travelers Company**

**Location: Rancho Codova**

**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. =      \$ 8,473.08      divide by      # of claims with obligation to pay indem.      58  
 Avg Unpd Ind =      \$ 146.09

C. Severity Rate

Avg Unpd Indem      \$ 146.09      divide by avg unpd indem 2005-2007 of      \$ 165.13      =      0.88468

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.17241      X      Severity rate      0.88468      X      modifier of      2  
 =      0.30506

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

# claims with late 1st TD	17	divide by # with TD payments	55	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	17	divide by	Totals	55
				=
				<span style="border: 1px solid black; padding: 2px;">0.30909</span>

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

# claims with late first PD	2	divide by # with first PD	16	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	2	divide by	Totals	16
				=
				<span style="border: 1px solid black; padding: 2px;">0.12500</span>

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

# claims with late subsequent payments      2      divide by # with subsequent payments      40      =  
0.05000

**5. FACTOR FOR PROVISION OF AME/QME NOTICES, NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION, AND NOTICES FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	11	divide by # requiring notices	54	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	0	divide by # requiring notices	0	
Totals	11		Totals	54
				=
				<span style="border: 1px solid black; padding: 2px;">0.20370</span>

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2009**

**0.99286**

**Profile Audit Review Performance Rating of 1.76687 or greater is a failing score.**

**Calendar Year: 2009**

**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: SAC-08-09-R1-3**

**Subject: Travelers Company**

**Location: Rancho Cordova**

**Type: INS/TPA**

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	21	\$8,800	\$8,800	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	2	\$1,600	\$1,600	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	12	\$6,180	\$6,180	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	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 of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	8	\$1,900	\$1,900	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	11	\$3,800	\$3,800	\$0	\$0	
Failure to pay any PD indemnity benefit.	1	\$1,500	\$1,500	\$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	\$950	\$950	\$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>61</b>	<b>\$24,730</b>	<b>\$24,730</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2009**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: SAC-08-09-R1-3**

**Subject: Travelers Company**

**Location: Rancho Cordova**

**Type: INS/TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$233.11			\$9.71			\$242.82
2	\$27.76						\$27.76
3	\$88.83			\$3.71			\$92.54
4		\$5,258.79					\$5,258.79
5	\$188.64						\$188.64
6	\$1,491.24			\$347.83			\$1,839.07
7	\$200.79			\$15.54			\$216.33
8				\$200.00			\$200.00
9	\$63.69			\$149.89			\$213.58
10	\$265.58			\$26.56			\$292.14
11	\$97.13			\$4.28			\$101.41
12				\$132.04			\$132.04
<b>TOTAL</b>	<b>\$2,656.77</b>	<b>\$5,258.79</b>	<b>\$0.00</b>	<b>\$889.56</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$8,805.12</b>

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

**Audit No: LAO-16-09-R1-5**

**Subject: TriStar Risk Management**

**Location: Santa Ana**

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

A. Frequency Rate

# claims with unpd indem      8      divide by # claims with payable indem      55      =      0.14545

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

Total unpd indem. =      \$ 14,649.32      divide by      # of claims with obligation to pay indem.      55  
 Avg Unpd Ind =      \$ 266.35

C. Severity Rate

Avg Unpd Indem      \$ 266.35      divide by avg unpd indem 2005-2007 of      \$ 165.13      =      1.61298

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.14545      X      Severity rate      1.61298      X      modifier of      2  
 =      0.46923

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

# claims with late 1st TD	5	divide by # with TD payments	14	
# claims with first SC notice violations	36	divide by # with salary continuation	52	
Totals	41	divide by	Totals	66
				=
				<span style="border: 1px solid black; padding: 2px;">0.62121</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	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	3	divide by	Totals	10
				=
				<span style="border: 1px solid black; padding: 2px;">0.30000</span>

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

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

**5. FACTOR FOR PROVISION OF AME/QME NOTICES, NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION, AND NOTICES FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	1	divide by # requiring notices	37	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	0	divide by # requiring notices	0	
Totals	1		Totals	37
				=
				<span style="border: 1px solid black; padding: 2px;">0.02703</span>

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2009**

1.54247

**Profile Audit Review Performance Rating of 1.76687 or greater is a failing score.**

**Calendar Year: 2009**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

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

**Audit No: LAO-16-09-R1-5**

**Subject: TriStar Risk Management**

**Location: Santa Ana**

**Type: TPA**

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	5	\$5,420	\$5,420	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	3	\$3,140	\$3,140	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	8	\$650	\$650	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	36	\$2,015	\$2,015	\$0	\$0	
Failure to notify an injured employee of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	1	\$400	\$400	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	6	\$15,800	\$15,800	\$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.	4	\$900	\$900	\$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>\$29,525</b>	<b>\$29,525</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2009**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-16-09-R1-5**

**Subject: TriStar Risk Management**

**Location: Santa Ana**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1		\$1,043.63		\$247.07			\$1,290.70
2	\$3,308.32			\$330.83			\$3,639.15
3				\$166.14			\$166.14
4	\$4,574.19	\$259.57		\$400.18			\$5,233.94
5				\$151.02			\$151.02
6	\$33.60			\$29.51			\$63.11
7	\$25.33			\$1.23			\$26.56
8	\$3,659.26			\$419.44			\$4,078.70
<b>TOTAL</b>	<b>\$11,600.70</b>	<b>\$1,303.20</b>	<b>\$0.00</b>	<b>\$1,745.42</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$14,649.32</b>



**Calendar Year: 2009**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

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

**Audit No: LAO-15-09-R1-2**

**Subject: Warner Brothers Studio Facilities**

**Location: Burbank**

**Type: SI**

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	7	\$900	\$900	\$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.	6	\$1,100	\$1,100	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	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 of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	1	\$300	\$300	\$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.	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.	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>23</b>	<b>\$5,640</b>	<b>\$5,640</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2009**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-15-09-R1-2**

**Subject: Warner Brothers Studio Facilities**

**Location: Burbank**

**Type: SI**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1				\$173.16			\$173.16
2	\$240.00						\$240.00
3	\$142.02			\$6.01			\$148.03
4		\$103.50		\$10.35			\$113.85
5		\$262.53		\$26.25			\$288.78
<b>TOTAL</b>	<b>\$382.02</b>	<b>\$366.03</b>	<b>\$0.00</b>	<b>\$215.77</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$963.82</b>

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

**Audit No: OAK-08-09-R3-1**

**Subject: Zurich North America**

**Location: Phoenix, AZ**

**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. =      \$ 25,170.65      divide by      # of claims with obligation to pay indem.      55  
 Avg Unpd Ind =      \$ 457.65

C. Severity Rate

Avg Unpd Indem      \$ 457.65      divide by avg unpd indem 2005-2007 of      \$ 165.13      =      2.77144

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.32727      X      Severity rate      2.77144      X      modifier of      2  
 =      **1.81403**

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

# claims with late 1st TD	33	divide by # with TD payments	54	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	33	divide by	Totals	54 =
				<b>0.61111</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	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	9	divide by	Totals	16 =
				<b>0.56250</b>

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

# claims with late subsequent payments      25      divide by # with subsequent payments      43      =  
**0.58140**

**5. FACTOR FOR PROVISION OF AME/QME NOTICES, NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION, AND NOTICES FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	40	divide by # requiring notices	49	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	1	divide by # requiring notices	2	
Totals	41		Totals	51
				=
				<b>0.80392</b>

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2009**

**Profile Audit Review Performance Rating of 1.76687 or greater is a failing score.**

**4.37296**





**Penalty Assessments and Collections**

<b>Files Audited:</b>	168
<b>Indemnity</b>	119
<b>Medical Only</b>	0
<b>Denied</b>	48
<b>Complaints</b>	1
<b>Additional</b>	0

**Audit No: OAK-08-09-R3-1**

**Subject: Zurich North America**

**Location: Phoenix, AZ**

**Type: INS**

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	126	\$48,762	\$0	\$48,762	\$48,762	
Late first payment of permanent disability indemnity benefits (PD).	41	\$22,086	\$0	\$22,086	\$22,086	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	348	\$73,848	\$0	\$73,848	\$73,848	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	187	\$22,440	\$0	\$22,440	\$22,440	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	59	\$3,276	\$0	\$3,276	\$3,276	
Failure to notify an injured employee of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	104	\$14,280	\$0	\$14,280	\$14,280	
Failure to comply with requirements to provide notice of the QME/AME process.	118	\$40,662	\$0	\$40,662	\$40,662	
Failure to pay any TD or SC in lieu of TD.	31	\$39,600	\$0	\$39,600	\$39,600	
Failure to pay any PD indemnity benefit.	18	\$26,280	\$0	\$26,280	\$26,280	
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.	75	\$16,200	\$0	\$16,200	\$16,200	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	7	\$6,720	\$0	\$6,720	\$6,720	
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: 2009**  
**Penalty Assessments and Collections**

**Individual Exhibit 2**

<b>Files Audited:</b>	168
<b>Indemnity</b>	119
<b>Medical Only</b>	0
<b>Denied</b>	48
<b>Complaints</b>	1
<b>Additional</b>	0

**Audit No: OAK-08-09-R3-1**

**Subject: Zurich North America**

**Location: Phoenix, AZ**

**Type: INS**

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Failure to pay or object to medical treatment expense in the manner required by law or regulation.	252	\$90,240	\$0	\$90,240	\$90,240	
Failure to pay or object to medical-legal expense in the manner required by law or regulation.	9	\$3,240	\$0	\$3,240	\$3,240	
Failure to pay or object to VR expense (injuries through 12/31/03) or issue training or SJDB voucher (injuries on/after 01/01/04) 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 01/01/94.	0	\$0	\$0	\$0	\$0	
Failure to provide VR information after 90 aggregate days of total TD (injuries 1/1/94 through 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.	6	\$2,520	\$0	\$2,520	\$2,520	
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.	86	\$3,030	\$0	\$3,030	\$3,030	
Materially incomplete or inaccurate benefit notices including denial for all liability, other than specific vocational rehabilitation notices.	20	\$1,920	\$0	\$1,920	\$1,920	
Failure to investigate.	7	\$7,200	\$0	\$7,200	\$7,200	
Late payment of WCAB Orders or Awards or RU Orders for late payment of attorney fees and issues other than late payment of indemnity.	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.	3	\$14,400	\$0	\$14,400	\$14,400	
<b>TOTAL</b>	<b>1497</b>	<b>\$436,704</b>	<b>\$0</b>	<b>\$436,704</b>	<b>\$436,704</b>	

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

**Calendar Year: 2009**  
**Notices of Compensation Due**

**Audit No: OAK-08-09-R3-1**

**Subject: Zurich North America**

**Location: Phoenix, AZ**

**Type: INS**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1				\$695.75			\$695.75
2	\$392.71						\$392.71
3				\$342.14			\$342.14
4	\$117.21						\$117.21
5	\$627.69						\$627.69
6		\$4,608.00					\$4,608.00
7		\$1,150.00		\$379.30			\$1,529.30
8				\$236.78			\$236.78
9	\$217.16						\$217.16
10	\$1,107.36						\$1,107.36
11		\$4,657.50					\$4,657.50
12	\$671.10			\$40.92			\$712.02
13	\$9,130.34						\$9,130.34
14	\$136.20						\$136.20
15	\$63.93						\$63.93
16		\$1,571.79					\$1,571.79
17		\$121.50					\$121.50
18		\$6,510.89		\$651.09			\$7,161.98
19	\$79.98	\$8,947.00		\$1,039.44			\$10,066.42
20				\$445.11			\$445.11
21	\$128.28	\$3,632.32					\$3,760.60
<b>SUBTOTAL</b>	<b>\$12,671.96</b>	<b>\$31,199.00</b>	<b>\$0.00</b>	<b>\$3,830.53</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$47,701.49</b>

**Calendar Year: 2009**  
**Notices of Compensation Due**

**Audit No: OAK-08-09-R3-1**

**Subject: Zurich North America**

**Location: Phoenix, AZ**

**Type: INS**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
22	\$209.84						\$209.84
23		\$678.50		\$465.50			\$1,144.00
24						\$307.40	\$307.40
25		\$9,409.49					\$9,409.49
26	\$337.14						\$337.14
27	\$1,817.23			\$323.05			\$2,140.28
28						\$245.34	\$245.34
29	\$4,523.49			\$392.18			\$4,915.67
30	\$104.15						\$104.15
31	\$5,247.42			\$2,304.82			\$7,552.24
32	\$62.36	\$16,113.15		\$1,877.46			\$18,052.97
33		\$1,380.00		\$98.57			\$1,478.57
34	\$87.12	\$27.93		\$624.95			\$740.00
35				\$100.76			\$100.76
36	\$373.87			\$225.05			\$598.92
37	\$44.98						\$44.98
38	\$94.48						\$94.48
39		\$690.00					\$690.00
40	\$665.18						\$665.18
41		\$1,642.86		\$164.29			\$1,807.15
42	\$222.62			\$10.39			\$233.01
Page 2 SUBTOTAL	\$13,789.88	\$29,941.93	\$0.00	\$6,587.02	\$0.00	\$552.74	\$50,871.57
Page 1 SUBTOTAL	\$12,671.96	\$31,199.00	\$0.00	\$3,830.53	\$0.00	\$0.00	\$47,701.49
<b>SUBTOTAL</b>	<b>\$26,461.84</b>	<b>\$61,140.93</b>	<b>\$0.00</b>	<b>\$10,417.55</b>	<b>\$0.00</b>	<b>\$552.74</b>	<b>\$98,573.06</b>

**Calendar Year: 2009**  
**Notices of Compensation Due**

**Audit No: OAK-08-09-R3-1**

**Subject: Zurich North America**

**Location: Phoenix, AZ**

**Type: INS**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
43	\$182.01						\$182.01
44	\$708.58						\$708.58
45	\$835.34	\$1,587.00		\$197.85			\$2,620.19
46	\$58.97						\$58.97
47	\$4,884.24			\$573.75			\$5,457.99
48		\$3,371.43		\$337.14			\$3,708.57
49	\$2,428.71						\$2,428.71
50	\$130.90	\$1,380.00					\$1,510.90
Page 3 SUBTOTAL	\$9,228.75	\$6,338.43	\$0.00	\$1,108.74	\$0.00	\$0.00	\$16,675.92
Pages 1 & 2 SUBTOTAL	\$26,461.84	\$61,140.93	\$0.00	\$10,417.55	\$0.00	\$552.74	\$98,573.06
<b>TOTAL</b>	<b>\$35,690.59</b>	<b>\$67,479.36</b>	<b>\$0.00</b>	<b>\$11,526.29</b>	<b>\$0.00</b>	<b>\$552.74</b>	<b>\$115,248.98</b>