



## **2011 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**

## **2011 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 22<sup>nd</sup> annual workers' compensation report summarizing the results of audits conducted by the DWC Audit Unit.

### **2011 Audit Results**

**Profile Audit Review (PAR) standard – 1.75629 / Full Compliance Audit (FCA) standard – 2.14465**

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 supplemental job displacement benefit (SJDB) are also measurable factors for performance.

The DWC Audit Unit completed a total of 60 profile audit reviews (PAR audits). Of the PAR audits, 57 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 six insurance companies, 17 self-administered, self-insured employers, 31 third-party administrators (TPA), five insurance company / third-party administrator combined claims adjusting locations, and one self-insured, self-administered / third party administrator combined adjusting location.

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 California Code of Regulations, title 8, sections 10107.1 (c)(2), (d)(2), and (e)(2).

Pursuant to California Code of Regulations, title 8, 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 indemnity claims is audited, depending on the claims administrator's performance as

measured in the key areas after the PAR sample is audited. California Code of Regulations, title 8, 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 2011, within the PAR/FCA audits, compliance officers audited 3,408 claim files, of which 3,354 were randomly selected claims in which some form of indemnity benefits was paid. Two audits included 36 randomly selected claims in which the employer or insurer denied all liability. Targeted claims audited included 52 files based on complaints received by the DWC. Two 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 California Code of Regulations, title 8, 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 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; and/or the right to supplemental job displacement benefit (SJDB) for claims

with dates of injury on or after January 1, 2004. The enforcement for provision of the SJDB notice was suspended as of January 1, 2012, when the statutory basis for the provision of the notice [Labor Code section 4658.5(c)] was repealed.

As calculated pursuant to California Code of Regulations, title 8, 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 2011 audit that falls within the range of the 80% best scores of all audits conducted from 2007 through 2009 will meet or exceed the PAR performance standard for 2011 which is 1.75629.

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

The performance for the 60 audit subjects in 2011 is broken down as follows:

- Fifty-five audit subjects (91.7%) met or exceeded the PAR 2011 performance standard thereby having all penalty citations not assessed in accordance with Labor Code section 129.5(c) and California Code of Regulations, title 8, section 10107.1(c)(4). These audit subjects were ordered to pay all unpaid compensation.
- Five audit subjects (8.3%) failed to meet or exceed the PAR standard and the audit expanded into the full compliance audit of indemnity claims (FCA stage 1) pursuant to Labor Code section 129.5(c) and California Code of Regulations, title 8, section 10107.1(d). Three of these audit subjects (5.0%) then met or exceeded the FCA-1 2011 standard. For these three 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 California Code of Regulations, title 8, section 10107.1(d)(3)(B).
- Two of the 60 audit subjects (3.3%) that failed the PAR audit also failed to meet or exceed the FCA performance standard 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 stage 2 audit pursuant to Labor Code section 129.5(c) and California Code of Regulations, title 8, section 10107.1(e) adding a sample of denied claims to be reviewed. These audit subjects were assessed administrative penalties for all penalty citations in accordance with Labor Code section 129.5(c) and California Code of Regulations, title 8, section 10107.1(e).

The **DWC Administrative Director's 2011 Audit Results Ranking Report** (Statewide Exhibit 4) is part of this annual report and the complete list of the performance ratings for the 60 audit subjects can be reviewed in order, from the best to worst performer.

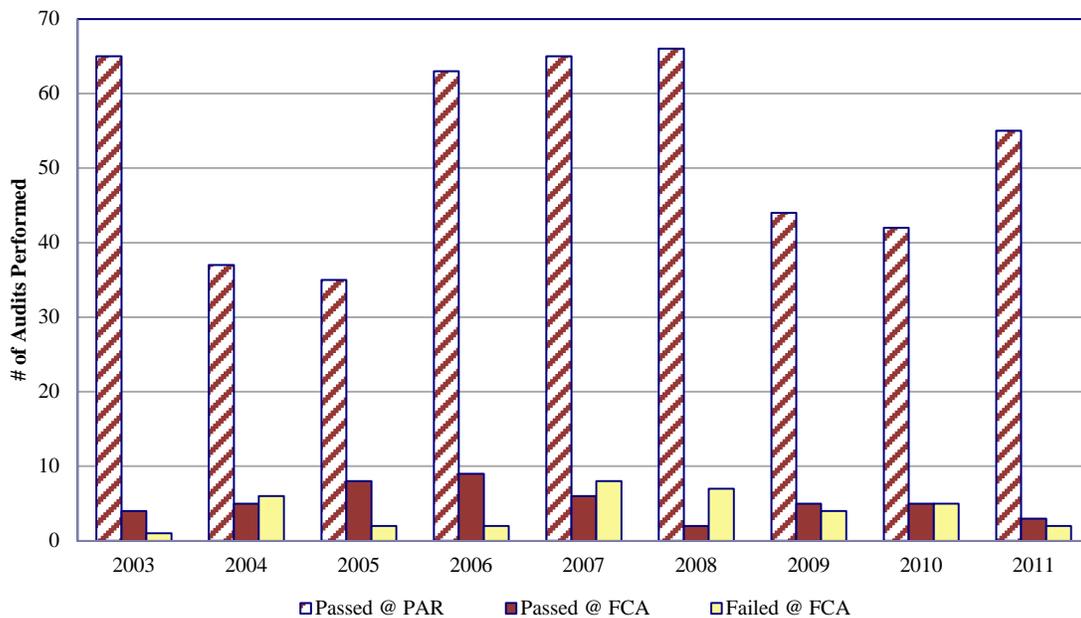
In accordance with Labor Code sections 129(b)(1) and 129.5(c), the pass/failure for an audit is determined at the conclusion of the full compliance audit of indemnity files. The administrators who fail to meet or exceed the Full Compliance Audit Standard are deemed to have failed the audit. While the determination and rating are set at the conclusion of the full compliance audit of indemnity files, the administrators' final performance rating may be subject to adjustment for any information provided during the final stage of the audit to address penalty citations for the previously reviewed indemnity files.

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 2011, there will be exhibits for the performance rating(s) 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 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 2003-2011**



## **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).

Statewide Exhibits 4A through 4F combine individual audit findings within for performance at the PAR and FCA levels for the average rating for all audits conducted in 2011 and/or the average within each of the audit stages.

- 2011 Average final score of the 60 audit subjects: 1.13463
- 2011 PAR standard – 1.75629  
Average score of the 55 audit subjects passing PAR: 1.03144  
Average score of the five audit subjects failing PAR: 2.34396
- 2011 FCA standard – 2.14465  
Average score of the three audit subjects passing FCA stage 1: 1.64896  
Average score of the two failing audit subjects failing FCA stage 1: 3.14594
- 2011 Average final score for subjects failing the audit: 3.20950

## **Appeals**

Appeals for findings for four audits conducted in 2010 are pending. There were no appeals filed for any audit conducted in 2011, however, AmTrust challenged its liability for penalties totaling \$92,820, cited and assessed for files administered by Majestic Insurance Company. The Insurance Commissioner of the State of California was appointed as Conservator of Majestic Insurance Company in April 2011. A Rehabilitation plan filed by the Commissioner was approved by the San Francisco Superior Court to transfer all insurance liabilities and certain assets to AmTrust effective July 1, 2011. The Approval Order for the plan exempted AmTrust from liability for actions arising out of the management or operations of Majestic Insurance Company. AmTrust has acknowledged liability for administrative penalties cited for violations occurring after July 1, 2011 and for violations cited for open files for which AmTrust had the duty to investigate and pay compensation owed. AmTrust has acknowledged liability for administrative penalties totaling \$25,840.

Each of the audit subjects with an unresolved appeal has requested a conference for the disputed issues. The Administrative Director will assign a designee to conduct each of the appeal conferences. Notice of the conference date will be provided to all parties at least 30 days prior to the conference.

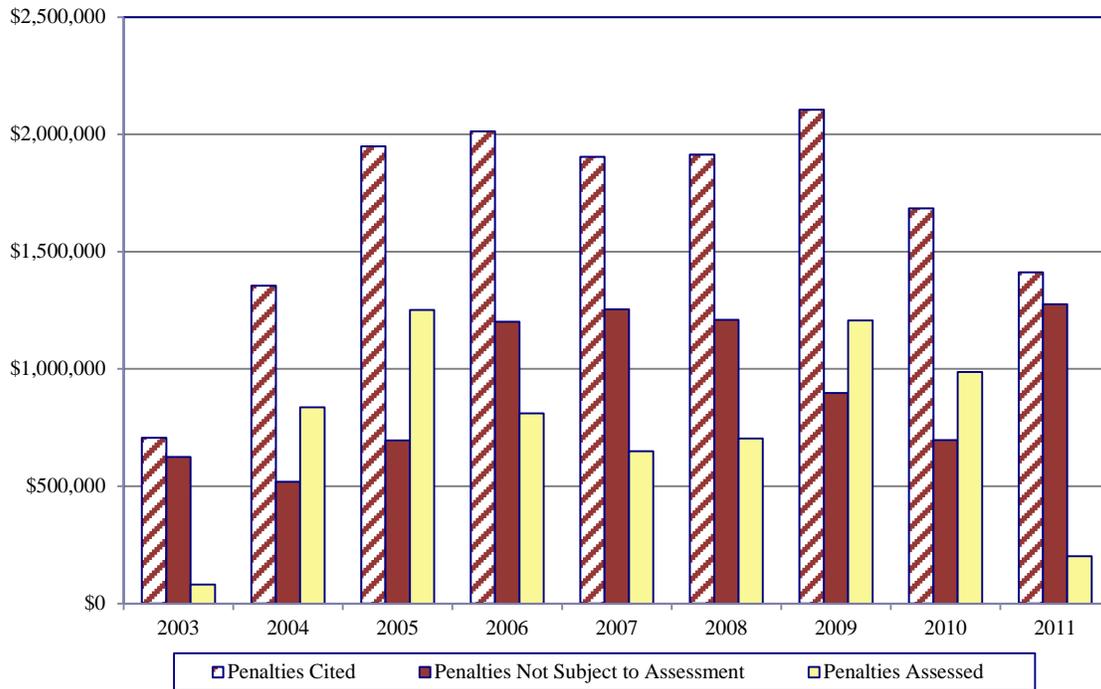
### **Violations of Administrative Director's Regulations**

As a result of PAR/FCA audits conducted during the calendar year 2011, the Audit Unit found and cited 4,465 violations against claims administrators with administrative penalties totaling \$1,411,128 (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 California Code of Regulations, title 8, 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 \$1,209,325 of the cited violations. The violations which, by law, were not assessed occurred within 55 of the audits that met or exceeded the PAR performance standard, and three audits that met or exceeded the FCA performance standard. Based on court ordered time restrictions, administrative penalties in the amount of \$66,980 cited in the Majestic Insurance Company audit were also not assessed. All violations cited in the two audits that failed the FCA performance standard were assessed. The assessed penalties subject to collection from claims administrators for FCA audits were \$201,803. The following table provides an analysis of violations cited and penalties assessed and collected in the PAR/FCA audit process for years 2003 through 2011:

### Penalty Assessments and Collections for 2003 - 2011



### Unpaid Compensation Due to Employees

In the review of files for the PAR/FCA audits, 13.02% of the claims reviewed had unpaid indemnity. Of the 444 claims in which injured workers were owed unpaid compensation, 437 of these claims were randomly selected and the remaining 7 claims were audited because of complaints received by the Audit Unit. The total compensation cited to be paid was \$652,178.52 (Statewide Exhibit 3), an average of \$1,468.87 per file in which there was unpaid compensation. The unpaid compensation is broken down as follows:

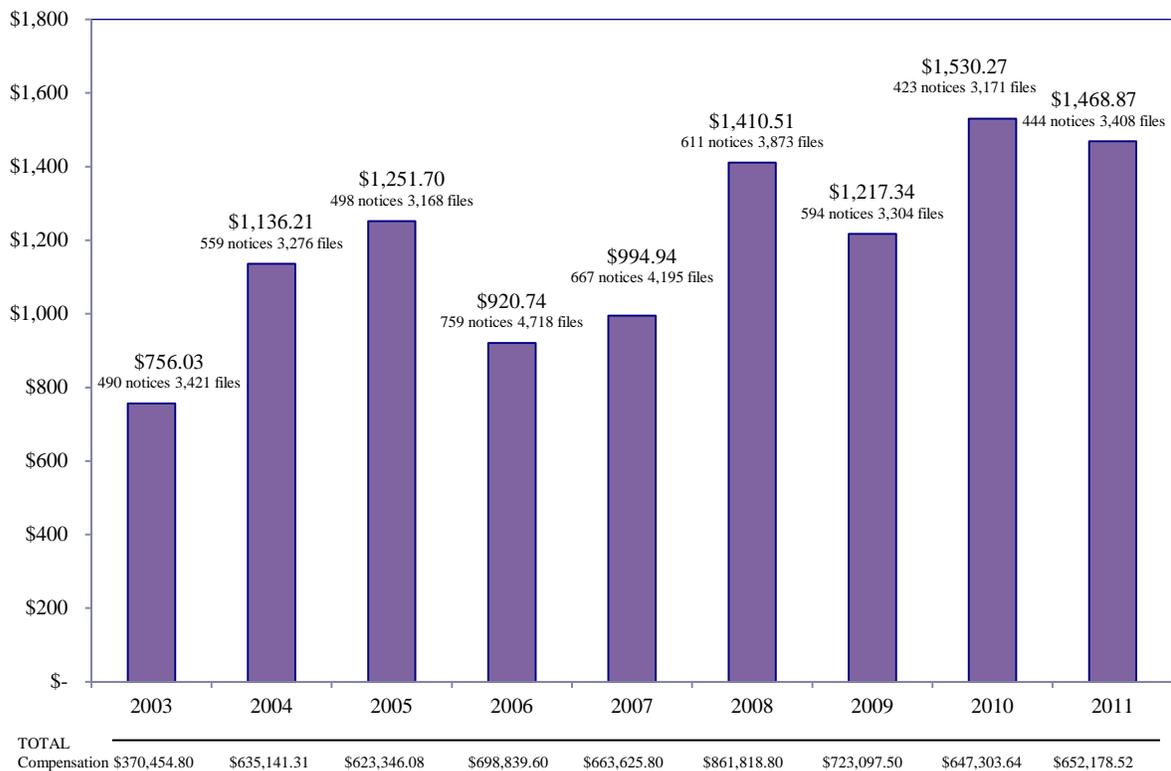
- \$276,348.19 in temporary disability indemnity and salary continuation in lieu of temporary disability (42.37% of the unpaid compensation)
- \$308,003.99 in permanent disability indemnity (47.22% of the unpaid compensation)
- \$67,700.72 in 10% self-imposed increases for late indemnity payments (10.38% of the unpaid compensation)
- \$125.62 in interest and penalty and/or failure to reimburse medical expenses (0.01% 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 California Code of Regulations, title 8, 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 2011, \$1,395.36 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.

### Average Compensation Due Per File for 2003-2011



A Notice of Compensation Due, issued with the final audit findings, becomes final with the compensation due payable within fifteen (15) days of receipt of the notice. In order to avoid penalty assessments under Labor Code section 129.5(a)(2) and Title 8, California Code of Regulations, section 10111.2, payment must be timely and documentation of payment must be forwarded to the Audit Unit within thirty (30) days of receipt of the notice.

In 2011, TriStar Risk Management in Rancho Santa Margarita neither contested nor complied with the requirements for payment of a Notice of Compensation Due issued with its final audit findings. Title 8, California Code of Regulations, section 10111.2(a)(11) imposes a penalty for failure to pay, or late or partial payment of, a Notice of Compensation Due issued as a result of an audit conducted pursuant to Labor Code section 129(b). The penalty assessed and paid by Tri-Star Risk Management for its failure to timely appeal or pay the compensation due is \$15,000.00. Since this penalty was assessed subsequent to issuing the final audit report for this administrator, it is not included in the exhibits for Audit Penalty Assessments and Collections (Statewide Exhibit 1) or for the individual audits within this report.

## **Civil Penalty Issues**

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

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

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

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

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

In 2008, a civil penalty investigation/audit was conducted for Weyerhaeuser Company & Willamette Industries. The investigation was focused on two primary issues identified in

a failed 2007 routine audit: provision of indemnity payments and the administration of claims for which liability has been denied. Based on the findings of the investigation, the Audit Unit did not file for a civil penalty with the Administrative Director. Weyerhaeuser did, however, acknowledge instances lacking compliance with the law and the regulations of the Administrative Director and has agreed to take corrective action. Following the investigation, Weyerhaeuser agreed to submit payment for all administrative penalties for cited violations (\$61,685) and to pay all undisputed notices of compensation due (\$54,381.45). As these amounts are the product of an investigation conducted in 2008, they not included in the exhibits and statistics generated by the audits conducted in 2011. Weyerhaeuser has also agreed to discontinue self-administering its workers' compensation program, and provide ongoing training for its personnel involved in the reporting, processing and handling of California workers' compensation claims.

In 2011, the Audit Unit conducted a target audit for Ameron International Corporation as a consequence of a failed routine audit in 2008. While Ameron had addressed deficiencies identified in its initial failed audit, its performance, once again, failed to meet or exceed the full compliance audit performance standard. The Audit Unit and Ameron stipulated to a civil penalty of \$30,000. Ameron was acquired by National Oilwell Varco, Inc., in 2011, and continues to self-administer its workers' compensation claims. A second target audit will be conducted for this administrator in 2013.

## **Other Issues**

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

In accordance with California Code of Regulations, title 8, 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 2011 identify 404 locations adjusting claims, of which 321 are in California and 83 are out-of-state.

In addition to the penalty assessments totaling \$268,783 that were assessed as a result of audits conducted in 2011, an additional 61 penalties totaling \$8,100 were assessed based on the failure of claims administrators either to timely file or having filed an inaccurate Annual Report of Inventory of Claims with the Audit Unit, as required by Title 8, California Code of Regulations section 10104. The penalty assessments are issued pursuant to Title 8, California Code of Regulations, section 10111.2(b)(25). These penalties are not included as part of the audit data within this report.

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. California Code of Regulations, title 8, 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 2011 were reviewed in comparison with WCIS submissions for claims reported in that year as indemnity, medical-only or denied. Claims reported on the Audit Unit Annual Report of Inventory are classified, by type, as indemnity, medical-only, or denied. Individual claims are reported to WCIS as a First Report of Injury (FROI) and are classified as indemnity, medical-only, denied or “other”. Claims classified as “other” are later categorized as indemnity, medical-only, or denied when the administrator submits a Subsequent Report of Injury (SROI) and/or its annual report to WCIS for claims activity for the prior calendar year.

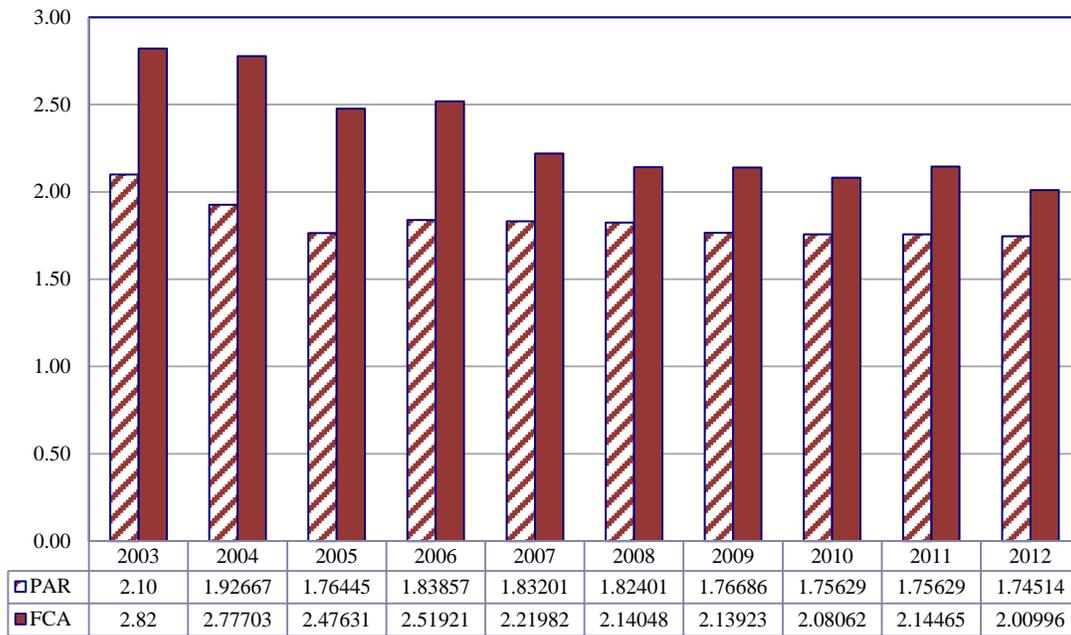
In 2011, six entities qualified for exemption for the filing of the Audit Unit Annual Report of Inventory. The limited number of exemptions is directly related WCIS's inability to classify the “other” claims; due in part, to a failure of the claims administrators to file the SROI reports, which leaves a large number of claims unclassified.

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 2012**

The PAR and FCA performance standards have been updated pursuant to Labor Code section 129(b) and California Code of Regulations, title 8, sections 10107.1(c), (d), and (e). This was accomplished by taking the 2010 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 2008 and 2009 performance rating scores to develop the 2012 PAR/FCA standards. **The PAR standard for 2012 is 1.74514 and the FCA standard is 2.00996.** Profile audit review audits (PAR audits) commencing after January 1, 2012 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 2012.

**PAR / FCA Performance ratings for 2003 - 2012**



## **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 423 audited claims for which notices of compensation due were issued.

**Statewide Exhibit 4 ~ The DWC Administrative Director's 2011 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 2010 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 60 audits conducted in 2011.

**Statewide Exhibit 4B** is a summary of the final performance ratings for the 55 audits conducted in 2011 that met or exceeded the 2011 PAR performance standard of 1.75629.

**Statewide Exhibit 4C** is a summary of the final performance ratings for the ten audits conducted in 2011 that failed to meet or exceed the 2011 PAR performance standard of 1.75629.

**Statewide Exhibit 4D** is a summary of the final performance ratings for the three audits conducted in 2011 that met or exceeded the 2011 FCA performance standard of 2.14465.

**Statewide Exhibit 4E** is a summary of the final performance ratings for the two audits conducted in 2011 that failed to meet or exceed the 2011 FCA performance standard of 2.14465.

**Statewide Exhibit 4F** is a summary of the final performance ratings for the two failed audits conducted in 2011.

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>														
AdminSure / Diamond Bar	R	TPA	58	0	0	0	58	51	\$10,140	\$10,140	\$0	\$0		x
Ameron International Corporation / Pasadena	T	SI	23	8	0	0	31	135	\$31,265	\$0	\$31,265	\$0		x
AmTrust North America / Irvine	R	INS	119	0	0	0	119	202	\$105,900	\$80,060	\$25,840	\$0		x
Berkshire Hathaway Homestate Companies / San Diego	R	INS / TPA	58	0	1	0	59	44	\$25,675	\$25,675	\$0	\$0		x
Broadspire, A Crawford Company / Concord	R	TPA	37	0	0	0	37	58	\$20,280	\$20,280	\$0	\$0		x
Broadspire, A Crawford Company / Folsom	R	TPA	54	0	0	0	54	86	\$35,595	\$35,595	\$0	\$0		x
Broadspire, A Crawford Company / Orange	R	TPA	55	0	0	0	55	130	\$50,950	\$50,950	\$0	\$0		x
Cannon Cochran Management Services, Inc. / Concord	R	TPA	55	0	0	0	55	110	\$26,245	\$26,245	\$0	\$0		x
Chevron Corporation / San Ramon	R	SI	41	0	0	0	41	61	\$17,220	\$17,220	\$0	\$0		x
City of Burbank / Burbank	R	SI	78	28	0	0	106	326	\$99,138	\$0	\$99,138	\$0		x
City of San Jose / San Jose	R	SI	56	0	0	0	56	85	\$15,430	\$15,430	\$0	\$0		x
CorVel Corporation / Camarillo	R	TPA	55	0	0	0	55	36	\$18,720	\$18,720	\$0	\$0		x
CorVel Corporation / Rancho Cucamonga	R	TPA	58	0	3	0	61	47	\$39,470	\$39,470	\$0	\$0		x
CorVel Corporation / San Diego	R	TPA	57	0	0	0	57	45	\$20,600	\$20,600	\$0	\$0		x
County of Contra Costa / Martinez	R	SI	54	0	0	0	54	42	\$5,495	\$5,495	\$0	\$0		x
County of Kern / Bakersfield	R	SI	56	0	1	0	57	50	\$18,935	\$18,935	\$0	\$0		x
E & J Gallo Winery / Modesto	R	SI	41	0	0	0	41	24	\$4,270	\$4,270	\$0	\$0		x
Employers Compensation Insurance Company / Glendale	R	INS / TPA	58	0	0	0	58	63	\$30,310	\$30,310	\$0	\$0		x
Gallagher Bassett Services, Inc. #170 / Corona	R	TPA	58	0	0	0	58	77	\$44,870	\$44,870	\$0	\$0		x
Gallagher Bassett Services, Inc. #094 / Gold River	R	TPA	58	0	1	0	59	51	\$7,185	\$7,185	\$0	\$0		x
Gallagher Bassett Services, Inc. #156 / Las Vegas, NV	R	TPA	54	0	2	0	56	154	\$44,580	\$44,580	\$0	\$0		x
Gallagher Bassett Services, Inc. #164 / Rancho Cucamonga	R	TPA	58	0	1	0	59	65	\$28,315	\$28,315	\$0	\$0		x
Gallagher Bassett Services, Inc. #011 / Sacramento	R	TPA	57	0	2	0	59	71	\$11,745	\$11,745	\$0	\$0		x
Gallagher Bassett Services, Inc. #187 / San Diego	R	TPA	57	0	1	0	58	49	\$15,710	\$15,710	\$0	\$0		x
Illinois Midwest Insurance Agency / Springfield, IL	R	TPA	58	0	1	0	59	145	\$33,255	\$33,255	\$0	\$0		x
Innovative Claims Solutions, Inc. / San Ramon	R	TPA	55	0	2	0	57	78	\$6,310	\$6,310	\$0	\$0		x
Intercare Insurance Services / Roseville	R	TPA	57	0	0	0	57	98	\$21,850	\$21,850	\$0	\$0		x
Kaiser Permanente Medical Care Program / Oakland	R	SI	58	0	2	0	60	81	\$29,935	\$29,935	\$0	\$0		x
Lance Camper Manufacturing Corporation / Lancaster	T	SI	19	0	0	0	19	16	\$7,900	\$7,900	\$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
Liberty Mutual Insurance Group / Sacramento	R	INS / TPA	59	0	4	0	63	58	\$10,785	\$10,785	\$0	\$0		x
Loma Linda University / San Bernardino	R	SI	46	0	0	0	46	39	\$7,625	\$7,625	\$0	\$0		x
LWP Claims Solutionsm Inc. / Glendale	R	TPA	52	0	0	0	52	49	\$23,360	\$23,360	\$0	\$0		x
Murphy & Beane, Inc. / Culver City	R	TPA	49	0	0	1	50	101	\$21,230	\$21,230	\$0	\$0		x
Nordstrom, Inc. / Santa Ana	R	SI	51	0	0	0	51	30	\$9,840	\$9,840	\$0	\$0		x
Pacific Compensation Insurance Company / Agoura Hills	R	INS	58	0	0	0	58	53	\$28,510	\$28,510	\$0	\$0		x
PEGASUS Risk Management / Modesto	R	TPA	133	0	1	0	134	255	\$73,215	\$29,995	\$43,220	\$0		x
Port of Oakland / Oakland	R	SI	32	0	0	0	32	41	\$16,825	\$16,825	\$0	\$0		x
Redwood Empire Municipal Insurance Fund / Sonoma	R	SI	55	0	0	0	55	31	\$5,425	\$5,425	\$0	\$0		x
Republic Indemnity Company / San Francisco	R	INS	58	0	0	0	58	37	\$7,245	\$7,245	\$0	\$0		x
RICOMP Claims Management Corporation / Cypress	T	SI	9	0	0	0	9	30	\$8,415	\$6,075	\$2,340	\$0		x
SeaBright Insurance Company / Orange	R	INS / TPA	58	0	1	0	59	44	\$17,510	\$17,510	\$0	\$0		x
Sedgwick Claims Management Services / Rancho Cordova	R	TPA	58	0	0	0	58	90	\$14,300	\$14,300	\$0	\$0		x
Sedgwick Claims Management Svc (CHW)/Rancho Cordova	R	TPA	49	0	0	0	49	71	\$11,305	\$11,305	\$0	\$0		x
Sedgwick Claims Management Services / Riverside	R	TPA	58	0	3	0	61	57	\$23,560	\$23,560	\$0	\$0		x
Sedgwick Claims Management Services / Roseville	R	TPA	52	0	0	0	52	61	\$8,335	\$8,335	\$0	\$0		x
Sedgwick Claims Management Services / Walnut Creek	R	TPA	59	0	0	0	59	33	\$12,900	\$12,900	\$0	\$0		x
Self-Insured Schools of California / Bakersfield	R	SI / TPA	58	0	0	0	58	122	\$16,805	\$16,805	\$0	\$0		x
Shasta County Risk Management / Redding	R	SI	35	0	0	0	35	44	\$2,725	\$2,725	\$0	\$0		x
Specialty Risk Services, LLC / Riverside	R	TPA	58	0	1	0	59	84	\$29,615	\$29,615	\$0	\$0		x
State Compensation Insurance Fund / Fresno	R	INS / TPA	58	0	2	0	60	71	\$17,280	\$17,280	\$0	\$0		x
State Compensation Insurance Fund / Glendale	R	INS	58	0	5	1	64	74	\$39,065	\$39,065	\$0	\$0		x
Sutter Health / Sacramento	R	SI	56	0	1	0	57	51	\$5,245	\$5,245	\$0	\$0		x
The Walt Disney Company / Anaheim	R	SI	56	0	0	0	56	70	\$21,710	\$21,710	\$0	\$0		x
TriStar Risk Management / Rancho Santa Margarita	R	TPA	58	0	7	0	65	73	\$33,550	\$33,550	\$0	\$0		x
TriStar Risk Management / Santa Ana	R	TPA	56	0	0	0	56	26	\$4,210	\$4,210	\$0	\$0		x
York Insurance Services Group, Inc. / Concord	R	TPA	56	0	0	0	56	64	\$18,265	\$18,265	\$0	\$0		x
York Insurance Services Group, Inc. / Upland	R	TPA	58	0	0	0	58	34	\$9,835	\$9,835	\$0	\$0		x
York Insurance Services Group, Inc. / Valencia	R	TPA	57	0	0	0	57	59	\$23,015	\$23,015	\$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
Zenith Insurance Company / Fresno	R	INS	58	0	0	0	58	29	\$6,750	\$6,750	\$0	\$0		x
Zurich North America / Woodland Hills	R	INS	58	0	10	0	68	104	\$55,380	\$55,380	\$0	\$0		x
<b>TOTALS:</b>			<b>3,318</b>	<b>36</b>	<b>52</b>	<b>2</b>	<b>3,408</b>	<b>4,465</b>	<b>\$ 1,411,128</b>	<b>\$ 1,209,325</b>	<b>\$ 201,803</b>	<b>\$ -</b>	<b>0</b>	<b>0</b>

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

R - Routine	57
T - Target	3
<b>TOTAL</b>	<b>60</b>

INS	Insurer	6
SI	Self-Insured Employer	17
TPA	Third Party Administrator	31
INS / TPA	Insurer / Third Party Administrator	5
SI / TPA	Self-Insured/Third Party Administrator	1
<b>TOTAL</b>		<b>60</b>

**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)	705	\$268,895	\$237,203	\$31,692	\$31,692	
Late first payment of permanent disability indemnity benefits (PD).	253	\$149,987	\$116,191	\$33,796	\$33,796	
Late subsequent payment of indemnity benefits.	634	\$183,782	\$167,371	\$16,411	\$16,411	
Late first payment of death benefits (DB).	2	\$4,100	\$4,100	\$0	\$0	
Failure to issue benefit notices other than specific notices for SJDB or denial of liability.	121	\$11,990	\$2,630	\$9,360	\$9,360	
Late provision of benefit notices other than specific notices for SJDB and for denial of injury.	224	\$12,499	\$7,365	\$5,134	\$5,134	
Failure to notify an injured employee of potential eligibility for Supplemental Job Displacement Benefit (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	415	\$148,975	\$146,075	\$2,900	\$2,900	
Failure to comply with requirements to provide notice of the QME/AME process.	1,326	\$173,750	\$162,120	\$11,630	\$11,630	
Failure to pay any TD or SC in lieu of TD.	291	\$257,820	\$234,020	\$23,800	\$23,800	
Failure to pay any PD indemnity benefit.	129	\$107,880	\$85,280	\$22,600	\$22,600	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	177	\$42,440	\$35,320	\$7,120	\$7,120	
Failure to pay any indemnity as ordered by the WCAB.	9	\$11,000	\$11,000	\$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.	3	\$950	\$650	\$300	\$300	

**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.	78	\$12,240	\$0	\$12,240	\$12,240	
Failure to pay or object to medical-legal expense in the manner required by law or regulation.	0	\$0	\$0	\$0	\$0	
Failure to 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 provide notices denying all liability or death benefits as required.	2	\$980	\$0	\$980	\$980	
Failure to timely respond to a request to provide or authorize medical treatment.	2	\$240	\$0	\$240	\$240	
Failure to include specific items or properly designate entries on a claim log.	29	\$1,800	\$0	\$1,800	\$1,800	
Materially incomplete or inaccurate benefit notices including denial for all liability.	8	\$240	\$0	\$240	\$240	
Failure to investigate.	3	\$2,400	\$0	\$2,400	\$2,400	
Failure to fully or timely comply with any award or order of the WCAB for issues other than payment of indemnity under 8CCR§10111.2(a).	1	\$6,000	\$0	\$6,000	\$6,000	
Penalties for failure to comply with any regulation of the AD not otherwise assessed.	51	\$5,960	\$0	\$5,960	\$5,960	
Unsupported denial of all liability for a claim.	2	\$7,200	\$0	\$7,200	\$7,200	
<b>TOTAL</b>	<b>4,465</b>	<b>\$1,411,128</b>	<b>\$1,209,325</b>	<b>\$201,803</b>	<b>\$201,803</b>	

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

**Calendar Year 2011**

**Statewide Exhibit 3**

**Statewide Summary of  
444 Notices of Compensation Due**

<b>Type of Compensation</b>	<b>Amount Found Due</b>
Temporary Disability	\$ 276,348.19
Permanent Disability	\$ 308,003.99
Self-Imposed Increase	\$ 67,700.72
Death Benefits	\$ -
Penalty, Interest or Other	\$ 125.62
<b>Total Compensation Due:</b>	<b>\$ 652,178.52</b>

## DWC ADMINISTRATIVE DIRECTOR'S 2011 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 1.75629	<b>FCA Stage 1</b> Standard 2.14465	<b>FCA Stage 2</b> Final Rating
	<i>The following audit subjects under the Profile Audit Review (LC 129) met or exceeded the PAR standard (1.75629 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	E & J Gallo Winery / Modesto	3 / \$485.09	0.39024	n/a	n/a
2	County of Contra Costa / Martinez	3 / \$1,427.30	0.42850	n/a	n/a
3	Republic Indemnity Company / San Francisco	2 / \$374.04	0.48190	n/a	n/a
4	Lance Camper Manufacturing Corporation / Lancaster	1 / \$838.46	0.49246	n/a	n/a
5	Sedgwick Claims Management Services / Walnut Creek	4 / \$16,597.34	0.49594	n/a	n/a
6	Zenith Insurance Company / Fresno	3 / \$1,838.01	0.51204	n/a	n/a
7	Gallagher Bassett Services #094 / Gold River	2 / \$177.24	0.54799	n/a	n/a
8	York Insurance Services Group, Inc. / Upland	6 / \$3,222.02	0.57382	n/a	n/a
9	Nordstrom, Inc. / Santa Ana	9 / \$2,116.47	0.58800	n/a	n/a
10	Gallagher Bassett Services #187 / San Diego	7 / \$2,312.77	0.59300	n/a	n/a
11	Liberty Mutual Insurance Group / Sacramento	5 / \$3,700.76	0.60081	n/a	n/a
12	Redwood Empire Municipal Insurance Fund / Sonoma	3 / \$3,159.78	0.61294	n/a	n/a
13	TriStar Risk Management / Santa Ana	5 / \$669.89	0.62888	n/a	n/a
14	AdminSure / Diamond Bar	3 / \$523.75	0.65471	n/a	n/a
15	Gallagher Bassett Services #011 / Sacramento	8 / \$1,636.81	0.70433	n/a	n/a
16	Shasta County Risk Management / Redding	2 / \$530.63	0.72134	n/a	n/a
17	CorVel Corporation / San Diego	9 / \$6,346.53	0.72552	n/a	n/a
18	Sedgwick Claims Management Services / Roseville	4 / \$2,078.01	0.74890	n/a	n/a
19	Sutter Health / Sacramento	1 / \$373.66	0.74960	n/a	n/a
20	Loma Linda University / San Bernardino	8 / \$3,329.70	0.81148	n/a	n/a

Statewide Exhibit 4

DWC ADMINISTRATIVE DIRECTOR'S 2011 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 1.75629	<b>FCA Stage 1</b> Standard 2.14465	<b>FCA Stage 2</b> Final Rating
21	CorVel Corporation / Rancho Cucamonga	10 / \$74,961.10	0.82162	n/a	n/a
22	SeaBright Insurance Company / Orange	8 / \$12,344.70	0.82884	n/a	n/a
23	State Compensation Insurance Fund / Fresno	4 / \$635.82	0.85051	n/a	n/a
24	Pacific Compensation Insurance Company / Agoura Hills	5 / \$7,596.89	0.87489	n/a	n/a
25	CorVel Corporation / Camarillo	7 / \$11,308.64	0.88783	n/a	n/a
26	Employers Compensation Insurance Company / Glendale	9 / \$8,632.20	0.89988	n/a	n/a
27	Berkshire Hathaway Homestate Companies / San Diego	12 / \$13,818.50	0.90323	n/a	n/a
28	Sedgwick Claims Management Services (CHW)/Rancho Cordova	5 / \$1,487.02	0.93245	n/a	n/a
29	Port of Oakland / Oakland	3 / \$3,931.35	0.95850	n/a	n/a
30	Innovative Claims Solutions / San Ramon	2 / \$1,563.99	1.05578	n/a	n/a
31	Sedgwick Claims Management Services / Riverside	7 / \$9,683.79	1.05807	n/a	n/a
32	Chevron Corporation / San Ramon	4 / \$336.15	1.12100	n/a	n/a
33	LWP Claims Solutions, Inc. / Glendale	7 / \$6,294.94	1.12781	n/a	n/a
34	Sedgwick Claims Management Services / Rancho Cordova	9 / \$2,273.43	1.15923	n/a	n/a
35	County of Kern / Bakersfield	9 / \$16,957.13	1.18546	n/a	n/a
36	The Walt Disney Company / Anaheim	14 / \$9,172.84	1.24103	n/a	n/a
37	City of San Jose / San Jose	4 / \$2,395.73	1.24934	n/a	n/a
38	Kaiser Permanente Medical Program / Oakland	12 / \$7,466.47	1.29252	n/a	n/a
39	TriStar Risk Management / Rancho Santa Margarita	4 / \$32,299.97	1.36910	n/a	n/a
40	York Insurance Services Group, Inc. / Valencia	14 / \$8,520.98	1.39268	n/a	n/a
41	Broadspire, A Crawford Company / Concord	2 / \$29,424.55	1.42091	n/a	n/a
42	Murphy & Beane, Inc. / Culver City	8 / \$2,780.66	1.48316	n/a	n/a
43	Illinois Midwest Insurance Agency / Springfield, IL	3 / \$441.07	1.49846	n/a	n/a
44	Intercare Insurance Services / Roseville	9 / \$3,940.03	1.53446	n/a	n/a
45	Cannon Cochran Management Services, Inc. / Concord	10 / \$4,786.31	1.56278	n/a	n/a

## DWC ADMINISTRATIVE DIRECTOR'S 2011 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 1.75629	<b>FCA Stage 1</b> Standard 2.14465	<b>FCA Stage 2</b> Final Rating
46	Self-Insured Schools of California / Bakersfield	5 / \$10,008.62	1.59947	n/a	n/a
47	Specialty Risk Services, LLC / Riverside	12 / \$17,992.90	1.61308	n/a	n/a
48	Broadspire, A Crawford Company / Orange	12 / \$13,018.31	1.62648	n/a	n/a
49	Gallagher Bassett Services #170 / Corona	9 / \$27,307.55	1.63619	n/a	n/a
50	Zurich North America / Woodland Hills	10 / \$7,761.59	1.64607	n/a	n/a
51	Gallagher Bassett Services #164 / Rancho Cucamonga	17 / \$23,393.88	1.64722	n/a	n/a
52	Gallagher Bassett Services #156 / Las Vegas, NV	13 / \$10,612.08	1.72413	n/a	n/a
53	York Insurance Services Group, Inc. / Concord	8 / 19,820.76	1.74553	n/a	n/a
54	Broadspire, A Crawford Company / Folsom	12 / \$21,676.31	1.75083	n/a	n/a
55	State Compensation Insurance Fund / Glendale	11 / \$47,420.37	1.75161	n/a	n/a
<p><i>Nine audit subjects under the Profile Audit Review (LC 129) failed to meet or exceed the PAR standard (1.75629 or less). The audit proceeded to the Full Compliance Audit Stage 1 [LC 129(b)(2)] and four of the nine met or exceeded the FCA standard (2.14465 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>					
56	PEGASUS Risk Management / Modesto	17 / \$11,144.18	1.88349	1.37300	1.37300
57	AmTrust North America / Irvine	21 / \$50,550.07	1.97892	2.07167	2.07167
58	RICOMP Claims Management Corporation / Cypress	2 / \$3,552.74	2.09544	2.09544	2.09544

DWC ADMINISTRATIVE DIRECTOR'S 2011 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 1.75629	<b>FCA Stage 1</b>  Standard 2.14465	<b>FCA Stage 2</b>  Final Rating
	<p><i>Four audit subjects under the Profile Audit Review (LC 129) failed to meet or exceed the PAR standard (1.75629 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 (2.14465 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>				
59	City of Burbank / Burbank	16 / \$49,802.99	2.53914	2.97535	3.06151
60	Ameron International Corporation / Pasadena	10 / \$13,323.65	4.01929	3.29663	3.29663

Statewide Final Performance Rating of Randomly Selected Claims

60 Audits

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

A. Frequency Rate

# claims with unpd indem      435      divide by # claims with payable indem      3,319      =      0.13106

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

Total unpd indem. =      \$ 549,526.36      divide by      # of claims with obligation to pay indem.      3319  
 Avg Unpd Ind =      \$ 165.57

C. Severity Rate

Avg Unpd Indem      \$ 165.57      divide by avg unpd indem 2007-2009 of \$ 195.93      =      0.84505

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.13106      X      Severity rate      0.84505      X      modifier of      2  
 =      0.22151

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

# claims with late 1st TD	564	divide by # with TD payments	2,393	
# claims with first SC notice violations	232	divide by # with salary continuation	813	
Totals	796	divide by	Totals 3,206	=
				0.24828

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

# claims with late first PD	191	divide by # with first PD	994	
# claims with late first DB	1	divide by # with first DB paid	10	
Totals	192	divide by	Totals 1,004	=
				0.19124

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

# claims with late subsequent payments      331      divide by # with subsequent payments      1,879      =  
0.17616

**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	976	divide by # requiring notices	3,086	
# claims with SJDB notice violations	411	divide by # requiring notices	1,577	
Totals	1,387		Totals 4,663	
				= <span style="border: 1px solid black; padding: 2px; display: inline-block;">0.29745</span>

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2011** 1.13463

Profile Audit Review Performance Rating of 1.75630 or greater is a failing score.

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

**Findings for the 55 Audits that**

**Met or Exceeded the PAR Performance Rating of 1.75629**

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

A. Frequency Rate

# claims with unpd indem      371      divide by # claims with payable indem      2,957      =      0.12546

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

Total unpd indem. =      \$ 423,752.63      divide by      # of claims with obligation to pay indem.      2,957  
 Avg Unpd Ind =      \$ 143.30

C. Severity Rate

Avg Unpd Indem      \$ 143.30      divide by avg unpd indem 2007-2009 of      \$ 195.93      =      0.73141

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.12546      X      Severity rate      0.73141      X      modifier of      2  
 =      0.18353

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

# claims with late 1st TD	467	divide by # with TD payments	2,125	
# claims with first SC notice violations	185	divide by # with salary continuation	742	
Totals	652	divide by	Totals	2,867
				=
				0.22742

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

# claims with late first PD	147	divide by # with first PD	849	
# claims with late first DB	0	divide by # with first DB paid	8	
Totals	147	divide by	Totals	857
				=
				0.17153

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

# claims with late subsequent payments      275      divide by # with subsequent payments      1,669      =  
 0.16477

**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	833	divide by # requiring notices	2,753	
# claims with SJDB notice violations	368	divide by # requiring notices	1,473	
Totals	1,201		Totals	4,226
				=
				0.28419

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2011**      **1.03144**

Profile Audit Review Performance Rating of 1.75630 or greater is a failing score.







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

**Findings for the 2 Audits that Failed to**

**Meet or Exceed the FCA-Stage 2 Performance Rating of 2.14465**

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

A. Frequency Rate

# claims with unpd inden      24      divide by # claims with payable indem      101      =      0.23762

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

Total unpd indem =      \$    60,526.74    divide by      # of claims with obligation to pay indem.      101  
 Avg Unpd Ind =      \$    599.27

C. Severity Rate

Avg Unpd Ind.      \$      599.27    divide by avg unpd indem 2007-2009 of    \$ 195.93    =      3.05862

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.23762      X      Severity rate    3.05862      X      modifier of      2  
 =      1.45360

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

# claims with late 1st TD	8	divide by # with TD payments	29	
# claims with first SC notice violations	44	divide by # with salary continuation	67	
Totals	52	divide by	Totals	96
				=
				0.54167

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

# claims with late first PD	23	divide by # with first PD	49	
# claims/late first death benefits	0	divide by # with first death ben paid	1	
Totals	23	divide by	Totals	50
				=
				0.46000

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

# claims with late subseq payments      18      divide by # with subseq payments      50      =  
 0.36000

**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	88	
# claims with SJDB notice violations	8	divide by # requiring notices	16	
Totals	41		Totals	104
				=
				0.39423

**FINAL FULL COMPLIANCE AUDIT PERFORMANCE RATING - 2011**      **3.20950**

### **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. This rating determines whether an audit subject passes or fails its audit.

**Individual Exhibit 1C ~ Final Performance Rating** is the worksheet to calculate the audit findings to a score that addresses all responses to violations cited in indemnity files for audit subjects that have failed their audit.

**Individual Exhibit 2 ~ Penalty Assessments and Collections** separates the schedule of administrative penalties in Title 8, California Code of Regulations section 10111.2 into various categories showing totals and amounts of assessable administrative penalties for this individual audit finding.

**Individual Exhibit 3 ~ Notices of Compensation Due** summarizes by type of indemnity the amounts of unpaid compensation found in the audited claims in this individual audit for which notices of compensation due were issued.

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

**Audit No: LAO-20-11-R1-5**

**Subject: AdminSure**

**Location: Diamond Bar**

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

A. Frequency Rate

# claims with unpd indem 3 divide by # claims with payable indem 58 = 0.05172

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

Total unpd indem. = \$ 523.75 divide by # of claims with obligation to pay indem. 58  
Avg Unpd Ind = \$ 9.03

C. Severity Rate

Avg Unpd Indem \$ 9.03 divide by avg unpd indem 2007-2009 of \$ 195.93 = 0.04609

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.05172 X Severity rate 0.04609 X modifier of 2  
= 0.00477

**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	21	
# claims with first SC notice violations	6	divide by # with salary continuation	37	
Totals	8	divide by	Totals 58	=
				0.13793

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

# claims with late first PD	0	divide by # with first PD	19	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	0	divide by	Totals 19	=
				0.00000

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

# claims with late subsequent payments 7 divide by # with subsequent payments 27 = 0.25926

**5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICE FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	19	divide by # requiring notices	57	
# claims with SJDB notice violations	4	divide by # requiring notices	34	
Totals	23		Totals 91	
				= 0.25275

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2011**

**Profile Audit Review Performance Rating of 1.75630 or greater is a failing score.**

**0.65471**

**Calendar Year: 2011**

**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: LAO-20-11-R1-5**

**Subject: AdminSure**

**Location: Diamond Bar**

**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	\$300	\$300	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	11	\$3,410	\$3,410	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for SJDB or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for SJDB and for denial of injury.	6	\$230	\$230	\$0	\$0	
Failure to notify an injured employee of potential eligibility for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	4	\$800	\$800	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	23	\$3,900	\$3,900	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	3	\$800	\$800	\$0	\$0	
Failure to pay any PD indemnity benefit.	1	\$400	\$400	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	1	\$300	\$300	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>51</b>	<b>\$10,140</b>	<b>\$10,140</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2011**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-20-11-R1-5**

**Subject: AdminSure**

**Location: Diamond Bar**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$108.88		\$1.82			\$110.70
2	\$300.23		\$30.02			\$330.25
3			\$82.80			\$82.80
<b>TOTAL</b>	<b>\$409.11</b>	<b>\$0.00</b>	<b>\$114.64</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$523.75</b>







**Calendar Year: 2011**  
**Penalty Assessments and Collections**

**Individual Exhibit 2**

<b>Files Audited:</b>	31
<b>Indemnity</b>	23
<b>Medical Only</b>	0
<b>Denied</b>	8
<b>Complaints</b>	0
<b>Additional</b>	0

**Audit No:** LAO-02-11-R3-2

**Subject:** Ameron International Corporation

**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)	9	\$2,300	\$0	\$2,300	\$2,300	
Late first payment of permanent disability indemnity benefits (PD).	2	\$1,280	\$0	\$1,280	\$1,280	
Late subsequent payment of indemnity benefits.	11	\$1,875	\$0	\$1,875	\$1,875	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for SJDB or denial of liability.	12	\$1,200	\$0	\$1,200	\$1,200	
Late provision of benefit notices other than specific notices for SJDB and for denial of injury.	11	\$610	\$0	\$610	\$610	
Failure to notify an injured employee of potential eligibility for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	7	\$2,900	\$0	\$2,900	\$2,900	
Failure to comply with requirements to provide notice of the QME/AME process.	6	\$2,300	\$0	\$2,300	\$2,300	
Failure to pay any TD or SC in lieu of TD.	7	\$8,600	\$0	\$8,600	\$8,600	
Failure to pay any PD indemnity benefit.	4	\$1,600	\$0	\$1,600	\$1,600	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	1	\$100	\$0	\$100	\$100	
Failure to pay any indemnity as ordered by the WCAB.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	

**Calendar Year: 2011**  
**Penalty Assessments and Collections**

**Individual Exhibit 2**

<b>Files Audited:</b>	31
<b>Indemnity</b>	23
<b>Medical Only</b>	0
<b>Denied</b>	8
<b>Complaints</b>	0
<b>Additional</b>	0

**Audit No:** LAO-02-11-R3-2

**Subject:** Ameron International Corporation

**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
Failure to pay or object to medical treatment expense in the manner required by law or regulation.	56	\$7,200	\$0	\$7,200	\$7,200	
Failure to pay or object to medical-legal expense in the manner required by law or regulation.	0	\$0	\$0	\$0	\$0	
Failure to 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 provide notices denying all liability or death benefits as required.	1	\$500	\$0	\$500	\$500	
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.	0	\$0	\$0	\$0	\$0	
Failure to investigate.	0	\$0	\$0	\$0	\$0	
Failure to fully or timely comply with any award or order of the WCAB for issues other than payment of indemnity under 8CCR§10111.2(a).	0	\$0	\$0	\$0	\$0	
Penalties for failure to comply with any regulation of the AD not otherwise assessed.	8	\$800	\$0	\$800	\$800	
Unsupported denial of all liability for a claim.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>135</b>	<b>\$31,265</b>	<b>\$0</b>	<b>\$31,265</b>	<b>\$31,265</b>	

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

**Calendar Year: 2011**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-02-11-T3-2**

**Subject: Ameron International Corporation**

**Location: Pasadena**

**Type: SI**

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1		\$320.36	\$51.75			\$372.11
2	\$115.57	\$65.72	\$18.13			\$199.42
3		\$414.00	\$41.40			\$455.40
4	\$48.75					\$48.75
5	\$7,073.59		\$707.36			\$7,780.95
6	\$2,115.47		\$211.55			\$2,327.02
7		\$285.86	\$28.58			\$314.44
8	\$142.95		\$12.91			\$155.86
9	\$1,413.90		\$141.39			\$1,555.29
10	\$107.72		\$6.69			\$114.41
<b>TOTAL</b>	<b>\$11,017.95</b>	<b>\$1,085.94</b>	<b>\$1,219.76</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$13,323.65</b>

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

**Audit No: LAO-30-11-R2-1**

**Subject: AmTrust North America**

**Location: Irvine**

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

A. Frequency Rate

# claims with unpd indem 7 divide by # claims with payable indem 55 = 0.12727

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

Total unpd indem. = \$ 31,859.71 divide by # of claims with obligation to pay indem. 55  
Avg Unpd Ind = \$ 579.27

C. Severity Rate

Avg Unpd Indem \$ 579.27 divide by avg unpd indem 2007-2009 of \$ 195.93 = 2.95650

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.12727 X Severity rate 2.95650 X modifier of 2  
= 0.75256

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

# claims with late 1st TD	24	divide by # with TD payments	54	
# claims with first SC notice violations	1	divide by # with salary continuation	1	
Totals	25	divide by	Totals 55	=
				0.45455

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

# claims with late first PD	2	divide by # with first PD	26	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	2	divide by	Totals 26	=
				0.07692

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

# claims with late subsequent payments 10 divide by # with subsequent payments 41 = 0.24390

**5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICE FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	23	divide by # requiring notices	51	
# claims with SJDB notice violations	0	divide by # requiring notices	0	
Totals	23		Totals 51	
				= 0.45098

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2011**

**Profile Audit Review Performance Rating of 1.75630 or greater is a failing score.**

**1.97892**

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

**Audit No: LAO-30-11-R2-1**

**Subject: AmTrust North America**

**Location: Irvine**

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

A. Frequency Rate

# claims with unpd indem      21      divide by # claims with payable indem      119      =      0.17647

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

Total unpd indem =      \$ 50,550.07      divide by      # of claims with obligation to pay indem.      119  
 Avg Unpd Ind =      \$      424.79

C. Severity Rate

Avg Unpd Ind.      \$      424.79      divide by avg unpd indem 2007-2009 of      \$ 195.93      =      2.16807

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.17647      X      Severity rate      2.16807      X      modifier of      2  
 =      **0.76520**

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

# claims with late 1st TD	49	divide by # with TD payments	110	
# claims with first SC notice violations	2	divide by # with salary continuation	2	
Totals	51	divide by	Totals	112
				=
				<b>0.45536</b>

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

# claims with late first PD	11	divide by # with first PD	54	
# claims/late first death benefits	1	divide by # with first death ben paid	1	
Totals	12	divide by	Totals	55
				=
				<b>0.21818</b>

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

# claims with late subseq payments      25      divide by # with subseq payments      94      =  
**0.26596**

**5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICE FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	40	divide by # requiring notices	109	
# claims with SJDB notice violations	0	divide by # requiring notices	0	
Totals	40	Totals	109	
				=
				<b>0.36697</b>

**FULL COMPLIANCE AUDIT PERFORMANCE RATING - 2011**

**Full Compliance Audit Performance Rating of indemnity files of 2.14466 or greater is a failing score.**

**2.07167**

**Calendar Year: 2011**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	119
<b>Indemnity</b>	119
<b>Medical Only</b>	0
<b>Denied</b>	0
<b>Complaints</b>	0
<b>Additional</b>	0

**Audit No: LAO-30-11-R2-1**

**Subject: AmTrust North America**

**Location: Irvine**

**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)	59	\$33,160	\$23,760	\$9,400	\$9,400	
Late first payment of permanent disability indemnity benefits (PD).	15	\$7,870	\$7,470	\$400	\$400	
Late subsequent payment of indemnity benefits.	43	\$13,790	\$12,450	\$1,340	\$1,340	
Late first payment of death benefits (DB).	2	\$4,100	\$4,100	\$0	\$0	
Failure to issue benefit notices other than specific notices for SJDB or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for SJDB and for denial of injury.	2	\$130	\$130	\$0	\$0	
Failure to notify an injured employee of potential eligibility 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	48	\$12,950	\$12,950	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	12	\$23,300	\$14,900	\$8,400	\$8,400	
Failure to pay any PD indemnity benefit.	10	\$7,200	\$2,400	\$4,800	\$4,800	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	11	\$3,400	\$1,900	\$1,500	\$1,500	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>202</b>	<b>\$105,900</b>	<b>\$80,060</b>	<b>\$25,840</b>	<b>\$25,840</b>	

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

**Calendar Year: 2011**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-30-11-R2-1**

**Subject: AmTrust North America**

**Location: Irvine**

**Type: INS**

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$187.83		\$17.42			\$205.25
2	\$318.76	\$1,380.00	\$169.88			\$1,868.64
3	\$2,089.80		\$390.90			\$2,480.70
4		\$4,014.27				\$4,014.27
5	\$154.68		\$15.47			\$170.15
6			\$73.51			\$73.51
7			\$207.44			\$207.44
8	\$6,847.47		\$903.49			\$7,750.96
9	\$1,278.97					\$1,278.97
10		\$3,069.07				\$3,069.07
11	\$897.30		\$25.24			\$922.54
12	\$61.33	\$908.50				\$969.83
13			\$400.00			\$400.00
14			\$394.68			\$394.68
15		\$1,706.56	\$170.66			\$1,877.22
16	\$660.91					\$660.91
17		\$3,121.32	\$496.13			\$3,617.45
18		\$1,220.33				\$1,220.33
19			\$164.99			\$164.99
20	\$5,956.06	\$9,735.93	\$1,569.20			\$17,261.19
21	\$1,810.90		\$131.07			\$1,941.97
<b>TOTAL</b>	<b>\$20,264.01</b>	<b>\$25,155.98</b>	<b>\$5,130.08</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$50,550.07</b>

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

**Audit No: LAO-19-11-R1-3**

**Subject: Berkshire Hathaway Homestate Companies**

**Location: San Diego**

**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. = \$ 11,707.64 divide by # of claims with obligation to pay indem. 58  
Avg Unpd Ind = \$ 201.86

C. Severity Rate

Avg Unpd Indem \$ 201.86 divide by avg unpd indem 2007-2009 of \$ 195.93 = 1.03024

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.18966 X Severity rate 1.03024 X modifier of 2  
= 0.39078

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

# claims with late 1st TD	13	divide by # with TD payments	56	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	13	divide by	Totals 56	=
				0.23214

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

# claims with late first PD	1	divide by # with first PD	28	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	1	divide by	Totals 28	=
				0.03571

**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 AND NOTICE FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	3	divide by # requiring notices	45	
# claims with SJDB notice violations	4	divide by # requiring notices	29	
Totals	7		Totals 74	=
				0.09459

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2011**

**Profile Audit Review Performance Rating of 1.75630 or greater is a failing score.**

**0.90323**

**Calendar Year: 2011**

**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-19-11-R1-3**

**Subject: Berkshire Hathaway Homestate Companies**

**Location: San Diego**

**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)	14	\$3,970	\$3,970	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	1	\$320	\$320	\$0	\$0	
Late subsequent payment of indemnity benefits.	7	\$3,810	\$3,810	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for SJDB or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for SJDB and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee of potential eligibility for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	4	\$800	\$800	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	4	\$1,525	\$1,525	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	10	\$13,600	\$13,600	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	4	\$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>44</b>	<b>\$25,675</b>	<b>\$25,675</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2011**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-19-11-R1-3**

**Subject: Berkshire Hathaway Homestate Companies**

**Location: San Diego**

**Type: INS & TPA**

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$5,537.22		\$515.89			\$6,053.11
2	\$335.79					\$335.79
3			\$238.89			\$238.89
4			\$136.91			\$136.91
5	\$405.83					\$405.83
6	\$91.92		\$9.19			\$101.11
7	\$1,918.96		\$191.90			\$2,110.86
8	\$1,783.40					\$1,783.40
9	\$431.64		\$43.16			\$474.80
10	\$1,451.44		\$391.14			\$1,842.58
11	\$120.72					\$120.72
12	\$214.50					\$214.50
<b>TOTAL</b>	<b>\$12,291.42</b>	<b>\$0.00</b>	<b>\$1,527.08</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$13,818.50</b>

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

**Audit No: OAK-01-11-R1-5**

**Subject: Broadspire, A Crawford Company**

**Location: Concord**

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

A. Frequency Rate

# claims with unpd indem      2      divide by # claims with payable indem      37      =      0.05405

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

Total unpd indem. =      \$ 29,424.55      divide by      # of claims with obligation to pay indem.      37  
 Avg Unpd Ind =      \$ 795.26

C. Severity Rate

Avg Unpd Indem      \$ 795.26      divide by avg unpd indem 2007-2009 of      \$ 195.93      =      4.05889

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.05405      X      Severity rate      4.05889      X      modifier of      2  
 =      **0.43880**

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

# claims with late 1st TD	12	divide by # with TD payments	35	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	12	divide by	Totals 35	=
				<b>0.34286</b>

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

# claims with late first PD	6	divide by # with first PD	21	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	6	divide by	Totals 21	=
				<b>0.28571</b>

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

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

**5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICE FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	4	divide by # requiring notices	32	
# claims with SJDB notice violations	2	divide by # requiring notices	22	
Totals	6		Totals 54	
				=
				<b>0.11111</b>

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2011**

**Profile Audit Review Performance Rating of 1.75630 or greater is a failing score.**

**1.42091**

**Calendar Year: 2011**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	37
<b>Indemnity</b>	37
<b>Medical Only</b>	0
<b>Denied</b>	0
<b>Complaints</b>	0
<b>Additional</b>	0

**Audit No: OAK-01-11-R1-5**

**Subject: Broadspire, A Crawford Company**

**Location: Concord**

**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	\$6,960	\$6,960	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	10	\$4,045	\$4,045	\$0	\$0	
Late subsequent payment of indemnity benefits.	17	\$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 SJDB or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for SJDB and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee of potential eligibility for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	2	\$600	\$600	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	5	\$430	\$430	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	0	\$0	\$0	\$0	\$0	
Failure to pay any PD indemnity benefit.	1	\$5,000	\$5,000	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	4	\$1,000	\$1,000	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB.	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>\$20,280</b>	<b>\$20,280</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2011**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: OAK-01-11-R1-5**

**Subject: Broadspire, A Crawford Company**

**Location: Concord**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1			\$340.51			\$340.51
2		\$26,702.89	\$2,381.15			\$29,084.04
<b>TOTAL</b>	<b>\$0.00</b>	<b>\$26,702.89</b>	<b>\$2,721.66</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$29,424.55</b>

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

**Audit No: SAC-13-11-R1-5**

**Subject: Broadspire, A Crawford Company**

**Location: Folsom**

**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. = \$ 21,676.31 divide by # of claims with obligation to pay indem. 54  
Avg Unpd Ind = \$ 401.41

C. Severity Rate

Avg Unpd Indem \$ 401.41 divide by avg unpd indem 2007-2009 of \$ 195.93 = 2.04876

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.22222 X Severity rate 2.04876 X modifier of 2  
= 0.91055

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

# claims with late 1st TD	5	divide by # with TD payments	45	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	5	divide by	Totals 45	=
				0.11111

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

# claims with late first PD	7	divide by # with first PD	29	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	7	divide by	Totals 29	=
				0.24138

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

# claims with late subsequent payments 9 divide by # with subsequent payments 47 = 0.19149

**5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICE FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	19	divide by # requiring notices	47	
# claims with SJDB notice violations	5	divide by # requiring notices	34	
Totals	24		Totals 81	
				= 0.29630

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2011**

**Profile Audit Review Performance Rating of 1.75630 or greater is a failing score.**

**1.75083**

**Calendar Year: 2011**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

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

**Audit No: SAC-13-11-R1-5**

**Subject: Broadspire, A Crawford Company**

**Location: Folsom**

**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	\$1,130	\$1,130	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	10	\$4,570	\$4,570	\$0	\$0	
Late subsequent payment of indemnity benefits.	20	\$11,270	\$11,270	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for SJDB or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for SJDB and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee of potential eligibility for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	5	\$1,700	\$1,700	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	28	\$3,125	\$3,125	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	7	\$6,600	\$6,600	\$0	\$0	
Failure to pay any PD indemnity benefit.	6	\$5,400	\$5,400	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	2	\$1,000	\$1,000	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	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>86</b>	<b>\$35,595</b>	<b>\$35,595</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2011**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: SAC-13-11-R1-5**

**Subject: Broadspire, A Crawford Company**

**Location: Folsom**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1		\$83.79	\$8.37			\$92.16
2			\$433.87			\$433.87
3		\$459.90	\$45.99			\$505.89
4	\$474.57		\$47.45			\$522.02
5		\$5,290.00	\$529.00			\$5,819.00
6	\$715.26	\$669.79				\$1,385.05
7		\$1,759.50	\$54.38			\$1,813.88
8	\$1,421.76		\$138.79			\$1,560.55
9	\$193.82					\$193.82
10	\$889.05	\$1,547.55	\$243.67			\$2,680.27
11		\$5,720.42	\$563.07			\$6,283.49
12	\$386.31					\$386.31
<b>TOTAL</b>	<b>\$4,080.77</b>	<b>\$15,530.95</b>	<b>\$2,064.59</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$21,676.31</b>

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

**Audit No: LAO-23-11-R1-5**

**Subject: Broadspire, A Crawford Company**

**Location: Orange**

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

A. Frequency Rate

# claims with unpd indem 12 divide by # claims with payable indem 55 = 0.21818

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

Total unpd indem. = \$ 13,018.31 divide by # of claims with obligation to pay indem. 55  
Avg Unpd Ind = \$ 236.70

C. Severity Rate

Avg Unpd Indem \$ 236.70 divide by avg unpd indem 2007-2009 of \$ 195.93 = 1.20807

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.21818 X Severity rate 1.20807 X modifier of 2  
= 0.52716

**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	51	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	21	divide by	Totals 51	=
				0.41176

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

# claims with late first PD	6	divide by # with first PD	34	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	6	divide by	Totals 34	=
				0.17647

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

# claims with late subsequent payments 16 divide by # with subsequent payments 46 = 0.34783

**5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICE FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	8	divide by # requiring notices	49	
# claims with SJDB notice violations	0	divide by # requiring notices	0	
Totals	8		Totals 49	
				= 0.16327

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2011**

**Profile Audit Review Performance Rating of 1.75630 or greater is a failing score.**

**1.62648**

**Calendar Year: 2011**

**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-23-11-R1-5**

**Subject: Broadspire, A Crawford Company**

**Location: Orange**

**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)	32	\$22,050	\$22,050	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	11	\$5,630	\$5,630	\$0	\$0	
Late subsequent payment of indemnity benefits.	58	\$10,795	\$10,795	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for SJDB or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for SJDB and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee of potential eligibility 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	\$2,825	\$2,825	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	7	\$4,300	\$4,300	\$0	\$0	
Failure to pay any PD indemnity benefit.	5	\$3,100	\$3,100	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	6	\$2,250	\$2,250	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>130</b>	<b>\$50,950</b>	<b>\$50,950</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2011**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-23-11-R1-5**

**Subject: Broadspire, A Crawford Company**

**Location: Orange**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$830.99					\$830.99
2	\$811.21		\$81.12			\$892.33
3			\$129.65			\$129.65
4		\$131.83				\$131.83
5	\$168.68					\$168.68
6		\$780.74	\$78.07			\$858.81
7	\$136.01		\$233.18			\$369.19
8	\$2,313.62					\$2,313.62
9	\$694.24		\$69.42			\$763.66
10	\$7.27	\$271.07	\$366.27			\$644.61
11		\$3,562.66	\$1,464.87			\$5,027.53
12		\$887.41				\$887.41
<b>TOTAL</b>	<b>\$4,962.02</b>	<b>\$5,633.71</b>	<b>\$2,422.58</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$13,018.31</b>

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

**Audit No: OAK-12-11-R1-5**

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

**Location: Concord**

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

A. Frequency Rate

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

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

Total unpd indem. = \$ 4,786.31 divide by # of claims with obligation to pay indem. 55  
Avg Unpd Ind = \$ 87.02

C. Severity Rate

Avg Unpd Indem \$ 87.02 divide by avg unpd indem 2007-2009 of \$ 195.93 = 0.44416

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.18182 X Severity rate 0.44416 X modifier of 2  
= 0.16151

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

# claims with late 1st TD	15	divide by # with TD payments	49	
# claims with first SC notice violations	1	divide by # with salary continuation	2	
Totals	16	divide by	Totals 51	=
				0.31373

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

# claims with late first PD	4	divide by # with first PD	12	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	4	divide by	Totals 12	=
				0.33333

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

# claims with late subsequent payments 4 divide by # with subsequent payments 29 = 0.13793

**5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICE FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	33	divide by # requiring notices	52	
# claims with SJDB notice violations	20	divide by # requiring notices	34	
Totals	53		Totals 86	
				= 0.61628

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2011**

**Profile Audit Review Performance Rating of 1.75630 or greater is a failing score.**

**1.56278**

**Calendar Year: 2011**

**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: OAK-12-11-R1-5**

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

**Location: Concord**

**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	\$6,710	\$6,710	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	5	\$2,440	\$2,440	\$0	\$0	
Late subsequent payment of indemnity benefits.	4	\$650	\$650	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for SJDB or denial of liability.	1	\$100	\$100	\$0	\$0	
Late provision of benefit notices other than specific notices for SJDB and for denial of injury.	2	\$100	\$100	\$0	\$0	
Failure to notify an injured employee of potential eligibility for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	21	\$8,200	\$8,200	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	48	\$4,845	\$4,845	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	7	\$1,800	\$1,800	\$0	\$0	
Failure to pay any PD indemnity benefit.	3	\$1,200	\$1,200	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	2	\$200	\$200	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB.	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>110</b>	<b>\$26,245</b>	<b>\$26,245</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2011**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: OAK-12-11-R1-5**

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

**Location: Concord**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1		\$739.29	\$367.18			\$1,106.47
2	\$76.13		\$7.61			\$83.74
3		\$839.91	\$83.99			\$923.90
4		\$1,380.00	\$138.00			\$1,518.00
5	\$76.24					\$76.24
6	\$275.86					\$275.86
7			\$62.69			\$62.69
8	\$63.33					\$63.33
9	\$556.32		\$41.18			\$597.50
10	\$78.58					\$78.58
<b>TOTAL</b>	<b>\$1,126.46</b>	<b>\$2,959.20</b>	<b>\$700.65</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$4,786.31</b>

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

**Audit No: OAK-10-11-R1-2**

**Subject: Chevron Corporation**

**Location: San Ramon**

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

A. Frequency Rate

# claims with unpd indem 4 divide by # claims with payable indem 41 = 0.09756

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

Total unpd indem. = \$ 336.15 divide by # of claims with obligation to pay indem. 41  
Avg Unpd Ind = \$ 8.20

C. Severity Rate

Avg Unpd Indem \$ 8.20 divide by avg unpd indem 2007-2009 of \$ 195.93 = 0.04185

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.09756 X Severity rate 0.04185 X modifier of 2  
= 0.00816

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

# claims with late 1st TD	6	divide by # with TD payments	14	
# claims with first SC notice violations	1	divide by # with salary continuation	19	
Totals	7	divide by	Totals 33	=
				0.21212

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

# claims with late first PD	6	divide by # with first PD	25	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	6	divide by	Totals 25	=
				0.24000

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

# claims with late subsequent payments 4 divide by # with subsequent payments 14 = 0.28571

**5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICE FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	20	divide by # requiring notices	38	
# claims with SJDB notice violations	4	divide by # requiring notices	26	
Totals	24		Totals 64	=
				0.37500

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2011**

**Profile Audit Review Performance Rating of 1.75630 or greater is a failing score.**

**1.12100**

**Calendar Year: 2011**

**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: OAK-10-11-R1-2**

**Subject: Chevron Corporation**

**Location: San Ramon**

**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	\$1,960	\$1,960	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	11	\$3,840	\$3,840	\$0	\$0	
Late subsequent payment of indemnity benefits.	6	\$5,020	\$5,020	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for SJDB or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for SJDB and for denial of injury.	1	\$25	\$25	\$0	\$0	
Failure to notify an injured employee of potential eligibility for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	4	\$2,000	\$2,000	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	27	\$2,425	\$2,425	\$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.	2	\$800	\$800	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	3	\$1,150	\$1,150	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB.	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>\$17,220</b>	<b>\$17,220</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2011**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: OAK-10-11-R1-2**

**Subject: Chevron Corporation**

**Location: San Ramon**

**Type: SI**

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1			\$46.34			\$46.34
2			\$129.03			\$129.03
3		\$113.36	\$11.33			\$124.69
4		\$30.28	\$5.81			\$36.09
<b>TOTAL</b>	<b>\$0.00</b>	<b>\$143.64</b>	<b>\$192.51</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$336.15</b>

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

**Audit No: LAO-28-11-R3-6**

**Subject: City of Burbank**

**Location: Burbank**

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

A. Frequency Rate

# claims with unpd indem 7 divide by # claims with payable indem 45 = 0.15556

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

Total unpd indem. = \$ 28,322.01 divide by # of claims with obligation to pay indem. 45  
Avg Unpd Ind = \$ 629.38

C. Severity Rate

Avg Unpd Indem \$ 629.38 divide by avg unpd indem 2007-2009 of \$ 195.93 = 3.21226

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.15556 X Severity rate 3.21226 X modifier of 2  
= 0.99937

**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	24	divide by # with salary continuation	40	
Totals	24	divide by	Totals 44	=
				0.54545

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

# claims with late first PD	10	divide by # with first PD	24	
# claims with late first DB	0	divide by # with first DB paid	1	
Totals	10	divide by	Totals 25	=
				0.40000

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

# claims with late subsequent payments 4 divide by # with subsequent payments 18 = 0.22222

**5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICE FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	16	divide by # requiring notices	43	
# claims with SJDB notice violations	0	divide by # requiring notices	0	
Totals	16		Totals 43	
				= 0.37209

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2011**

**Profile Audit Review Performance Rating of 1.75630 or greater is a failing score.**

**2.53914**

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

**Audit No: LA0-28-11-R3-6**

**Subject: City of Burbank**

**Location: Burbank**

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

A. Frequency Rate

# claims with unpd indem      14      divide by # claims with payable indem      78      =      0.17949

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

Total unpd indem =      \$ 49,399.99      divide by      # of claims with obligation to pay indem.      78  
 Avg Unpd Ind =      \$      633.33

C. Severity Rate

Avg Unpd Ind.      \$      633.33      divide by avg unpd indem 2007-2009 of      \$ 195.93      =      3.23245

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.17949      X      Severity rate      3.23245      X      modifier of      2  
 =      1.16037

**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	7	
# claims with first SC notice violations	44	divide by # with salary continuation	67	
Totals	46	divide by	Totals	74
				=
				0.62162

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

# claims with late first PD	21	divide by # with first PD	42	
# claims/late first death benefits	0	divide by # with first death ben paid	1	
Totals	21	divide by	Totals	43
				=
				0.48837

**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 AND NOTICE FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	28	divide by # requiring notices	73	
# claims with SJDB notice violations	0	divide by # requiring notices	0	
Totals	28		Totals	73
				=
				0.38356

**FULL COMPLIANCE AUDIT PERFORMANCE RATING - 2011**

**Full Compliance Audit Performance Rating of indemnity files of 2.14466 or greater is a failing score.**

**2.97535**

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

**Audit No: LAO-28-11-R3-6**

**Subject: City of Burbank**

**Location: Burbank**

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

A. Frequency Rate

# claims with unpd indem      15      divide by # claims with payable indem      78      =      0.19231

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

Total unpd indem =      \$ 49,530.11      divide by      # of claims with obligation to pay indem.      78  
 Avg Unpd Ind =      \$      635.00

C. Severity Rate

Avg Unpd Ind.      \$      635.00      divide by avg unpd indem 2007-2009 of      \$ 195.93      =      3.24096

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.19231      X      Severity rate      3.24096      X      modifier of      2  
 =      1.24652

**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	7	
# claims with first SC notice violations	44	divide by # with salary continuation	67	
Totals	46	divide by	74	=
				<span style="border: 1px solid black; padding: 2px;">0.62162</span>

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

# claims with late first PD	21	divide by # with first PD	42	
# claims/late first death benefits	0	divide by # with first death ben paid	1	
Totals	21	divide by	43	=
				<span style="border: 1px solid black; padding: 2px;">0.48837</span>

**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 AND NOTICE FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	28	divide by # requiring notices	73	
# claims with SJDB notice violations	0	divide by # requiring notices	0	
Totals	28		73	=
				<span style="border: 1px solid black; padding: 2px;">0.38356</span>

**FINAL FULL COMPLIANCE AUDIT PERFORMANCE RATING - 2011**

**Full Compliance Audit Performance Rating of indemnity files of 2.14466 or greater is a failing score.** **3.06151**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	106
<b>Indemnity</b>	78
<b>Medical Only</b>	0
<b>Denied</b>	28
<b>Complaints</b>	0
<b>Additional</b>	0

**Audit No: LAO-28-11-R3-6**

**Subject: City of Burbank**

**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)	1	\$300	\$0	\$300	\$300	
Late first payment of permanent disability indemnity benefits (PD).	24	\$26,172	\$0	\$26,172	\$26,172	
Late subsequent payment of indemnity benefits.	11	\$3,852	\$0	\$3,852	\$3,852	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for SJDB or denial of liability.	68	\$8,160	\$0	\$8,160	\$8,160	
Late provision of benefit notices other than specific notices for SJDB and for denial of injury.	54	\$4,524	\$0	\$4,524	\$4,524	
Failure to notify an injured employee of potential eligibility 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.	32	\$9,330	\$0	\$9,330	\$9,330	
Failure to pay any TD or SC in lieu of TD.	3	\$720	\$0	\$720	\$720	
Failure to pay any PD indemnity benefit.	9	\$13,080	\$0	\$13,080	\$13,080	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	12	\$4,140	\$0	\$4,140	\$4,140	
Failure to pay any indemnity as ordered by the WCAB.	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	\$300	\$0	\$300	\$300	

**Calendar Year: 2011**  
**Penalty Assessments and Collections**

**Individual Exhibit 2**

<b>Files Audited:</b>	106
<b>Indemnity</b>	78
<b>Medical Only</b>	0
<b>Denied</b>	28
<b>Complaints</b>	0
<b>Additional</b>	0

**Audit No:** LAO-28-11-R3-6

**Subject:** City of Burbank

**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
Failure to pay or object to medical treatment expense in the manner required by law or regulation.	22	\$5,040	\$0	\$5,040	\$5,040	
Failure to pay or object to medical-legal expense in the manner required by law or regulation.	0	\$0	\$0	\$0	\$0	
Failure to 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 provide notices denying all liability or death benefits as required.	1	\$480	\$0	\$480	\$480	
Failure to timely respond to a request to provide or authorize medical treatment.	2	\$240	\$0	\$240	\$240	
Failure to include specific items or properly designate entries on a claim log.	29	\$1,800	\$0	\$1,800	\$1,800	
Materially incomplete or inaccurate benefit notices including denial for all liability.	8	\$240	\$0	\$240	\$240	
Failure to investigate.	3	\$2,400	\$0	\$2,400	\$2,400	
Failure to fully or timely comply with any award or order of the WCAB for issues other than payment of indemnity under 8CCR§10111.2(a).	1	\$6,000	\$0	\$6,000	\$6,000	
Penalties for failure to comply with any regulation of the AD not otherwise assessed.	43	\$5,160	\$0	\$5,160	\$5,160	
Unsupported denial of all liability for a claim.	2	\$7,200	\$0	\$7,200	\$7,200	
<b>TOTAL</b>	<b>326</b>	<b>\$99,138</b>	<b>\$0</b>	<b>\$99,138</b>	<b>\$99,138</b>	

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

**Calendar Year: 2011**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-28-11-R3-6**

**Subject: City of Burbank**

**Location: Burbank**

**Type: SI**

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1		\$1,401.36	\$135.54			\$1,536.90
2	\$104.91		\$293.72			\$398.63
3			\$39.10			\$39.10
4		\$14,814.93	\$2,381.49			\$17,196.42
5	\$261.81	\$201.66	\$1,174.24			\$1,637.71
6		\$4,790.00	\$594.00			\$5,384.00
7	\$257.29					\$257.29
8		\$248.07	\$24.81			\$272.88
9			\$19.72			\$19.72
10		\$118.29	\$11.83			\$130.12
11			\$220.97			\$220.97
12			\$1,031.10			\$1,031.10
13			\$137.85			\$137.85
14		\$9,989.44	\$998.94			\$10,988.38
15		\$1,380.00	\$138.00			\$1,518.00
16		\$8,590.14	\$443.78			\$9,033.92
<b>TOTAL</b>	<b>\$624.01</b>	<b>\$41,533.89</b>	<b>\$7,645.09</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$49,802.99</b>

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

**Audit No: OAK-06-11-R1-6**

**Subject: City of San Jose**

**Location: San Jose**

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

A. Frequency Rate

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

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

Total unpd indem. = \$ 2,395.73 divide by # of claims with obligation to pay indem. 56  
Avg Unpd Ind = \$ 42.78

C. Severity Rate

Avg Unpd Indem \$ 42.78 divide by avg unpd indem 2007-2009 of \$ 195.93 = 0.21835

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.07143 X Severity rate 0.21835 X modifier of 2  
= 0.03119

**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	3	
# claims with first SC notice violations	28	divide by # with salary continuation	51	
Totals	30	divide by	Totals 54	=
				0.55556

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

# claims with late first PD	3	divide by # with first PD	13	
# 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 0 divide by # with subsequent payments 10 = 0.00000

**5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICE FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	29	divide by # requiring notices	55	
# claims with SJDB notice violations	9	divide by # requiring notices	33	
Totals	38		Totals 88	
				= 0.43182

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2011**

**Profile Audit Review Performance Rating of 1.75630 or greater is a failing score.**

**1.24934**

**Calendar Year: 2011**

**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: OAK-06-11-R1-6**

**Subject: City of San Jose**

**Location: San Jose**

**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)	4	\$4,425	\$4,425	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	4	\$870	\$870	\$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 SJDB or denial of liability.	1	\$100	\$100	\$0	\$0	
Late provision of benefit notices other than specific notices for SJDB and for denial of injury.	27	\$1,475	\$1,475	\$0	\$0	
Failure to notify an injured employee of potential eligibility for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	9	\$4,400	\$4,400	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	35	\$2,710	\$2,710	\$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.	2	\$800	\$800	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	3	\$650	\$650	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB.	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>85</b>	<b>\$15,430</b>	<b>\$15,430</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2011**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: OAK-06-11-R1-6**

**Subject: City of San Jose**

**Location: San Jose**

**Type: SI**

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1			\$51.87			\$51.87
2		\$1,222.28	\$122.23			\$1,344.51
3		\$276.00	\$27.60			\$303.60
4			\$695.75			\$695.75
<b>TOTAL</b>	<b>\$0.00</b>	<b>\$1,498.28</b>	<b>\$897.45</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$2,395.73</b>

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

**Audit No: LAO-18-11-R1-5**

**Subject: CorVel Corporation**

**Location: Camarillo**

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

A. Frequency Rate

# claims with unpd indem 7 divide by # claims with payable indem 55 = 0.12727

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

Total unpd indem. = \$ 11,308.64 divide by # of claims with obligation to pay indem. 55  
Avg Unpd Ind = \$ 205.61

C. Severity Rate

Avg Unpd Indem \$ 205.61 divide by avg unpd indem 2007-2009 of \$ 195.93 = 1.04941

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.12727 X Severity rate 1.04941 X modifier of 2  
= 0.26712

**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	26	
# claims with first SC notice violations	0	divide by # with salary continuation	27	
Totals	2	divide by	Totals 53	=
				0.03774

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

# claims with late first PD	1	divide by # with first PD	11	
# 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 5 divide by # with subsequent payments 18 = 0.27778

**5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICE FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	4	divide by # requiring notices	54	
# claims with SJDB notice violations	17	divide by # requiring notices	44	
Totals	21		Totals 98	
				= 0.21429

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2011**

**Profile Audit Review Performance Rating of 1.75630 or greater is a failing score.**

**0.88783**

**Calendar Year: 2011**

**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-18-11-R1-5**

**Subject: CorVel Corporation**

**Location: Camarillo**

**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	\$350	\$350	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	1	\$400	\$400	\$0	\$0	
Late subsequent payment of indemnity benefits.	5	\$2,320	\$2,320	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for SJDB or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for SJDB and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee of potential eligibility for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	17	\$8,400	\$8,400	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	4	\$650	\$650	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	1	\$3,000	\$3,000	\$0	\$0	
Failure to pay any PD indemnity benefit.	6	\$3,600	\$3,600	\$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>36</b>	<b>\$18,720</b>	<b>\$18,720</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2011**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-18-11-R1-5**

**Subject: CorVel Corporation**

**Location: Camarillo**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1		\$123.22	\$12.32			\$135.54
2		\$227.50	\$22.75			\$250.25
3		\$563.50	\$56.35			\$619.85
4		\$2,326.58	\$232.66			\$2,559.24
5	\$1,853.29		\$185.33			\$2,038.62
6		\$2,759.94	\$275.99			\$3,035.93
7		\$2,426.55	\$242.66			\$2,669.21
<b>TOTAL</b>	<b>\$1,853.29</b>	<b>\$8,427.29</b>	<b>\$1,028.06</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$11,308.64</b>

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

**Audit No: LAO-13-11-R1-5**

**Subject: CorVel Corporation**

**Location: Rancho Cucamonga**

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

A. Frequency Rate

# claims with unpd indem 7 divide by # claims with payable indem 58 = 0.12069

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

Total unpd indem. = \$ 9,324.73 divide by # of claims with obligation to pay indem. 58  
Avg Unpd Ind = \$ 160.77

C. Severity Rate

Avg Unpd Indem \$ 160.77 divide by avg unpd indem 2007-2009 of \$ 195.93 = 0.82055

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.12069 X Severity rate 0.82055 X modifier of 2  
= 0.19806

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

# claims with late 1st TD	5	divide by # with TD payments	25	
# claims with first SC notice violations	11	divide by # with salary continuation	32	
Totals	16	divide by	Totals 57	=
				0.28070

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

# claims with late first PD	3	divide by # with first PD	15	
# 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 2 divide by # with subsequent payments 28 = 0.07143

**5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICE FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	4	divide by # requiring notices	56	
# claims with SJDB notice violations	0	divide by # requiring notices	0	
Totals	4		Totals 56	=
				0.07143

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2011**

**Profile Audit Review Performance Rating of 1.75630 or greater is a failing score.**

**0.82162**

**Calendar Year: 2011**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

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

**Audit No: LAO-13-11-R1-5**

**Subject: CorVel Corporation**

**Location: Rancho Cucamonga**

**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	\$9,020	\$9,020	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	3	\$1,540	\$1,540	\$0	\$0	
Late subsequent payment of indemnity benefits.	2	\$520	\$520	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for SJDB or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for SJDB and for denial of injury.	14	\$665	\$665	\$0	\$0	
Failure to notify an injured employee of potential eligibility 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	\$1,625	\$1,625	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	7	\$20,800	\$20,800	\$0	\$0	
Failure to pay any PD indemnity benefit.	3	\$2,300	\$2,300	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	6	\$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>47</b>	<b>\$39,470</b>	<b>\$39,470</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2011**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-13-11-R1-5**

**Subject: CorVel Corporation**

**Location: Rancho Cucamonga**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$35.06					\$35.06
2	\$28,644.33	\$6,919.70	\$1,336.96			\$36,900.99
3	\$12,003.50		\$849.22			\$12,852.72
4			\$276.00			\$276.00
5	\$5,943.71	\$838.12	\$83.81			\$6,865.64
6	\$154.44					\$154.44
7			\$165.75		\$8.58	\$174.33
8		\$1,355.36	\$276.94			\$1,632.30
9	\$170.56		\$16.40			\$186.96
10	\$14,237.48		\$1,645.18			\$15,882.66
<b>TOTAL</b>	<b>\$61,189.08</b>	<b>\$9,113.18</b>	<b>\$4,650.26</b>	<b>\$0.00</b>	<b>\$8.58</b>	<b>\$74,961.10</b>

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

**Audit No: LAO-04-11-R1-5**

**Subject: CorVel Corporation**

**Location: San Diego**

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

A. Frequency Rate

# claims with unpd indem      9      divide by # claims with payable indem      57      =      0.15789

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

Total unpd indem. =      \$ 6,346.53      divide by      # of claims with obligation to pay indem.      57  
 Avg Unpd Ind =      \$ 111.34

C. Severity Rate

Avg Unpd Indem      \$ 111.34      divide by avg unpd indem 2007-2009 of      \$ 195.93      =      0.56828

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.15789      X      Severity rate      0.56828      X      modifier of      2  
 =      0.17946

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

# claims with late 1st TD	5	divide by # with TD payments	16	
# claims with first SC notice violations	9	divide by # with salary continuation	44	
Totals	14	divide by	60	=
				0.23333

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

# claims with late first PD	1	divide by # with first PD	15	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	1	divide by	15	=
				0.06667

**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 AND NOTICE FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	5	divide by # requiring notices	52	
# claims with SJDB notice violations	8	divide by # requiring notices	37	
Totals	13		89	
				= <span style="border: 1px solid black; padding: 2px;">0.14607</span>

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2011**

**Profile Audit Review Performance Rating of 1.75630 or greater is a failing score.**

0.72552

**Calendar Year: 2011**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

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

**Audit No: LAO-04-11-R1-5**

**Subject: CorVel Corporation**

**Location: San Diego**

**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)	8	\$5,745	\$5,745	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	1	\$1,600	\$1,600	\$0	\$0	
Late subsequent payment of indemnity benefits.	2	\$350	\$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 SJDB or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for SJDB and for denial of injury.	9	\$380	\$380	\$0	\$0	
Failure to notify an injured employee of potential eligibility for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	8	\$3,125	\$3,125	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	5	\$650	\$650	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	5	\$6,200	\$6,200	\$0	\$0	
Failure to pay any PD indemnity benefit.	5	\$2,000	\$2,000	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	2	\$550	\$550	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>45</b>	<b>\$20,600</b>	<b>\$20,600</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2011**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-04-11-R1-5**

**Subject: CorVel Corporation**

**Location: San Diego**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$2,765.38	\$605.04	\$337.04			\$3,707.46
2		\$347.88	\$34.79			\$382.67
3		\$1,051.43	\$105.14			\$1,156.57
4			\$108.17			\$108.17
5		\$43.92	\$4.39			\$48.31
6	\$118.92	\$303.25	\$30.33			\$452.50
7	\$64.75					\$64.75
8	\$190.86		\$24.75			\$215.61
9	\$210.49					\$210.49
<b>TOTAL</b>	<b>\$3,350.40</b>	<b>\$2,351.52</b>	<b>\$644.61</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$6,346.53</b>



**Calendar Year: 2011**

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

**Subject: County of Contra Costa**

**Location: Martinez**

**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).	1	\$320	\$320	\$0	\$0	
Late subsequent payment of indemnity benefits.	1	\$200	\$200	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for SJDB or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for SJDB and for denial of injury.	6	\$225	\$225	\$0	\$0	
Failure to notify an injured employee of potential eligibility for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	2	\$600	\$600	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	29	\$2,950	\$2,950	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	0	\$0	\$0	\$0	\$0	
Failure to pay any PD indemnity benefit.	3	\$1,200	\$1,200	\$0	\$0	
Failure to pay any 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.	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>\$5,495</b>	<b>\$5,495</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2011**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: OAK-11-11-R1-6**

**Subject: County of Contra Costa**

**Location: Martinez**

**Type: SI**

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1		\$473.14				\$473.14
2		\$39.42	\$3.94			\$43.36
3		\$828.00	\$82.80			\$910.80
<b>TOTAL</b>	<b>\$0.00</b>	<b>\$1,340.56</b>	<b>\$86.74</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$1,427.30</b>

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

**Audit No: SAC-12-11-R1-6**

**Subject: County of Kern**

**Location: Bakersfield**

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

A. Frequency Rate

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

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

Total unpd indem. = \$ 16,957.13 divide by # of claims with obligation to pay indem. 56  
Avg Unpd Ind = \$ 302.81

C. Severity Rate

Avg Unpd Indem \$ 302.81 divide by avg unpd indem 2007-2009 of \$ 195.93 = 1.54548

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.16071 X Severity rate 1.54548 X modifier of 2  
= 0.49676

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

# claims with late 1st TD	4	divide by # with TD payments	29	
# claims with first SC notice violations	3	divide by # with salary continuation	27	
Totals	7	divide by	Totals 56	=
				0.12500

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

# claims with late first PD	5	divide by # with first PD	20	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	5	divide by	Totals 20	=
				0.25000

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

# claims with late subsequent payments 4 divide by # with subsequent payments 23 = 0.17391

**5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICE FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	6	divide by # requiring notices	55	
# claims with SJDB notice violations	7	divide by # requiring notices	38	
Totals	13		Totals 93	
				= 0.13978

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2011**

**Profile Audit Review Performance Rating of 1.75630 or greater is a failing score.**

**1.18546**

**Calendar Year: 2011**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

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

**Audit No: SAC-12-11-R1-6**

**Subject: County of Kern**

**Location: Bakersfield**

**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	\$1,010	\$1,010	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	8	\$2,420	\$2,420	\$0	\$0	
Late subsequent payment of indemnity benefits.	7	\$1,420	\$1,420	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for SJDB or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for SJDB and for denial of injury.	3	\$180	\$180	\$0	\$0	
Failure to notify an injured employee of potential eligibility for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	8	\$2,900	\$2,900	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	5	\$1,105	\$1,105	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	6	\$6,800	\$6,800	\$0	\$0	
Failure to pay any PD indemnity benefit.	3	\$2,300	\$2,300	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	5	\$800	\$800	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB.	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>50</b>	<b>\$18,935</b>	<b>\$18,935</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2011**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: SAC-12-11-R1-6**

**Subject: County of Kern**

**Location: Bakersfield**

**Type: SI**

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1		\$100.50	\$10.05			\$110.55
2			\$75.21			\$75.21
3	\$31.60		\$3.16			\$34.76
4	\$2.82		\$69.28			\$72.10
5		\$207.00	\$138.00			\$345.00
6	\$7,425.09		\$742.51			\$8,167.60
7	\$394.14		\$39.41			\$433.55
8	\$381.36					\$381.36
9		\$6,670.00	\$667.00			\$7,337.00
<b>TOTAL</b>	<b>\$8,235.01</b>	<b>\$6,977.50</b>	<b>\$1,744.62</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$16,957.13</b>

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

**Audit No: SAC-07-11-R1-2**

**Subject: E & J Gallo Winery**

**Location: Modesto**

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

A. Frequency Rate

# claims with unpd indem 3 divide by # claims with payable indem 41 = 0.07317

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

Total unpd indem. = \$ 485.09 divide by # of claims with obligation to pay indem. 41  
Avg Unpd Ind = \$ 11.83

C. Severity Rate

Avg Unpd Indem \$ 11.83 divide by avg unpd indem 2007-2009 of \$ 195.93 = 0.06039

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.07317 X Severity rate 0.06039 X modifier of 2  
= 0.00884

**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	37	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	0	divide by	Totals 37	=

0.00000

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

# claims with late first PD	2	divide by # with first PD	14	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	2	divide by	Totals 14	=

0.14286

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

# claims with late subsequent payments 2 divide by # with subsequent payments 30 =  
0.06667

**5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICE FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	9	divide by # requiring notices	40	
# claims with SJDB notice violations	2	divide by # requiring notices	24	
Totals	11		Totals 64	=

0.17188

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2011**

**Profile Audit Review Performance Rating of 1.75630 or greater is a failing score.**

**0.39024**

**Calendar Year: 2011**

**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-07-11-R1-2**

**Subject: E & J Gallo Winery**

**Location: Modesto**

**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).	2	\$420	\$420	\$0	\$0	
Late subsequent payment of indemnity benefits.	2	\$1,300	\$1,300	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for SJDB or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for SJDB and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee of potential eligibility for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	2	\$600	\$600	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	15	\$1,300	\$1,300	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	1	\$200	\$200	\$0	\$0	
Failure to pay any PD indemnity benefit.	1	\$400	\$400	\$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.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>24</b>	<b>\$4,270</b>	<b>\$4,270</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2011**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: SAC-07-11-R1-2**

**Subject: E & J Gallo Winery**

**Location: Modesto**

**Type: SI**

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1		\$205.28	\$20.53			\$225.81
2	\$230.51					\$230.51
3			\$28.77			\$28.77
<b>TOTAL</b>	<b>\$230.51</b>	<b>\$205.28</b>	<b>\$49.30</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$485.09</b>

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

**Audit No: LAO-17-11-R1-3**

**Subject: Employers Compensation Insurance Company**

**Location: Glendale**

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

A. Frequency Rate

# claims with unpd indem 9 divide by # claims with payable indem 58 = 0.15517

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

Total unpd indem. = \$ 8,632.20 divide by # of claims with obligation to pay indem. 58  
Avg Unpd Ind = \$ 148.83

C. Severity Rate

Avg Unpd Indem \$ 148.83 divide by avg unpd indem 2007-2009 of \$ 195.93 = 0.75961

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.15517 X Severity rate 0.75961 X modifier of 2  
= 0.23574

**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	56	
# claims with first SC notice violations	2	divide by # with salary continuation	3	
Totals	18	divide by	Totals 59	=
				0.30508

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

# claims with late first PD	1	divide by # with first PD	28	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	1	divide by	Totals 28	=
				0.03571

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

# claims with late subsequent payments 11 divide by # with subsequent payments 46 = 0.23913

**5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICE FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	1	divide by # requiring notices	56	
# claims with SJDB notice violations	7	divide by # requiring notices	39	
Totals	8		Totals 95	
				= 0.08421

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2011**

**Profile Audit Review Performance Rating of 1.75630 or greater is a failing score.**

**0.89988**

**Calendar Year: 2011**

**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: LAO-17-11-R1-3**

**Subject: Employers Compensation Insurance Company**

**Location: Glendale**

**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)	16	\$6,850	\$6,850	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	1	\$640	\$640	\$0	\$0	
Late subsequent payment of indemnity benefits.	25	\$11,390	\$11,390	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for SJDB or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for SJDB and for denial of injury.	2	\$130	\$130	\$0	\$0	
Failure to notify an injured employee of potential eligibility for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	7	\$2,400	\$2,400	\$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.	4	\$6,400	\$6,400	\$0	\$0	
Failure to pay any PD indemnity benefit.	2	\$1,200	\$1,200	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	5	\$800	\$800	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>63</b>	<b>\$30,310</b>	<b>\$30,310</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2011**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-17-11-R1-3**

**Subject: Employers Compensation Insurance Company**

**Location: Glendale**

**Type: INS / TPA**

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1		\$1,483.93	\$148.39			\$1,632.32
2	\$606.47					\$606.47
3	\$89.26		\$8.93			\$98.19
4		\$242.02	\$24.20			\$266.22
5			\$49.07			\$49.07
6	\$5,017.01		\$539.78			\$5,556.79
7	\$141.74		\$98.67			\$240.41
8			\$141.33			\$141.33
9			\$41.40			\$41.40
<b>TOTAL</b>	<b>\$5,854.48</b>	<b>\$1,725.95</b>	<b>\$1,051.77</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$8,632.20</b>

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

**Audit No: LAO-01-11-R1-5**

**Subject: Gallagher Bassett Services #170**

**Location: Corona**

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

A. Frequency Rate

# claims with unpd indem 9 divide by # claims with payable indem 58 = 0.15517

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

Total unpd indem. = \$ 27,307.55 divide by # of claims with obligation to pay indem. 58  
Avg Unpd Ind = \$ 470.82

C. Severity Rate

Avg Unpd Indem \$ 470.82 divide by avg unpd indem 2007-2009 of \$ 195.93 = 2.40300

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.15517 X Severity rate 2.40300 X modifier of 2  
= 0.74576

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

# claims with late 1st TD	25	divide by # with TD payments	58	
# claims with first SC notice violations	0	divide by # with salary continuation	1	
Totals	25	divide by	Totals 59	=
				0.42373

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

# claims with late first PD	2	divide by # with first PD	19	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	2	divide by	Totals 19	=
				0.10526

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

# claims with late subsequent payments 7 divide by # with subsequent payments 47 = 0.14894

**5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICE FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	7	divide by # requiring notices	52	
# claims with SJDB notice violations	10	divide by # requiring notices	28	
Totals	17		Totals 80	
				= 0.21250

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2011**

**Profile Audit Review Performance Rating of 1.75630 or greater is a failing score.**

**1.63619**

**Calendar Year: 2011**

**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: LAO-01-11-R1-5**

**Subject: Gallagher Bassett Services #170**

**Location: Corona**

**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)	30	\$10,240	\$10,240	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	2	\$1,840	\$1,840	\$0	\$0	
Late subsequent payment of indemnity benefits.	9	\$5,990	\$5,990	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for SJDB or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for SJDB and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee of potential eligibility for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	12	\$3,450	\$3,450	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	12	\$1,250	\$1,250	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	8	\$19,200	\$19,200	\$0	\$0	
Failure to pay any PD indemnity benefit.	2	\$1,900	\$1,900	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	2	\$1,000	\$1,000	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB.	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>\$44,870</b>	<b>\$44,870</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2011**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-01-11-R1-5**

**Subject: Gallagher Bassett Services #170**

**Location: Corona**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$177.46					\$177.46
2	\$1,631.06					\$1,631.06
3		\$4,572.75				\$4,572.75
4	\$1,851.36		\$110.83			\$1,962.19
5	\$12,596.48		\$1,090.06			\$13,686.54
6	\$29.08					\$29.08
7	\$48.99	\$100.55	\$14.96			\$164.50
8	\$4,994.88					\$4,994.88
9			\$89.09			\$89.09
<b>TOTAL</b>	<b>\$21,329.31</b>	<b>\$4,673.30</b>	<b>\$1,304.94</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$27,307.55</b>

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

**Audit No: SAC-15-11-R1-5**

**Subject: Gallagher Bassett Services #094**

**Location: Gold River**

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

A. Frequency Rate

# claims with unpd indem      2      divide by # claims with payable indem      58      =      0.03448

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

Total unpd indem. =      \$    177.24    divide by      # of claims with obligation to pay indem.      58  
 Avg Unpd Ind =      \$      3.06

C. Severity Rate

Avg Unpd Indem      \$      3.06    divide by avg unpd indem 2007-2009 of    \$ 195.93    =      0.01560

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.03448      X      Severity rate      0.01560      X      modifier of      2  
 =      0.00108

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

# claims with late 1st TD	5	divide by # with TD payments	56	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	5	divide by	56	=
				0.08929

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

# claims with late first PD	2	divide by # with first PD	12	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	2	divide by	12	=
				0.16667

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

# claims with late subsequent payments      1      divide by # with subsequent payments      40      =  
0.02500

**5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICE FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	22	divide by # requiring notices	57	
# claims with SJDB notice violations	3	divide by # requiring notices	37	
Totals	25		94	
				=
				0.26596

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2011**

**Profile Audit Review Performance Rating of 1.75630 or greater is a failing score.**

**0.54799**

**Calendar Year: 2011**

**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: SAC-15-11-R1-5**

**Subject: Gallagher Bassett Services #094**

**Location: Gold River**

**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	\$1,180	\$1,180	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	3	\$1,340	\$1,340	\$0	\$0	
Late subsequent payment of indemnity benefits.	1	\$640	\$640	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for SJDB or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for SJDB and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee of potential eligibility for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	3	\$1,000	\$1,000	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	36	\$2,625	\$2,625	\$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 10% self-imposed increase for any late paid indemnity benefits.	1	\$200	\$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>51</b>	<b>\$7,185</b>	<b>\$7,185</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2011**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: SAC-15-11-R1-5**

**Subject: Gallagher Bassett Services #094**

**Location: Gold River**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$48.34					\$48.34
2			\$128.90			\$128.90
<b>TOTAL</b>	<b>\$48.34</b>	<b>\$0.00</b>	<b>\$128.90</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$177.24</b>

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

**Audit No: OAK-03-11-R1-5**

**Subject: Gallagher Bassett Services #156**

**Location: Las Vegas, NV**

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

A. Frequency Rate

# claims with unpd indem 13 divide by # claims with payable indem 54 = 0.24074

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

Total unpd indem. = \$ 10,612.08 divide by # of claims with obligation to pay indem. 54  
Avg Unpd Ind = \$ 196.52

C. Severity Rate

Avg Unpd Indem \$ 196.52 divide by avg unpd indem 2007-2009 of \$ 195.93 = 1.00301

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.24074 X Severity rate 1.00301 X modifier of 2  
= 0.48293

**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	0	
Totals	16	divide by	Totals 54	=
				0.29630

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

# claims with late first PD	0	divide by # with first PD	3	
# 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 2 divide by # with subsequent payments 34 = 0.05882

**5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICE FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	41	divide by # requiring notices	45	
# claims with SJDB notice violations	29	divide by # requiring notices	34	
Totals	70		Totals 79	
				= 0.88608

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2011**

**Profile Audit Review Performance Rating of 1.75630 or greater is a failing score.**

**1.72413**

**Calendar Year: 2011**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	56
<b>Indemnity</b>	54
<b>Medical Only</b>	0
<b>Denied</b>	0
<b>Complaints</b>	2
<b>Additional</b>	0

**Audit No: OAK-03-11-R1-5**

**Subject: Gallagher Bassett Services #156**

**Location: Las Vegas, 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)	18	\$8,920	\$8,920	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	2	\$900	\$900	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for SJDB or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for SJDB and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee of potential eligibility for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	30	\$10,300	\$10,300	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	87	\$9,910	\$9,910	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	11	\$12,000	\$12,000	\$0	\$0	
Failure to pay any PD indemnity benefit.	1	\$800	\$800	\$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.	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>154</b>	<b>\$44,580</b>	<b>\$44,580</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2011**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: OAK-03-11-R1-5**

**Subject: Gallagher Bassett Services #156**

**Location: Las Vegas, NV**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$3,678.15	\$1,145.65	\$482.39			\$5,306.19
2	\$588.86		\$58.89			\$647.75
3	\$264.75		\$791.86			\$1,056.61
4			\$39.81			\$39.81
5	\$270.98					\$270.98
6	\$422.87		\$36.34			\$459.21
7	\$156.29		\$10.66			\$166.95
8	\$457.62					\$457.62
9	\$767.84		\$73.64			\$841.48
10	\$668.76					\$668.76
11	\$435.52		\$128.42			\$563.94
12	\$95.76					\$95.76
13	\$37.02					\$37.02
<b>TOTAL</b>	<b>\$7,844.42</b>	<b>\$1,145.65</b>	<b>\$1,622.01</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$10,612.08</b>

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

**Audit No: LAO-16-11-R1-5**

**Subject: Gallagher Bassett Services #164**

**Location: Rancho Cucamonga**

**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. = \$ 22,763.02 divide by # of claims with obligation to pay indem. 58  
Avg Unpd Ind = \$ 392.47

C. Severity Rate

Avg Unpd Indem \$ 392.47 divide by avg unpd indem 2007-2009 of \$ 195.93 = 2.00309

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.27586 X Severity rate 2.00309 X modifier of 2  
= 1.10515

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

# claims with late 1st TD	12	divide by # with TD payments	58	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	12	divide by	Totals 58	=
				0.20690

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

# claims with late first PD	1	divide by # with first PD	12	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	1	divide by	Totals 12	=
				0.08333

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

# claims with late subsequent payments 1 divide by # with subsequent payments 39 = 0.02564

**5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICE FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	12	divide by # requiring notices	57	
# claims with SJDB notice violations	7	divide by # requiring notices	27	
Totals	19		Totals 84	=
				0.22619

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2011**

**Profile Audit Review Performance Rating of 1.75630 or greater is a failing score.**

**1.64722**

**Calendar Year: 2011**

**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-16-11-R1-5**

**Subject: Gallagher Bassett Services #164**

**Location: Rancho Cucamonga**

**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	\$2,700	\$2,700	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	2	\$740	\$740	\$0	\$0	
Late subsequent payment of indemnity benefits.	1	\$100	\$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 SJDB or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for SJDB and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee of potential eligibility for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	8	\$1,800	\$1,800	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	17	\$3,825	\$3,825	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	16	\$14,200	\$14,200	\$0	\$0	
Failure to pay any PD indemnity benefit.	7	\$4,300	\$4,300	\$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	\$650	\$650	\$0	\$0	
<b>TOTAL</b>	<b>65</b>	<b>\$28,315</b>	<b>\$28,315</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2011**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-16-11-R1-5**

**Subject: Gallagher Bassett Services #164**

**Location: Rancho Cucamonga**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$93.90	\$4,830.00				\$4,923.90
2	\$29.07	\$152.16	\$102.48			\$283.71
3	\$1,053.17		\$27.72			\$1,080.89
4		\$630.86				\$630.86
5	\$56.24	\$1,394.75				\$1,450.99
6	\$3,380.14		\$324.24			\$3,704.38
7	\$34.47					\$34.47
8	\$38.90					\$38.90
9	\$386.37	\$69.00				\$455.37
10		\$1,097.82				\$1,097.82
11	\$29.59					\$29.59
12	\$1,204.54	\$820.42	\$202.49			\$2,227.45
13	\$6,538.58		\$2.85			\$6,541.43
14	\$26.76					\$26.76
15	\$107.76					\$107.76
16	\$90.79					\$90.79
17	\$668.81					\$668.81
<b>TOTAL</b>	<b>\$13,739.09</b>	<b>\$8,995.01</b>	<b>\$659.78</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$23,393.88</b>

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

**Audit No: SAC-06-11-R1-5**

**Subject: Gallagher Bassett Services #011**

**Location: Sacramento**

**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. =      \$ 1,636.81      divide by      # of claims with obligation to pay indem.      57  
 Avg Unpd Ind =      \$ 28.72

C. Severity Rate

Avg Unpd Indem      \$ 28.72      divide by avg unpd indem 2007-2009 of      \$ 195.93      =      0.14656

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.14035      X      Severity rate      0.14656      X      modifier of      2  
 =      0.04114

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

# claims with late 1st TD	8	divide by # with TD payments	52	
# claims with first SC notice violations	3	divide by # with salary continuation	8	
Totals	11	divide by	60	=
				0.18333

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

# claims with late first PD	1	divide by # with first PD	14	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	1	divide by	14	=
				0.07143

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

# claims with late subsequent payments      1      divide by # with subsequent payments      42      =  
0.02381

**5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICE FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	26	divide by # requiring notices	52	
# claims with SJDB notice violations	9	divide by # requiring notices	39	
Totals	35		91	
				= <span style="border: 1px solid black; padding: 2px; display: inline-block;">0.38462</span>

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2011**

**Profile Audit Review Performance Rating of 1.75630 or greater is a failing score.**

**0.70433**

**Calendar Year: 2011**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

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

**Audit No: SAC-06-11-R1-5**

**Subject: Gallagher Bassett Services #011**

**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)	11	\$3,210	\$3,210	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	1	\$1,200	\$1,200	\$0	\$0	
Late subsequent payment of indemnity benefits.	1	\$100	\$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 SJDB or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for SJDB and for denial of injury.	3	\$210	\$210	\$0	\$0	
Failure to notify an injured employee of potential eligibility for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	9	\$2,100	\$2,100	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	36	\$2,575	\$2,575	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	7	\$1,600	\$1,600	\$0	\$0	
Failure to pay any PD 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.	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>71</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: 2011**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: SAC-06-11-R1-5**

**Subject: Gallagher Bassett Services #011**

**Location: Sacramento**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$210.82					\$210.82
2	\$257.84					\$257.84
3	\$265.85					\$265.85
4	\$152.10					\$152.10
5	\$272.68		\$123.64			\$396.32
6	\$34.16		\$3.41			\$37.57
7	\$149.31					\$149.31
8			\$167.00			\$167.00
<b>TOTAL</b>	<b>\$1,342.76</b>	<b>\$0.00</b>	<b>\$294.05</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$1,636.81</b>



**Calendar Year: 2011**

**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: LAO-07-11-R1-5**

**Subject: Gallagher Bassett Services #187**

**Location: San Diego**

**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)	24	\$6,820	\$6,820	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	2	\$525	\$525	\$0	\$0	
Late subsequent payment of indemnity benefits.	8	\$2,965	\$2,965	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for SJDB or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for SJDB and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee of potential eligibility for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	5	\$1,500	\$1,500	\$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.	6	\$3,200	\$3,200	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	4	\$700	\$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>49</b>	<b>\$15,710</b>	<b>\$15,710</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2011**  
**Notices of Compensation Due**

**Individual Exhibit 3**

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

**Subject: Gallagher Bassett Services #187**

**Location: San Diego**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$42.88					\$42.88
2	\$268.04					\$268.04
3	\$182.43		\$1.54			\$183.97
4	\$1,152.31		\$139.49			\$1,291.80
5	\$85.78		\$8.35			\$94.13
6	\$87.96					\$87.96
7			\$343.99			\$343.99
<b>TOTAL</b>	<b>\$1,819.40</b>	<b>\$0.00</b>	<b>\$493.37</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$2,312.77</b>

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

**Audit No: OAK-05-11-R1-5**

**Subject: Illinois Midwest Insurance Agency**

**Location: Springfield, IL**

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

A. Frequency Rate

# claims with unpd indem 3 divide by # claims with payable indem 58 = 0.05172

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

Total unpd indem. = \$ 441.07 divide by # of claims with obligation to pay indem. 58  
Avg Unpd Ind = \$ 7.60

C. Severity Rate

Avg Unpd Indem \$ 7.60 divide by avg unpd indem 2007-2009 of \$ 195.93 = 0.03881

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.05172 X Severity rate 0.03881 X modifier of 2  
= 0.00402

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

# claims with late 1st TD	19	divide by # with TD payments	53	
# claims with first SC notice violations	0	divide by # with salary continuation	1	
Totals	19	divide by	Totals 54	=
				0.35185

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

# claims with late first PD	4	divide by # with first PD	19	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	4	divide by	Totals 19	=
				0.21053

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

# claims with late subsequent payments 10 divide by # with subsequent payments 32 = 0.31250

**5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICE FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	33	divide by # requiring notices	52	
# claims with SJDB notice violations	24	divide by # requiring notices	40	
Totals	57		Totals 92	
				= 0.61957

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2011**

**Profile Audit Review Performance Rating of 1.75630 or greater is a failing score.**

**1.49846**

**Calendar Year: 2011**

**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-05-11-R1-5**

**Subject: Illinois Midwest Insurance Agency**

**Location: Springfield, IL**

**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)	24	\$4,905	\$4,905	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	8	\$5,280	\$5,280	\$0	\$0	
Late subsequent payment of indemnity benefits.	41	\$5,820	\$5,820	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for SJDB or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for SJDB and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee of potential eligibility for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	23	\$4,700	\$4,700	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	45	\$11,550	\$11,550	\$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.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	2	\$200	\$200	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB.	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>145</b>	<b>\$33,255</b>	<b>\$33,255</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2011**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: OAK-05-11-R1-5**

**Subject: Illinois Midwest Insurance Agency**

**Location: Springfield, IL**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1			\$38.09			\$38.09
2	\$203.25		\$11.99			\$215.24
3	\$170.67		\$17.07			\$187.74
<b>TOTAL</b>	<b>\$373.92</b>	<b>\$0.00</b>	<b>\$67.15</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$441.07</b>

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

**Audit No: OAK-13-11-R1-5**

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

**Location: San Ramon**

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

A. Frequency Rate

# claims with unpd indem      2      divide by # claims with payable indem      55      =      0.03636

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

Total unpd indem. =      \$ 1,563.99      divide by      # of claims with obligation to pay indem.      55  
 Avg Unpd Ind =      \$ 28.44

C. Severity Rate

Avg Unpd Indem      \$ 28.44      divide by avg unpd indem 2007-2009 of      \$ 195.93      =      0.14513

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.03636      X      Severity rate      0.14513      X      modifier of      2  
 =      **0.01056**

**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	8	
# claims with first SC notice violations	11	divide by # with salary continuation	46	
Totals	13	divide by	Totals 54	=
				<b>0.24074</b>

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

# claims with late first PD	2	divide by # with first PD	16	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	2	divide by	Totals 16	=
				<b>0.12500</b>

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

# claims with late subsequent payments      2      divide by # with subsequent payments      13      =  
**0.15385**

**5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICE FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	39	divide by # requiring notices	55	
# claims with SJDB notice violations	2	divide by # requiring notices	23	
Totals	41		Totals 78	
				=
				<b>0.52564</b>

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2011**

**Profile Audit Review Performance Rating of 1.75630 or greater is a failing score.**

**1.05578**

**Calendar Year: 2011**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	57
<b>Indemnity</b>	55
<b>Medical Only</b>	0
<b>Denied</b>	0
<b>Complaints</b>	2
<b>Additional</b>	0

**Audit No: OAK-13-11-R1-5**

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

**Location: San Ramon**

**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	\$240	\$240	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	3	\$1,620	\$1,620	\$0	\$0	
Late subsequent payment of indemnity benefits.	4	\$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 SJDB or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for SJDB and for denial of injury.	11	\$350	\$350	\$0	\$0	
Failure to notify an injured employee of potential eligibility for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	2	\$700	\$700	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	53	\$2,080	\$2,080	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	0	\$0	\$0	\$0	\$0	
Failure to pay any PD indemnity benefit.	1	\$400	\$400	\$0	\$0	
Failure to pay any 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.	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>78</b>	<b>\$6,310</b>	<b>\$6,310</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2011**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: OAK-13-11-R1-5**

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

**Location: San Ramon**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1		\$919.99	\$92.00			\$1,011.99
2			\$552.00			\$552.00
<b>TOTAL</b>	<b>\$0.00</b>	<b>\$919.99</b>	<b>\$644.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$1,563.99</b>

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

**Audit No: SAC-01-11-R1-5**

**Subject: Intercare Insurance Services**

**Location: Roseville**

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

A. Frequency Rate

# claims with unpd indem 9 divide by # claims with payable indem 57 = 0.15789

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

Total unpd indem. = \$ 3,940.03 divide by # of claims with obligation to pay indem. 57  
Avg Unpd Ind = \$ 69.12

C. Severity Rate

Avg Unpd Indem \$ 69.12 divide by avg unpd indem 2007-2009 of \$ 195.93 = 0.35280

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.15789 X Severity rate 0.35280 X modifier of 2  
= 0.11141

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

# 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	=
				0.36364

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

# claims with late first PD	2	divide by # with first PD	5	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	2	divide by	Totals 5	=
				0.40000

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

# claims with late subsequent payments 2 divide by # with subsequent payments 35 = 0.05714

**5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICE FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	36	divide by # requiring notices	52	
# claims with SJDB notice violations	17	divide by # requiring notices	36	
Totals	53		Totals 88	=
				0.60227

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2011**

**Profile Audit Review Performance Rating of 1.75630 or greater is a failing score.**

**1.53446**

**Calendar Year: 2011**

**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-01-11-R1-5**

**Subject: Intercare Insurance Services**

**Location: Roseville**

**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	\$4,680	\$4,680	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	2	\$640	\$640	\$0	\$0	
Late subsequent payment of indemnity benefits.	2	\$400	\$400	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for SJDB or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for SJDB and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee of potential eligibility for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	17	\$5,600	\$5,600	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	45	\$2,880	\$2,880	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	8	\$7,200	\$7,200	\$0	\$0	
Failure to pay any PD indemnity benefit.	1	\$400	\$400	\$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.	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>98</b>	<b>\$21,850</b>	<b>\$21,850</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2011**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: SAC-01-11-R1-5**

**Subject: Intercare Insurance Services**

**Location: Roseville**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$494.63					\$494.63
2		\$287.50				\$287.50
3	\$544.32					\$544.32
4	\$26.43					\$26.43
5	\$306.10					\$306.10
6	\$1,546.36					\$1,546.36
7	\$578.08					\$578.08
8	\$32.21					\$32.21
9	\$119.75		\$4.65			\$124.40
<b>TOTAL</b>	<b>\$3,647.88</b>	<b>\$287.50</b>	<b>\$4.65</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$3,940.03</b>

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

**Audit No: OAK-04-11-R1-2**

**Subject: Kaiser Permanente Medical Care Program**

**Location: Oakland**

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

A. Frequency Rate

# claims with unpd indem      12      divide by # claims with payable indem      58      =      0.20690

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

Total unpd indem. =      \$ 7,466.47      divide by      # of claims with obligation to pay indem.      58  
 Avg Unpd Ind =      \$ 128.73

C. Severity Rate

Avg Unpd Indem      \$ 128.73      divide by avg unpd indem 2007-2009 of      \$ 195.93      =      0.65703

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.20690      X      Severity rate      0.65703      X      modifier of      2  
 =      **0.27188**

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

# claims with late 1st TD	19	divide by # with TD payments	58	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	19	divide by	Totals 58	=
				<b>0.32759</b>

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

# claims with late first PD	3	divide by # with first PD	10	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	3	divide by	Totals 10	=
				<b>0.30000</b>

**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 AND NOTICE FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	23	divide by # requiring notices	58	
# claims with SJDB notice violations	5	divide by # requiring notices	45	
Totals	28		Totals 103	
				= <b>0.27184</b>

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2011**

**Profile Audit Review Performance Rating of 1.75630 or greater is a failing score.**

**1.29252**

**Calendar Year: 2011**

**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: OAK-04-11-R1-2**

**Subject: Kaiser Permanente Medical Care Program**

**Location: Oakland**

**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)	22	\$9,320	\$9,320	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	2	\$1,840	\$1,840	\$0	\$0	
Late subsequent payment of indemnity benefits.	5	\$875	\$875	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for SJDB or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for SJDB and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee of potential eligibility for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	5	\$900	\$900	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	33	\$3,400	\$3,400	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	9	\$12,400	\$12,400	\$0	\$0	
Failure to pay any PD indemnity benefit.	2	\$800	\$800	\$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.	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>81</b>	<b>\$29,935</b>	<b>\$29,935</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2011**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: OAK-04-11-R1-2**

**Subject: Kaiser Permanente Medical Care Program**

**Location: Oakland**

**Type: SI**

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$240.57		\$8.02			\$248.59
2	\$1,077.67		\$55.77			\$1,133.44
3			\$56.38			\$56.38
4	\$110.92		\$6.34			\$117.26
5	\$561.66		\$10.25			\$571.91
6		\$487.93	\$48.79			\$536.72
7	\$644.22		\$30.13			\$674.35
8	\$109.49					\$109.49
9	\$2,880.72		\$272.19			\$3,152.91
10		\$310.50	\$31.05			\$341.55
11	\$391.32		\$17.65			\$408.97
12	\$114.90					\$114.90
<b>TOTAL</b>	<b>\$6,131.47</b>	<b>\$798.43</b>	<b>\$536.57</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$7,466.47</b>



**Calendar Year: 2011**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

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

**Audit No: LAO-10-11-T1-2**

**Subject: Lance Camper Manufacturing Corporation**

**Location: Lancaster**

**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).	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 SJDB or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for SJDB and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee of potential eligibility for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	15	\$7,500	\$7,500	\$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	\$400	\$400	\$0	\$0	
Failure to pay any PD 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>16</b>	<b>\$7,900</b>	<b>\$7,900</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2011**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-10-11-T1-2**

**Subject: Lance Camper Manufacturing Corporation**

**Location: Lancaster**

**Type: SI**

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1		\$762.24	\$76.22			\$838.46
<b>TOTAL</b>	<b>\$0.00</b>	<b>\$762.24</b>	<b>\$76.22</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$838.46</b>



**Calendar Year: 2011**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

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

**Audit No: SAC-03-11-R1-3**

**Subject: Liberty Mutual Insurance Group**

**Location: Sacramento**

**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)	9	\$2,370	\$2,370	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	4	\$640	\$640	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for SJDB or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for SJDB and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee of potential eligibility for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	3	\$1,500	\$1,500	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	37	\$3,675	\$3,675	\$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	\$800	\$800	\$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.	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>\$10,785</b>	<b>\$10,785</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2011**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: SAC-03-11-R1-3**

**Subject: Liberty Mutual Insurance Group**

**Location: Sacramento**

**Type: INS / TPA**

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1		\$2,431.30	\$243.13			\$2,674.43
2	\$566.00		\$21.13			\$587.13
3	\$66.85					\$66.85
4	\$271.08		\$23.43			\$294.51
5	\$77.84					\$77.84
<b>TOTAL</b>	<b>\$981.77</b>	<b>\$2,431.30</b>	<b>\$287.69</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$3,700.76</b>

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

**Audit No: LAO-29-11-R1-2**

**Subject: Loma Linda University**

**Location: San Bernardino**

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

A. Frequency Rate

# claims with unpd indem 8 divide by # claims with payable indem 46 = 0.17391

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

Total unpd indem. = \$ 3,329.70 divide by # of claims with obligation to pay indem. 46  
Avg Unpd Ind = \$ 72.38

C. Severity Rate

Avg Unpd Indem \$ 72.38 divide by avg unpd indem 2007-2009 of \$ 195.93 = 0.36944

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.17391 X Severity rate 0.36944 X modifier of 2  
= 0.12850

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

# claims with late 1st TD	13	divide by # with TD payments	41	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	13	divide by	Totals 41	=
				0.31707

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

# claims with late first PD	1	divide by # with first PD	18	
# 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 9 divide by # with subsequent payments 29 = 0.31034

**5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICE FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	0	divide by # requiring notices	46	
# claims with SJDB notice violations	0	divide by # requiring notices	0	
Totals	0		Totals 46	=
				0.00000

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2011**

**Profile Audit Review Performance Rating of 1.75630 or greater is a failing score.**

**0.81148**

**Calendar Year: 2011**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

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

**Audit No: LAO-29-11-R1-2**

**Subject: Loma Linda University**

**Location: San Bernardino**

**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)	15	\$2,550	\$2,550	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	1	\$320	\$320	\$0	\$0	
Late subsequent payment of indemnity benefits.	13	\$2,405	\$2,405	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for SJDB or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for SJDB and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee of potential eligibility 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.	4	\$800	\$800	\$0	\$0	
Failure to pay any PD indemnity benefit.	1	\$800	\$800	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	5	\$750	\$750	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>39</b>	<b>\$7,625</b>	<b>\$7,625</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2011**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-29-11-R1-2**

**Subject: Loma Linda University**

**Location: San Bernardino**

**Type: SI**

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$81.85					\$81.85
2	\$245.80	\$2,070.00	\$201.47			\$2,517.27
3			\$191.60			\$191.60
4			\$27.55			\$27.55
5			\$121.87			\$121.87
6			\$40.58			\$40.58
7	\$180.72		\$18.07			\$198.79
8			\$150.19			\$150.19
<b>TOTAL</b>	<b>\$508.37</b>	<b>\$2,070.00</b>	<b>\$751.33</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$3,329.70</b>



**Calendar Year: 2011**

**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-15-11-R1-5**

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

**Location: Glendale**

**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)	18	\$6,450	\$6,450	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	5	\$2,200	\$2,200	\$0	\$0	
Late subsequent payment of indemnity benefits.	4	\$1,760	\$1,760	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for SJDB or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for SJDB and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee of potential eligibility for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	10	\$3,700	\$3,700	\$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.	6	\$7,200	\$7,200	\$0	\$0	
Failure to pay any PD indemnity benefit.	2	\$1,200	\$1,200	\$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>49</b>	<b>\$23,360</b>	<b>\$23,360</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2011**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-15-11-R1-5**

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

**Location: Glendale**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$2,096.67		\$190.50			\$2,287.17
2	\$109.84					\$109.84
3		\$2,168.57	\$216.86			\$2,385.43
4	\$205.71					\$205.71
5	\$32.62					\$32.62
6	\$536.38					\$536.38
7	\$292.78	\$343.57	\$101.44			\$737.79
<b>TOTAL</b>	<b>\$3,274.00</b>	<b>\$2,512.14</b>	<b>\$508.80</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$6,294.94</b>

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

**Audit No: LAO-21-11-R1-5**

**Subject: Murphy & Beane, Inc.**

**Location: Culver City**

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

A. Frequency Rate

# claims with unpd indem 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. = \$ 2,780.66 divide by # of claims with obligation to pay indem. 50  
Avg Unpd Ind = \$ 55.61

C. Severity Rate

Avg Unpd Indem \$ 55.61 divide by avg unpd indem 2007-2009 of \$ 195.93 = 0.28384

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.16000 X Severity rate 0.28384 X modifier of 2  
= 0.09083

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

# claims with late 1st TD	5	divide by # with TD payments	42	
# claims with first SC notice violations	2	divide by # with salary continuation	9	
Totals	7	divide by	Totals 51	=
				0.13725

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

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

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

# claims with late subsequent payments 13 divide by # with subsequent payments 34 = 0.38235

**5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICE FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	16	divide by # requiring notices	42	
# claims with SJDB notice violations	26	divide by # requiring notices	28	
Totals	42		Totals 70	=
				0.60000

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2011**

**Profile Audit Review Performance Rating of 1.75630 or greater is a failing score.**

**1.48316**

**Calendar Year: 2011**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	50
<b>Indemnity</b>	49
<b>Medical Only</b>	0
<b>Denied</b>	0
<b>Complaints</b>	0
<b>Additional</b>	1

**Audit No: LAO-21-11-R1-5**

**Subject: Murphy & Beane, Inc.**

**Location: Culver City**

**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	\$1,150	\$1,150	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	3	\$2,500	\$2,500	\$0	\$0	
Late subsequent payment of indemnity benefits.	23	\$3,930	\$3,930	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for SJDB or denial of liability.	1	\$100	\$100	\$0	\$0	
Late provision of benefit notices other than specific notices for SJDB and for denial of injury.	1	\$25	\$25	\$0	\$0	
Failure to notify an injured employee of potential eligibility for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	29	\$7,100	\$7,100	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	17	\$2,875	\$2,875	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	4	\$1,400	\$1,400	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	16	\$2,150	\$2,150	\$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>101</b>	<b>\$21,230</b>	<b>\$21,230</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2011**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-21-11-R1-5**

**Subject: Murphy & Beane, Inc.**

**Location: Culver City**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1			\$218.48			\$218.48
2			\$175.99			\$175.99
3	\$115.56		\$400.07			\$515.63
4			\$51.42			\$51.42
5	\$353.56		\$96.66			\$450.22
6			\$114.70			\$114.70
7	\$1,100.20		\$110.02			\$1,210.22
8			\$44.00			\$44.00
<b>TOTAL</b>	<b>\$1,569.32</b>	<b>\$0.00</b>	<b>\$1,211.34</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$2,780.66</b>



**Calendar Year: 2011**

**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-11-11-R1-2**

**Subject: Nordstrom, Inc.**

**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)	4	\$920	\$920	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	3	\$820	\$820	\$0	\$0	
Late subsequent payment of indemnity benefits.	6	\$2,770	\$2,770	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for SJDB or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for SJDB and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee of potential eligibility for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	5	\$1,700	\$1,700	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	2	\$380	\$380	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	7	\$2,000	\$2,000	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	1	\$50	\$50	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	2	\$1,200	\$1,200	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>30</b>	<b>\$9,840</b>	<b>\$9,840</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2011**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-11-11-R1-2**

**Subject: Nordstrom, Inc.**

**Location: Santa Ana**

**Type: SI**

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$486.64		\$65.17			\$551.81
2	\$233.69				\$54.94	\$288.63
3		\$246.43	\$24.64		\$7.49	\$278.56
4	\$274.75		\$27.48			\$302.23
5	\$130.94		\$1.46			\$132.40
6	\$35.48					\$35.48
7	\$173.61		\$17.36		\$6.75	\$197.72
8	\$283.72					\$283.72
9	\$42.44		\$3.48			\$45.92
<b>TOTAL</b>	<b>\$1,661.27</b>	<b>\$246.43</b>	<b>\$139.59</b>	<b>\$0.00</b>	<b>\$69.18</b>	<b>\$2,116.47</b>

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

**Audit No: LA0-26-11-R1-1**

**Subject: Pacific Compensation Insurance Company**

**Location: Agoura Hills**

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

A. Frequency Rate

# claims with unpd indem 5 divide by # claims with payable indem 58 = 0.08621

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

Total unpd indem. = \$ 7,596.89 divide by # of claims with obligation to pay indem. 58  
Avg Unpd Ind = \$ 130.98

C. Severity Rate

Avg Unpd Indem \$ 130.98 divide by avg unpd indem 2007-2009 of \$ 195.93 = 0.66851

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.08621 X Severity rate 0.66851 X modifier of 2  
= 0.11526

**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	1	divide by # with salary continuation	1	
Totals	8	divide by	Totals 56	=
				0.14286

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

# claims with late first PD	5	divide by # with first PD	28	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	5	divide by	Totals 28	=
				0.17857

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

# claims with late subsequent payments 15 divide by # with subsequent payments 49 = 0.30612

**5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICE FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	7	divide by # requiring notices	53	
# claims with SJDB notice violations	0	divide by # requiring notices	0	
Totals	7		Totals 53	
				= 0.13208

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2011**

**Profile Audit Review Performance Rating of 1.75630 or greater is a failing score.**

**0.87489**

**Calendar Year: 2011**

**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: LAO-26-11-R1-1**

**Subject: Pacific Compensation Insurance Company**

**Location: Agoura Hills**

**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)	9	\$6,880	\$6,880	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	6	\$3,320	\$3,320	\$0	\$0	
Late subsequent payment of indemnity benefits.	22	\$5,435	\$5,435	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for SJDB or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for SJDB and for denial of injury.	1	\$100	\$100	\$0	\$0	
Failure to notify an injured employee of potential eligibility 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	\$1,175	\$1,175	\$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.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	0	\$0	\$0	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	1	\$5,000	\$5,000	\$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>53</b>	<b>\$28,510</b>	<b>\$28,510</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2011**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-26-11-R1-1**

**Subject: Pacific Compensation Insurance Company**

**Location: Agoura Hills**

**Type: INS**

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$1,307.88					\$1,307.88
2	\$5,701.28					\$5,701.28
3	\$34.32					\$34.32
4	\$95.19					\$95.19
5	\$416.56		\$41.66			\$458.22
<b>TOTAL</b>	<b>\$7,555.23</b>	<b>\$0.00</b>	<b>\$41.66</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$7,596.89</b>

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

**Audit No: SAC-02-11-R2-5**

**Subject: PEGASUS Risk Management**

**Location: Modesto**

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

A. Frequency Rate

# claims with unpd indem 7 divide by # claims with payable indem 58 = 0.12069

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

Total unpd indem. = \$ 29,996.70 divide by # of claims with obligation to pay indem. 58  
Avg Unpd Ind = \$ 517.18

C. Severity Rate

Avg Unpd Indem \$ 517.18 divide by avg unpd indem 2007-2009 of \$ 195.93 = 2.63964

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.12069 X Severity rate 2.63964 X modifier of 2  
= 0.63715

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

# claims with late 1st TD	17	divide by # with TD payments	53	
# claims with first SC notice violations	1	divide by # with salary continuation	1	
Totals	18	divide by	Totals 54	=
				0.33333

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

# claims with late first PD	3	divide by # with first PD	17	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	3	divide by	Totals 17	=
				0.17647

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

# claims with late subsequent payments 11 divide by # with subsequent payments 38 = 0.28947

**5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICE FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	28	divide by # requiring notices	55	
# claims with SJDB notice violations	10	divide by # requiring notices	30	
Totals	38		Totals 85	
				= 0.44706

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2011**

**Profile Audit Review Performance Rating of 1.75630 or greater is a failing score.**

**1.88349**

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

**Audit No: SAC-02-11-R2-5**

**Subject: PEGASUS Risk Management**

**Location: Modesto**

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

A. Frequency Rate

# claims with unpd indem      17      divide by # claims with payable indem      133      =      0.12782

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

Total unpd indem =      \$ 11,144.18      divide by      # of claims with obligation to pay indem.      133  
 Avg Unpd Ind =      \$ 83.79

C. Severity Rate

Avg Unpd Ind.      \$ 83.79      divide by avg unpd indem 2007-2009 of      \$ 195.93      =      0.42766

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.12782      X      Severity rate      0.42766      X      modifier of      2  
 =      0.10933

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

# claims with late 1st TD	40	divide by # with TD payments	122	
# claims with first SC notice violations	1	divide by # with salary continuation	2	
Totals	41	divide by	Totals	124
				=
				0.33065

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

# claims with late first PD	9	divide by # with first PD	37	
# claims/late first death benefits	0	divide by # with first death ben paid	0	
Totals	9	divide by	Totals	37
				=
				0.24324

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

# claims with late subseq payments      22      divide by # with subseq payments      84      =  
 0.26190

**5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICE FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	61	divide by # requiring notices	127	
# claims with SJDB notice violations	28	divide by # requiring notices	81	
Totals	89		Totals	208
				=
				0.42788

**FULL COMPLIANCE AUDIT PERFORMANCE RATING - 2011**

**1.37300**

**Full Compliance Audit Performance Rating of indemnity files of 2.14466 or greater is a failing score.**

**Calendar Year: 2011**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	134
<b>Indemnity</b>	133
<b>Medical Only</b>	0
<b>Denied</b>	0
<b>Complaints</b>	1
<b>Additional</b>	0

**Audit No: SAC-02-11-R2-5**

**Subject: PEGASUS Risk Management**

**Location: Modesto**

**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)	57	\$24,615	\$4,923	\$19,692	\$0	
Late first payment of permanent disability indemnity benefits (PD).	10	\$6,630	\$1,326	\$5,304	\$0	
Late subsequent payment of indemnity benefits.	59	\$11,680	\$2,336	\$9,344	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for SJDB or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for SJDB and for denial of injury.	1	\$50	\$50	\$0	\$0	
Failure to notify an injured employee of potential eligibility for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	28	\$10,500	\$10,500	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	77	\$8,640	\$8,640	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	12	\$7,600	\$1,520	\$6,080	\$0	
Failure to pay any PD indemnity benefit.	5	\$2,400	\$480	\$1,920	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	6	\$1,100	\$220	\$880	\$0	
Failure to pay any indemnity as ordered by the WCAB.	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>255</b>	<b>\$73,215</b>	<b>\$29,995</b>	<b>\$43,220</b>	<b>\$0</b>	

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

**Calendar Year: 2011**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: SAC-02-11-R2-5**

**Subject: PEGASUS Risk Management**

**Location: Modesto**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$239.47		\$10.73			\$250.20
2	\$126.00		\$12.60			\$138.60
3		\$207.00	\$365.70			\$572.70
4	\$114.59		\$11.45			\$126.04
5			\$84.17			\$84.17
6	\$61.72					\$61.72
7	\$45.67		\$4.57			\$50.24
8	\$364.70		\$36.47			\$401.17
9		\$207.00	\$257.40			\$464.40
10		\$1,017.79	\$101.78			\$1,119.57
11	\$92.90		\$29.07			\$121.97
12		\$394.29	\$39.42			\$433.71
13	\$66.05		\$0.29			\$66.34
14	\$68.47					\$68.47
15		\$863.66	\$86.37			\$950.03
16	\$42.70		\$0.20			\$42.90
17	\$5,629.05		\$562.90			\$6,191.95
<b>TOTAL</b>	<b>\$6,851.32</b>	<b>\$2,689.74</b>	<b>\$1,603.12</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$11,144.18</b>

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

**Audit No: OAK-07-11-R1-6**

**Subject: Port of Oakland**

**Location: Oakland**

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

A. Frequency Rate

# claims with unpd indem      3      divide by # claims with payable indem      32      =      0.09375

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

Total unpd indem. =      \$ 3,931.35      divide by      # of claims with obligation to pay indem.      32  
 Avg Unpd Ind =      \$ 122.85

C. Severity Rate

Avg Unpd Indem      \$ 122.85      divide by avg unpd indem 2007-2009 of      \$ 195.93      =      0.62703

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.09375      X      Severity rate      0.62703      X      modifier of      2  
 =      **0.11757**

**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	13	
# claims with first SC notice violations	2	divide by # with salary continuation	32	
Totals	2	divide by	Totals 45	=
				<b>0.04444</b>

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

# claims with late first PD	1	divide by # with first PD	5	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	1	divide by	Totals 5	=
				<b>0.20000</b>

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

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

**5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICE FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	9	divide by # requiring notices	32	
# claims with SJDB notice violations	25	divide by # requiring notices	25	
Totals	34		Totals 57	
				= <b>0.59649</b>

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2011**

**Profile Audit Review Performance Rating of 1.75630 or greater is a failing score.**

**0.95850**

**Calendar Year: 2011**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

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

**Audit No: OAK-07-11-R1-6**

**Subject: Port of Oakland**

**Location: Oakland**

**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).	1	\$250	\$250	\$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 SJDB or denial of liability.	1	\$25	\$25	\$0	\$0	
Late provision of benefit notices other than specific notices for SJDB and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee of potential eligibility for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	24	\$12,000	\$12,000	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	12	\$2,750	\$2,750	\$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.	1	\$800	\$800	\$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.	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>\$16,825</b>	<b>\$16,825</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2011**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: OAK-07-11-R1-6**

**Subject: Port of Oakland**

**Location: Oakland**

**Type: SI**

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1		\$2,219.97	\$235.06			\$2,455.03
2	\$1,005.46					\$1,005.46
3	\$428.05		\$42.81			\$470.86
<b>TOTAL</b>	<b>\$1,433.51</b>	<b>\$2,219.97</b>	<b>\$277.87</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$3,931.35</b>

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

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

**Subject: Redwood Empire Municipal Insurance Fund**

**Location: Sonoma**

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

A. Frequency Rate

# claims with unpd indem 3 divide by # claims with payable indem 55 = 0.05455

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

Total unpd indem. = \$ 3,159.78 divide by # of claims with obligation to pay indem. 55  
Avg Unpd Ind = \$ 57.45

C. Severity Rate

Avg Unpd Indem \$ 57.45 divide by avg unpd indem 2007-2009 of \$ 195.93 = 0.29322

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.05455 X Severity rate 0.29322 X modifier of 2  
= 0.03199

**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	4	
# claims with first SC notice violations	8	divide by # with salary continuation	50	
Totals	9	divide by	Totals 54	=
				0.16667

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

# claims with late first PD	1	divide by # with first PD	5	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	1	divide by	Totals 5	=
				0.20000

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

# claims with late subsequent payments 0 divide by # with subsequent payments 5 = 0.00000

**5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICE FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	16	divide by # requiring notices	53	
# claims with SJDB notice violations	2	divide by # requiring notices	31	
Totals	18		Totals 84	
				= 0.21429

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2011**

**Profile Audit Review Performance Rating of 1.75630 or greater is a failing score.**

**0.61294**

**Calendar Year: 2011**

**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: OAK-09-11-R1-6**

**Subject: Redwood Empire Municipal Insurance Fund**

**Location: Sonoma**

**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	\$100	\$100	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	1	\$200	\$200	\$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 SJDB or denial of liability.	1	\$100	\$100	\$0	\$0	
Late provision of benefit notices other than specific notices for SJDB and for denial of injury.	7	\$250	\$250	\$0	\$0	
Failure to notify an injured employee of potential eligibility for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	2	\$600	\$600	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	16	\$2,225	\$2,225	\$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.	1	\$800	\$800	\$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.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>31</b>	<b>\$5,425</b>	<b>\$5,425</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2011**  
**Notices of Compensation Due**

**Individual Exhibit 3**

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

**Subject: Redwood Empire Municipal Insurance Fund**

**Location: Sonoma**

**Type: SI**

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1		\$1,779.22	\$177.92			\$1,957.14
2	\$1,062.09					\$1,062.09
3			\$140.55			\$140.55
<b>TOTAL</b>	<b>\$1,062.09</b>	<b>\$1,779.22</b>	<b>\$318.47</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$3,159.78</b>

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

**Audit No: OAK-02-11-R1-1**

**Subject: Republic Indemnity Company**

**Location: San Francisco**

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

A. Frequency Rate

# claims with unpd indem      2      divide by # claims with payable indem      58      =      0.03448

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

Total unpd indem. =      \$      374.04      divide by      # of claims with obligation to pay indem.      58  
 Avg Unpd Ind =      \$      6.45

C. Severity Rate

Avg Unpd Indem      \$      6.45      divide by avg unpd indem 2007-2009 of      \$      195.93      =      0.03291

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.03448      X      Severity rate      0.03291      X      modifier of      2  
 =      0.00227

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

# claims with late 1st TD	15	divide by # with TD payments	56	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	15	divide by	Totals	56
				=
				<span style="border: 1px solid black; padding: 2px;">0.26786</span>

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

# claims with late first PD	0	divide by # with first PD	11	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	0	divide by	Totals	11
				=
				<span style="border: 1px solid black; padding: 2px;">0.00000</span>

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

# claims with late subsequent payments      2      divide by # with subsequent payments      33      =  
0.06061

**5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICE FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	11	divide by # requiring notices	57	
# claims with SJDB notice violations	2	divide by # requiring notices	29	
Totals	13	Totals	86	
				=
				<span style="border: 1px solid black; padding: 2px;">0.15116</span>

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2011**

**Profile Audit Review Performance Rating of 1.75630 or greater is a failing score.**

0.48190

**Calendar Year: 2011**

**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-02-11-R1-1**

**Subject: Republic Indemnity 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)	17	\$5,070	\$5,070	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	2	\$200	\$200	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for SJDB or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for SJDB and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee of potential eligibility for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	2	\$200	\$200	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	10	\$725	\$725	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	5	\$1,000	\$1,000	\$0	\$0	
Failure to pay any PD 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.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>37</b>	<b>\$7,245</b>	<b>\$7,245</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2011**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: OAK-02-11-R1-1**

**Subject: Republic Indemnity Company**

**Location: San Francisco**

**Type: INS**

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$208.84					\$208.84
2	\$140.82		\$24.38			\$165.20
<b>TOTAL</b>	<b>\$349.66</b>	<b>\$0.00</b>	<b>\$24.38</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$374.04</b>

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

**Audit No: LAO-22-11-T2-2**

**Subject: RICOMP Claims Management Corporation**

**Location: Cypress**

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

A. Frequency Rate

# claims with unpd indem      2      divide by # claims with payable indem      9      =      0.22222

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

Total unpd indem. =      \$ 3,552.74      divide by      # of claims with obligation to pay indem.      9  
 Avg Unpd Ind =      \$ 394.75

C. Severity Rate

Avg Unpd Indem      \$ 394.75      divide by avg unpd indem 2007-2009 of      \$ 195.93      =      2.01474

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.22222      X      Severity rate      2.01474      X      modifier of      2  
 =      **0.89544**

**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	7	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	0	divide by	Totals 7	=
				<b>0.00000</b>

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

# claims with late first PD	1	divide by # with first PD	5	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	1	divide by	Totals 5	=
				<b>0.20000</b>

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

# claims with late subsequent payments      0      divide by # with subsequent payments      4      =  
**0.00000**

**5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICE FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	9	divide by # requiring notices	9	
# claims with SJDB notice violations	7	divide by # requiring notices	7	
Totals	16		Totals 16	=
				<b>1.00000</b>

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2011**

**Profile Audit Review Performance Rating of 1.75630 or greater is a failing score.**

**2.09544**

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: LAO-22-11-T2-2

Subject: RICOMP Claims Management Corporation

Location: Cypress

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

A. Frequency Rate

# claims with unpd indem 2 divide by # claims with payable indem 9 = 0.22222

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

Total unpd indem. = \$ 3,552.74 divide by # of claims with obligation to pay indem. 9  
Avg Unpd Ind = \$ 394.75

C. Severity Rate

Avg Unpd Indem \$ 394.75 divide by avg unpd indem 2007-2009 of \$ 195.93 = 2.01474

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.22222 X Severity rate 2.01474 X modifier of 2  
= 0.89544

**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	7	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	0	divide by	Totals 7	=
				0.00000

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

# claims with late first PD	1	divide by # with first PD	5	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	1	divide by	Totals 5	=
				0.20000

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

# claims with late subsequent payments 0 divide by # with subsequent payments 4 = 0.00000

**5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICE FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	9	divide by # requiring notices	9	
# claims with SJDB notice violations	7	divide by # requiring notices	7	
Totals	16		Totals 16	=
				1.00000

**FULL COMPLIANCE AUDIT PERFORMANCE RATING - 2011**

Full Compliance Audit Performance Rating of 2.14466 or greater is a failing score.

2.09544

**Calendar Year: 2011**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

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

**Audit No: LAO-22-11-T2-2**

**Subject: RICOMP Claims Management Corporation**

**Location: Cypress**

**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).	1	\$640	\$0	\$640	\$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 SJDB or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for SJDB and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee of potential eligibility for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	7	\$1,900	\$1,900	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	19	\$4,175	\$4,175	\$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.	2	\$1,200	\$0	\$1,200	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	1	\$500	\$0	\$500	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>30</b>	<b>\$8,415</b>	<b>\$6,075</b>	<b>\$2,340</b>	<b>\$0</b>	

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

**Calendar Year: 2011**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-22-11-T2-2**

**Subject: RICOMP Claims Management Corporation**

**Location: Cypress**

**Type: SI**

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1		\$2,380.52	\$238.05			\$2,618.57
2		\$566.99	\$367.18			\$934.17
<b>TOTAL</b>	<b>\$0.00</b>	<b>\$2,947.51</b>	<b>\$605.23</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$3,552.74</b>



**Calendar Year: 2011**

**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-06-11-R1-3**

**Subject: SeaBright Insurance Company**

**Location: Orange**

**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)	11	\$6,200	\$6,200	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	1	\$300	\$300	\$0	\$0	
Late subsequent payment of indemnity benefits.	15	\$2,760	\$2,760	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for SJDB or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for SJDB and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee of potential eligibility for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	3	\$300	\$300	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	2	\$200	\$200	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	9	\$6,000	\$6,000	\$0	\$0	
Failure to pay any PD indemnity benefit.	2	\$1,600	\$1,600	\$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>44</b>	<b>\$17,510</b>	<b>\$17,510</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2011**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-06-1-R1-3**

**Subject: SeaBright Insurance Company**

**Location: Orange**

**Type: INS & TPA**

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$13.95	\$2,903.75	\$64.40			\$2,982.10
2	\$91.43					\$91.43
3	\$2,462.10		\$246.21			\$2,708.31
4	\$361.80		\$20.60			\$382.40
5	\$651.12					\$651.12
6	\$283.55		\$19.49			\$303.04
7	\$50.90		\$0.06			\$50.96
8	\$4,541.69		\$633.65			\$5,175.34
<b>TOTAL</b>	<b>\$8,456.54</b>	<b>\$2,903.75</b>	<b>\$984.41</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$12,344.70</b>

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

**Audit No: SAC-08-11-R1-5**

**Subject: Sedgwick Claims Management Services, Inc.**

**Location: Rancho Cordova**

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

A. Frequency Rate

# claims with unpd indem 9 divide by # claims with payable indem 58 = 0.15517

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

Total unpd indem. = \$ 2,273.43 divide by # of claims with obligation to pay indem. 58  
Avg Unpd Ind = \$ 39.20

C. Severity Rate

Avg Unpd Indem \$ 39.20 divide by avg unpd indem 2007-2009 of \$ 195.93 = 0.20006

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.15517 X Severity rate 0.20006 X modifier of 2  
= 0.06209

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

# claims with late 1st TD	8	divide by # with TD payments	32	
# claims with first SC notice violations	9	divide by # with salary continuation	27	
Totals	17	divide by	Totals 59	=
				0.28814

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

# claims with late first PD	2	divide by # with first PD	6	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	2	divide by	Totals 6	=
				0.33333

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

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

**5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICE FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	28	divide by # requiring notices	58	
# claims with SJDB notice violations	7	divide by # requiring notices	34	
Totals	35		Totals 92	
				= 0.38043

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2011**

**Profile Audit Review Performance Rating of 1.75630 or greater is a failing score.**

**1.15923**

**Calendar Year: 2011**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

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

**Audit No: SAC-08-11-R1-5**

**Subject: Sedgwick Claims Management Services, 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)	11	\$1,725	\$1,725	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	4	\$1,690	\$1,690	\$0	\$0	
Late subsequent payment of indemnity benefits.	2	\$360	\$360	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for SJDB or denial of liability.	1	\$100	\$100	\$0	\$0	
Late provision of benefit notices other than specific notices for SJDB and for denial of injury.	7	\$225	\$225	\$0	\$0	
Failure to notify an injured employee of potential eligibility for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	7	\$2,700	\$2,700	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	48	\$4,850	\$4,850	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	5	\$1,600	\$1,600	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	5	\$1,050	\$1,050	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB.	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>90</b>	<b>\$14,300</b>	<b>\$14,300</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2011**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: SAC-08-11-R1-5**

**Subject: Sedgwick Claims Management Services, Inc.**

**Location: Rancho Cordova**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1			\$42.17			\$42.17
2			\$70.64			\$70.64
3			\$190.26			\$190.26
4	\$670.84					\$670.84
5	\$115.76					\$115.76
6	\$225.39		\$22.54			\$247.93
7	\$48.59					\$48.59
8			\$44.30			\$44.30
9	\$662.41		\$180.53			\$842.94
<b>TOTAL</b>	<b>\$1,722.99</b>	<b>\$0.00</b>	<b>\$550.44</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$2,273.43</b>

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

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

**Subject: Sedgwick Claims Management Services, Inc. (CHW)**

**Location: Rancho Cordova**

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

A. Frequency Rate

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

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

Total unpd indem. = \$ 1,487.02 divide by # of claims with obligation to pay indem. 49  
Avg Unpd Ind = \$ 30.35

C. Severity Rate

Avg Unpd Indem \$ 30.35 divide by avg unpd indem 2007-2009 of \$ 195.93 = 0.15489

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.10204 X Severity rate 0.15489 X modifier of 2  
= 0.03161

**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	46	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	1	divide by	Totals 46	=
				0.02174

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

# claims with late first PD	4	divide by # with first PD	17	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	4	divide by	Totals 17	=
				0.23529

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

# claims with late subsequent payments 2 divide by # with subsequent payments 35 = 0.05714

**5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICE FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	36	divide by # requiring notices	49	
# claims with SJDB notice violations	8	divide by # requiring notices	26	
Totals	44		Totals 75	=
				0.58667

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2011**

**Profile Audit Review Performance Rating of 1.75630 or greater is a failing score.**

**0.93245**

**Calendar Year: 2011**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

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

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

**Subject: Sedgwick Claims Management Services, Inc. (CHW)**

**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)	1	\$100	\$100	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	7	\$1,840	\$1,840	\$0	\$0	
Late subsequent payment of indemnity benefits.	3	\$640	\$640	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for SJDB or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for SJDB and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee of potential eligibility for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	8	\$3,800	\$3,800	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	46	\$2,475	\$2,475	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	2	\$600	\$600	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	2	\$250	\$250	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB.	2	\$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>71</b>	<b>\$11,305</b>	<b>\$11,305</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2011**  
**Notices of Compensation Due**

**Individual Exhibit 3**

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

**Subject: Sedgwick Claims Management Services, Inc. (CHW)**

**Location: Rancho Cordova**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$339.96		\$33.99			\$373.95
2			\$66.87			\$66.87
3	\$200.46					\$200.46
4		\$517.50	\$51.75			\$569.25
5		\$251.36	\$25.13			\$276.49
<b>TOTAL</b>	<b>\$540.42</b>	<b>\$768.86</b>	<b>\$177.74</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$1,487.02</b>

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

**Audit No: LAO-27-11-R1-5**

**Subject: Sedgwick Claims Management Services, Inc.**

**Location: Riverside**

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

A. Frequency Rate

# claims with unpd indem 7 divide by # claims with payable indem 58 = 0.12069

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

Total unpd indem. = \$ 9,683.79 divide by # of claims with obligation to pay indem. 58  
Avg Unpd Ind = \$ 166.96

C. Severity Rate

Avg Unpd Indem \$ 166.96 divide by avg unpd indem 2007-2009 of \$ 195.93 = 0.85215

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.12069 X Severity rate 0.85215 X modifier of 2  
= 0.20569

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

# claims with late 1st TD	8	divide by # with TD payments	50	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	8	divide by	Totals 50	=
				0.16000

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

# claims with late first PD	8	divide by # with first PD	24	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	8	divide by	Totals 24	=
				0.33333

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

# claims with late subsequent payments 11 divide by # with subsequent payments 47 = 0.23404

**5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICE FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	6	divide by # requiring notices	48	
# claims with SJDB notice violations	0	divide by # requiring notices	0	
Totals	6		Totals 48	
				= 0.12500

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2011**

**Profile Audit Review Performance Rating of 1.75630 or greater is a failing score.**

**1.05807**

**Calendar Year: 2011**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

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

**Audit No: LAO-27-11-R1-5**

**Subject: Sedgwick Claims Management Services, Inc.**

**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)	10	\$2,240	\$2,240	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	9	\$4,540	\$4,540	\$0	\$0	
Late subsequent payment of indemnity benefits.	21	\$7,730	\$7,730	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for SJDB or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for SJDB and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee of potential eligibility 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	\$900	\$900	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	3	\$5,400	\$5,400	\$0	\$0	
Failure to pay any PD indemnity benefit.	1	\$400	\$400	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	6	\$1,550	\$1,550	\$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>57</b>	<b>\$23,560</b>	<b>\$23,560</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2011**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-27-11-R1-5**

**Subject: Sedgwick Claims Management Services, Inc.**

**Location: Riverside**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$6,799.44	\$349.93	\$838.17			\$7,987.54
2			\$66.38			\$66.38
3	\$303.59		\$185.34			\$488.93
4	\$98.85					\$98.85
5			\$553.14			\$553.14
6			\$57.16			\$57.16
7		\$383.93			\$47.86	\$431.79
<b>TOTAL</b>	<b>\$7,201.88</b>	<b>\$733.86</b>	<b>\$1,700.19</b>	<b>\$0.00</b>	<b>\$47.86</b>	<b>\$9,683.79</b>

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

**Audit No: SAC-04-11-R1-5**

**Subject: Sedgwick Claims Management Services**

**Location: Roseville**

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

A. Frequency Rate

# claims with unpd indem 4 divide by # claims with payable indem 52 = 0.07692

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

Total unpd indem. = \$ 2,078.01 divide by # of claims with obligation to pay indem. 52  
Avg Unpd Ind = \$ 39.96

C. Severity Rate

Avg Unpd Indem \$ 39.96 divide by avg unpd indem 2007-2009 of \$ 195.93 = 0.20396

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.07692 X Severity rate 0.20396 X modifier of 2  
= 0.03138

**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	52	
# claims with first SC notice violations	1	divide by # with salary continuation	1	
Totals	8	divide by	Totals 53	=
				0.15094

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

# claims with late first PD	2	divide by # with first PD	10	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	2	divide by	Totals 10	=
				0.20000

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

# claims with late subsequent payments 1 divide by # with subsequent payments 27 = 0.03704

**5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICE FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	24	divide by # requiring notices	51	
# claims with SJDB notice violations	5	divide by # requiring notices	37	
Totals	29		Totals 88	
				= 0.32955

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2011**

**Profile Audit Review Performance Rating of 1.75630 or greater is a failing score.**

**0.74890**

**Calendar Year: 2011**

**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: SAC-04-11-R1-5**

**Subject: Sedgwick Claims Management Services**

**Location: Roseville**

**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)	8	\$1,610	\$1,610	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	3	\$1,280	\$1,280	\$0	\$0	
Late subsequent payment of indemnity benefits.	2	\$220	\$220	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for SJDB or denial of liability.	1	\$100	\$100	\$0	\$0	
Late provision of benefit notices other than specific notices for SJDB and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee of potential eligibility for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	5	\$2,100	\$2,100	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	38	\$1,725	\$1,725	\$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.	1	\$400	\$400	\$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.	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>\$8,335</b>	<b>\$8,335</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2011**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: SAC-04-11-R1-5**

**Subject: Sedgwick Claims Management Services**

**Location: Roseville**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1		\$1,166.20	\$116.62			\$1,282.82
2			\$345.00			\$345.00
3	\$410.58					\$410.58
4	\$39.61					\$39.61
<b>TOTAL</b>	<b>\$450.19</b>	<b>\$1,166.20</b>	<b>\$461.62</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$2,078.01</b>



**Calendar Year: 2011**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

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

**Audit No: OAK-08-11-R1-5**

**Subject: Sedgwick Claims Management Services, Inc.**

**Location: Walnut Creek**

**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	\$1,200	\$1,200	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	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 SJDB or denial of liability.	2	\$200	\$200	\$0	\$0	
Late provision of benefit notices other than specific notices for SJDB and for denial of injury.	1	\$50	\$50	\$0	\$0	
Failure to notify an injured employee of potential eligibility for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	7	\$3,100	\$3,100	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	12	\$1,950	\$1,950	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	4	\$1,400	\$1,400	\$0	\$0	
Failure to pay any PD indemnity benefit.	1	\$5,000	\$5,000	\$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.	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>\$12,900</b>	<b>\$12,900</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2011**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: OAK-08-11-R1-5**

**Subject: Sedgwick Claims Management Services, Inc.**

**Location: Walnut Creek**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$37.00		\$0.75			\$37.75
2	\$63.66					\$63.66
3	\$126.13		\$2.70			\$128.83
4		\$14,879.18	\$1,487.92			\$16,367.10
<b>TOTAL</b>	<b>\$226.79</b>	<b>\$14,879.18</b>	<b>\$1,491.37</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$16,597.34</b>

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

**Audit No: SAC-11-11-R1-3**

**Subject: Self-Insured Schools of California**

**Location: Bakersfield**

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

A. Frequency Rate

# claims with unpd indem 5 divide by # claims with payable indem 58 = 0.08621

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

Total unpd indem. = \$ 10,008.62 divide by # of claims with obligation to pay indem. 58  
Avg Unpd Ind = \$ 172.56

C. Severity Rate

Avg Unpd Indem \$ 172.56 divide by avg unpd indem 2007-2009 of \$ 195.93 = 0.88074

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.08621 X Severity rate 0.88074 X modifier of 2  
= 0.15185

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

# claims with late 1st TD	6	divide by # with TD payments	13	
# claims with first SC notice violations	26	divide by # with salary continuation	51	
Totals	32	divide by	Totals 64	=
				0.50000

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

# claims with late first PD	2	divide by # with first PD	10	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	2	divide by	Totals 10	=
				0.20000

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

# claims with late subsequent payments 3 divide by # with subsequent payments 14 = 0.21429

**5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICE FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	43	divide by # requiring notices	54	
# claims with SJDB notice violations	5	divide by # requiring notices	36	
Totals	48		Totals 90	
				= 0.53333

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2011**

**Profile Audit Review Performance Rating of 1.75630 or greater is a failing score.**

**1.59947**

**Calendar Year: 2011**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

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

**Audit No: SAC-11-11-R1-3**

**Subject: Self-Insured Schools of California**

**Location: Bakersfield**

**Type: SI & 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	\$1,200	\$1,200	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	4	\$1,010	\$1,010	\$0	\$0	
Late subsequent payment of indemnity benefits.	3	\$780	\$780	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for SJDB or denial of liability.	28	\$1,405	\$1,405	\$0	\$0	
Late provision of benefit notices other than specific notices for SJDB and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee of potential eligibility for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	5	\$2,500	\$2,500	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	69	\$5,860	\$5,860	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	2	\$600	\$600	\$0	\$0	
Failure to pay any PD indemnity benefit.	2	\$2,400	\$2,400	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	2	\$250	\$250	\$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>122</b>	<b>\$16,805</b>	<b>\$16,805</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2011**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: SAC-11-11-R1-3**

**Subject: Self-Insured Schools of California**

**Location: Bakersfield**

**Type: SI & TPA**

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$32.86		\$3.29			\$36.15
2		\$931.50	\$93.15			\$1,024.65
3	\$58.89					\$58.89
4		\$7,607.84	\$832.52			\$8,440.36
5	\$372.25		\$76.32			\$448.57
<b>TOTAL</b>	<b>\$464.00</b>	<b>\$8,539.34</b>	<b>\$1,005.28</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$10,008.62</b>



**Calendar Year: 2011**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

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

**Audit No: SAC-10-11-R1-6**

**Subject: Shasta County Risk Management**

**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)	2	\$200	\$200	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	2	\$450	\$450	\$0	\$0	
Late subsequent payment of indemnity benefits.	2	\$300	\$300	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for SJDB or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for SJDB and for denial of injury.	1	\$25	\$25	\$0	\$0	
Failure to notify an injured employee of potential eligibility 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	35	\$950	\$950	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	1	\$400	\$400	\$0	\$0	
Failure to pay any PD indemnity benefit.	1	\$400	\$400	\$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.	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>44</b>	<b>\$2,725</b>	<b>\$2,725</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2011**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: SAC-10-11-R1-6**

**Subject: Shasta County Risk Management**

**Location: Redding**

**Type: SI**

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$189.08					\$189.08
2		\$310.50	\$31.05			\$341.55
<b>TOTAL</b>	<b>\$189.08</b>	<b>\$310.50</b>	<b>\$31.05</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$530.63</b>

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

**Audit No: LAO-14-11-R1-5**

**Subject: Specialty Risk Services, LLC**

**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 58 = 0.20690

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

Total unpd indem. = \$ 17,992.90 divide by # of claims with obligation to pay indem. 58  
Avg Unpd Ind = \$ 310.22

C. Severity Rate

Avg Unpd Indem \$ 310.22 divide by avg unpd indem 2007-2009 of \$ 195.93 = 1.58333

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.20690 X Severity rate 1.58333 X modifier of 2  
= 0.65517

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

# claims with late 1st TD	13	divide by # with TD payments	54	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	13	divide by	Totals 54	=
				0.24074

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

# claims with late first PD	10	divide by # with first PD	28	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	10	divide by	Totals 28	=
				0.35714

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

# claims with late subsequent payments 9 divide by # with subsequent payments 47 = 0.19149

**5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICE FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	8	divide by # requiring notices	55	
# claims with SJDB notice violations	7	divide by # requiring notices	34	
Totals	15		Totals 89	=
				0.16854

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2011**

**Profile Audit Review Performance Rating of 1.75630 or greater is a failing score.**

**1.61308**

**Calendar Year: 2011**

**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-14-11-R1-5**

**Subject: Specialty Risk Services, LLC**

**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)	18	\$4,750	\$4,750	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	13	\$6,210	\$6,210	\$0	\$0	
Late subsequent payment of indemnity benefits.	15	\$3,330	\$3,330	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for SJDB or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for SJDB and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee of potential eligibility for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	7	\$2,900	\$2,900	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	12	\$2,625	\$2,625	\$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.	6	\$4,600	\$4,600	\$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>84</b>	<b>\$29,615</b>	<b>\$29,615</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2011**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-14-11-R1-5**

**Subject: Specialty Risk Services, LLC**

**Location: Riverside**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1		\$4,372.37	\$500.08			\$4,872.45
2	\$332.60		\$69.83			\$402.43
3			\$552.00			\$552.00
4	\$180.16					\$180.16
5		\$46.82				\$46.82
6		\$812.61	\$513.29			\$1,325.90
7	\$737.91	\$1,435.94	\$217.38			\$2,391.23
8	\$33.67		\$7.65			\$41.32
9	\$773.45					\$773.45
10	\$6,430.14					\$6,430.14
11			\$574.80			\$574.80
12		\$154.30	\$247.90			\$402.20
<b>TOTAL</b>	<b>\$8,487.93</b>	<b>\$6,822.04</b>	<b>\$2,682.93</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$17,992.90</b>

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

**Audit No: SAC-14-11-R1-3**

**Subject: State Compensation Insurance Fund**

**Location: Fresno**

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

A. Frequency Rate

# claims with unpd indem 4 divide by # claims with payable indem 58 = 0.06897

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

Total unpd indem. = \$ 635.82 divide by # of claims with obligation to pay indem. 58  
Avg Unpd Ind = \$ 10.96

C. Severity Rate

Avg Unpd Indem \$ 10.96 divide by avg unpd indem 2007-2009 of \$ 195.93 = 0.05595

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.06897 X Severity rate 0.05595 X modifier of 2  
= 0.00772

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

# claims with late 1st TD	10	divide by # with TD payments	56	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	10	divide by	Totals 56	=
				0.17857

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

# claims with late first PD	2	divide by # with first PD	14	
# claims with late first DB	0	divide by # with first DB paid	2	
Totals	2	divide by	Totals 16	=
				0.12500

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

# claims with late subsequent payments 8 divide by # with subsequent payments 45 = 0.17778

**5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICE FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	24	divide by # requiring notices	55	
# claims with SJDB notice violations	6	divide by # requiring notices	28	
Totals	30		Totals 83	
				= 0.36145

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2011**

**Profile Audit Review Performance Rating of 1.75630 or greater is a failing score.**

**0.85051**

**Calendar Year: 2011**

**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-14-11-R1-3**

**Subject: State Compensation Insurance Fund**

**Location: Fresno**

**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)	14	\$2,285	\$2,285	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	3	\$2,000	\$2,000	\$0	\$0	
Late subsequent payment of indemnity benefits.	10	\$2,720	\$2,720	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for SJDB or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for SJDB and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee of potential eligibility for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	6	\$3,000	\$3,000	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	33	\$5,675	\$5,675	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	5	\$1,600	\$1,600	\$0	\$0	
Failure to pay any PD 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>71</b>	<b>\$17,280</b>	<b>\$17,280</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2011**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: SAC-14-11-R1-3**

**Subject: State Compensation Insurance Fund**

**Location: Fresno**

**Type: INS & TPA**

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$142.95					\$142.95
2	\$66.49					\$66.49
3	\$259.31		\$5.55			\$264.86
4	\$161.52					\$161.52
<b>TOTAL</b>	<b>\$630.27</b>	<b>\$0.00</b>	<b>\$5.55</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$635.82</b>

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

**Audit No: LAO-03-11-R1-1**

**Subject: State Compensation Insurance Fund**

**Location: Glendale**

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

A. Frequency Rate

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

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

Total unpd indem. = \$ 32,316.07 divide by # of claims with obligation to pay indem. 58  
Avg Unpd Ind = \$ 557.17

C. Severity Rate

Avg Unpd Indem \$ 557.17 divide by avg unpd indem 2007-2009 of \$ 195.93 = 2.84374

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.17241 X Severity rate 2.84374 X modifier of 2  
= 0.98060

**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	52	
# claims with first SC notice violations	0	divide by # with salary continuation	2	
Totals	11	divide by	Totals 54	=
				0.20370

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

# claims with late first PD	2	divide by # with first PD	19	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	2	divide by	Totals 19	=
				0.10526

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

# claims with late subsequent payments 8 divide by # with subsequent payments 46 = 0.17391

**5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICE FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	8	divide by # requiring notices	37	
# claims with SJDB notice violations	9	divide by # requiring notices	22	
Totals	17		Totals 59	=
				0.28814

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2011**

**Profile Audit Review Performance Rating of 1.75630 or greater is a failing score.**

**1.75161**

**Calendar Year: 2011**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	64
<b>Indemnity</b>	58
<b>Medical Only</b>	0
<b>Denied</b>	0
<b>Complaints</b>	5
<b>Additional</b>	1

**Audit No: LAO-03-11-R1-1**

**Subject: State Compensation Insurance Fund**

**Location: Glendale**

**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)	16	\$7,230	\$7,230	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	3	\$2,850	\$2,850	\$0	\$0	
Late subsequent payment of indemnity benefits.	22	\$6,560	\$6,560	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for SJDB or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for SJDB and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee of potential eligibility for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	9	\$3,700	\$3,700	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	8	\$2,725	\$2,725	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	9	\$8,600	\$8,600	\$0	\$0	
Failure to pay any PD indemnity benefit.	3	\$6,500	\$6,500	\$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>74</b>	<b>\$39,065</b>	<b>\$39,065</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2011**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-03-11-R1-1**

**Subject: State Compensation Insurance Fund**

**Location: Glendale**

**Type: INS**

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$568.66		\$56.87			\$625.53
2		\$6,584.57	\$658.46			\$7,243.03
3			\$96.00			\$96.00
4	\$87.83		\$5.86			\$93.69
5	\$510.65		\$51.07			\$561.72
6	\$156.06					\$156.06
7		\$12,792.16	\$2,312.14			\$15,104.30
8	\$531.73	\$10,082.90	\$1,061.46			\$11,676.09
9	\$101.56					\$101.56
10	\$10,270.34		\$996.22			\$11,266.56
11	\$414.84		\$80.99			\$495.83
<b>TOTAL</b>	<b>\$12,641.67</b>	<b>\$29,459.63</b>	<b>\$5,319.07</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$47,420.37</b>



**Calendar Year: 2011**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

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

**Audit No: SAC-16-11-R1-2**

**Subject: Sutter Health**

**Location: Sacramento**

**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	\$1,280	\$1,280	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	3	\$840	\$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 SJDB or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for SJDB and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee of potential eligibility 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	42	\$2,725	\$2,725	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	0	\$0	\$0	\$0	\$0	
Failure to pay any PD indemnity benefit.	1	\$400	\$400	\$0	\$0	
Failure to pay any 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>51</b>	<b>\$5,245</b>	<b>\$5,245</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2011**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: SAC-16-11-R1-2**

**Subject: Sutter Health**

**Location: Sacramento**

**Type: SI**

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1		\$339.69	\$33.97			\$373.66
<b>TOTAL</b>	<b>\$0.00</b>	<b>\$339.69</b>	<b>\$33.97</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$373.66</b>

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

**Audit No: LAO-25-11-R1-2**

**Subject: The Walt Disney Company**

**Location: Anaheim**

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

A. Frequency Rate

# claims with unpd indem 14 divide by # claims with payable indem 56 = 0.25000

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

Total unpd indem. = \$ 9,172.84 divide by # of claims with obligation to pay indem. 56  
Avg Unpd Ind = \$ 163.80

C. Severity Rate

Avg Unpd Indem \$ 163.80 divide by avg unpd indem 2007-2009 of \$ 195.93 = 0.83602

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.25000 X Severity rate 0.83602 X modifier of 2  
= 0.41801

**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	54	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	11	divide by	Totals 54	=
				0.20370

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

# claims with late first PD	2	divide by # with first PD	16	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	2	divide by	Totals 16	=
				0.12500

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

# claims with late subsequent payments 10 divide by # with subsequent payments 32 = 0.31250

**5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICE FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	10	divide by # requiring notices	55	
# claims with SJDB notice violations	0	divide by # requiring notices	0	
Totals	10		Totals 55	
				= 0.18182

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2011**

**Profile Audit Review Performance Rating of 1.75630 or greater is a failing score.**

**1.24103**

**Calendar Year: 2011**

**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-25-11-R1-2**

**Subject: The Walt Disney Company**

**Location: Anaheim**

**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)	12	\$2,110	\$2,110	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	2	\$420	\$420	\$0	\$0	
Late subsequent payment of indemnity benefits.	20	\$3,780	\$3,780	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for SJDB or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for SJDB and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee of potential eligibility 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	\$2,700	\$2,700	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	13	\$10,400	\$10,400	\$0	\$0	
Failure to pay any PD indemnity benefit.	3	\$1,200	\$1,200	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	9	\$1,100	\$1,100	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>70</b>	<b>\$21,710</b>	<b>\$21,710</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2011**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-25-11-R1-2**

**Subject: The Walt Disney Company**

**Location: Anaheim**

**Type: SI**

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$1,366.16		\$183.40			\$1,549.56
2	\$149.26		\$3.14			\$152.40
3	\$106.85		\$10.46			\$117.31
4	\$128.37		\$1.55			\$129.92
5	\$326.49		\$20.93			\$347.42
6	\$636.03	\$659.12	\$115.66			\$1,410.81
7		\$690.00	\$69.00			\$759.00
8	\$1,325.57		\$430.25			\$1,755.82
9	\$341.68		\$1.42			\$343.10
10	\$267.14		\$26.71			\$293.85
11	\$78.17		\$6.33			\$84.50
12	\$637.19	\$842.79	\$148.00			\$1,627.98
13	\$372.20		\$53.22			\$425.42
14	\$159.77		\$15.98			\$175.75
<b>TOTAL</b>	<b>\$5,894.88</b>	<b>\$2,191.91</b>	<b>\$1,086.05</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$9,172.84</b>



**Calendar Year: 2011**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	65
<b>Indemnity</b>	58
<b>Medical Only</b>	0
<b>Denied</b>	0
<b>Complaints</b>	7
<b>Additional</b>	0

**Audit No: LAO-08-11-R1-5**

**Subject: TriStar Risk Management**

**Location: Rancho Santa Margarita**

**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	\$450	\$450	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	9	\$13,900	\$13,900	\$0	\$0	
Late subsequent payment of indemnity benefits.	15	\$5,750	\$5,750	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for SJDB or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for SJDB and for denial of injury.	15	\$750	\$750	\$0	\$0	
Failure to notify an injured employee of potential eligibility for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	7	\$2,600	\$2,600	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	20	\$2,400	\$2,400	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	1	\$400	\$400	\$0	\$0	
Failure to pay any PD indemnity benefit.	2	\$7,000	\$7,000	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	2	\$300	\$300	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>73</b>	<b>\$33,550</b>	<b>\$33,550</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2011**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-08-11-R1-5**

**Subject: TriStar Risk Management**

**Location: Rancho Santa Margarita**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1		\$13,211.86	\$1,321.19			\$14,533.05
2			\$197.34			\$197.34
3		\$16,569.87				\$16,569.87
4	\$874.74		\$124.97			\$999.71
<b>TOTAL</b>	<b>\$874.74</b>	<b>\$29,781.73</b>	<b>\$1,643.50</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$32,299.97</b>

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

**Audit No: LAO-09-11-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      5      divide by # claims with payable indem      56      =      0.08929

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

Total unpd indem. =      \$      669.89      divide by      # of claims with obligation to pay indem.      56  
 Avg Unpd Ind =      \$      11.96

C. Severity Rate

Avg Unpd Indem      \$      11.96      divide by avg unpd indem 2007-2009 of      \$      195.93      =      0.06105

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.08929      X      Severity rate      0.06105      X      modifier of      2  
 =      **0.01090**

**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	7	
# claims with first SC notice violations	11	divide by # with salary continuation	47	
Totals	11	divide by	Totals	54
				=
				<b>0.20370</b>

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

# claims with late first PD	0	divide by # with first PD	11	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	0	divide by	Totals	11
				=
				<b>0.00000</b>

**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 AND NOTICE FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	2	divide by # requiring notices	53	
# claims with SJDB notice violations	2	divide by # requiring notices	26	
Totals	4		Totals	79
				=
				<b>0.05063</b>

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2011**

**Profile Audit Review Performance Rating of 1.75630 or greater is a failing score.**

**0.62888**

**Calendar Year: 2011**

**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-09-11-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)	0	\$0	\$0	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	6	\$1,130	\$1,130	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for SJDB or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for SJDB and for denial of injury.	11	\$480	\$480	\$0	\$0	
Failure to notify an injured employee of potential eligibility for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	2	\$600	\$600	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	2	\$800	\$800	\$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 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>26</b>	<b>\$4,210</b>	<b>\$4,210</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2011**  
**Notices of Compensation Due**

**Individual Exhibit 3**

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

**Subject: TriStar Risk Management**

**Location: Santa Ana**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$62.72					\$62.72
2	\$38.55					\$38.55
3	\$422.86					\$422.86
4	\$116.52		\$3.02			\$119.54
5	\$26.22					\$26.22
<b>TOTAL</b>	<b>\$666.87</b>	<b>\$0.00</b>	<b>\$3.02</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$669.89</b>

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

**Audit No: OAK-14-11-R1-5**

**Subject: York Insurance Services Group, Inc.**

**Location: Concord**

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

A. Frequency Rate

# claims with unpd indem 8 divide by # claims with payable indem 56 = 0.14286

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

Total unpd indem. = \$ 19,820.76 divide by # of claims with obligation to pay indem. 56  
Avg Unpd Ind = \$ 353.94

C. Severity Rate

Avg Unpd Indem \$ 353.94 divide by avg unpd indem 2007-2009 of \$ 195.93 = 1.80647

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.14286 X Severity rate 1.80647 X modifier of 2  
= 0.51613

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

# claims with late 1st TD	4	divide by # with TD payments	17	
# claims with first SC notice violations	14	divide by # with salary continuation	36	
Totals	18	divide by	Totals 53	=
				0.33962

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

# claims with late first PD	7	divide by # with first PD	16	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	7	divide by	Totals 16	=
				0.43750

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

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

**5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICE FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	18	divide by # requiring notices	55	
# claims with SJDB notice violations	0	divide by # requiring notices	0	
Totals	18		Totals 55	
				= 0.32727

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2011**

**Profile Audit Review Performance Rating of 1.75630 or greater is a failing score.**

**1.74553**

**Calendar Year: 2011**

**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: OAK-14-11-R1-5**

**Subject: York Insurance Services Group, Inc.**

**Location: Concord**

**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	\$1,020	\$1,020	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	8	\$4,970	\$4,970	\$0	\$0	
Late subsequent payment of indemnity benefits.	3	\$300	\$300	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for SJDB or denial of liability.	4	\$400	\$400	\$0	\$0	
Late provision of benefit notices other than specific notices for SJDB and for denial of injury.	10	\$545	\$545	\$0	\$0	
Failure to notify an injured employee of potential eligibility 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	19	\$2,730	\$2,730	\$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	\$5,100	\$5,100	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	7	\$2,000	\$2,000	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>64</b>	<b>\$18,265</b>	<b>\$18,265</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2011**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: OAK-14-11-R11-5**

**Subject: York Insurance Services Group, Inc.**

**Location: Concord**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1		\$207.00	\$20.70			\$227.70
2			\$147.74			\$147.74
3	\$917.03		\$602.86			\$1,519.89
4	\$248.63	\$8,129.71	\$1,312.97			\$9,691.31
5	\$254.49		\$190.87			\$445.36
6			\$448.14			\$448.14
7		\$2,760.00	\$276.00			\$3,036.00
8		\$3,913.29	\$391.33			\$4,304.62
<b>TOTAL</b>	<b>\$1,420.15</b>	<b>\$15,010.00</b>	<b>\$3,390.61</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$19,820.76</b>

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

**Audit No: LAO-12-11-R1-5**

**Subject: York Insurance Services Group, Inc.**

**Location: Upland**

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

A. Frequency Rate

# claims with unpd indem 6 divide by # claims with payable indem 58 = 0.10345

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

Total unpd indem. = \$ 3,222.02 divide by # of claims with obligation to pay indem. 58  
Avg Unpd Ind = \$ 55.55

C. Severity Rate

Avg Unpd Indem \$ 55.55 divide by avg unpd indem 2007-2009 of \$ 195.93 = 0.28353

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.10345 X Severity rate 0.28353 X modifier of 2  
= 0.05866

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

# claims with late 1st TD	3	divide by # with TD payments	18	
# claims with first SC notice violations	11	divide by # with salary continuation	43	
Totals	14	divide by	Totals 61	=
				0.22951

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

# claims with late first PD	1	divide by # with first PD	18	
# 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 4 divide by # with subsequent payments 23 = 0.17391

**5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICE FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	3	divide by # requiring notices	57	
# claims with SJDB notice violations	2	divide by # requiring notices	32	
Totals	5		Totals 89	
				= 0.05618

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2011**

**Profile Audit Review Performance Rating of 1.75630 or greater is a failing score.**

**0.57382**

**Calendar Year: 2011**

**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: LAO-12-11-R1-5**

**Subject: York Insurance Services Group, Inc.**

**Location: Upland**

**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	\$450	\$450	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	1	\$320	\$320	\$0	\$0	
Late subsequent payment of indemnity benefits.	6	\$4,855	\$4,855	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for SJDB or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for SJDB and for denial of injury.	12	\$510	\$510	\$0	\$0	
Failure to notify an injured employee of potential eligibility for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	2	\$600	\$600	\$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.	4	\$1,200	\$1,200	\$0	\$0	
Failure to pay any PD indemnity benefit.	2	\$800	\$800	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	1	\$300	\$300	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>34</b>	<b>\$9,835</b>	<b>\$9,835</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2011**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-12-11-R1-5**

**Subject: York Insurance Services Group, Inc.**

**Location: Upland**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$989.39					\$989.39
2	\$208.22					\$208.22
3		\$1,054.71	\$223.70			\$1,278.41
4	\$392.71					\$392.71
5		\$91.75	\$9.18			\$100.93
6	\$252.36					\$252.36
<b>TOTAL</b>	<b>\$1,842.68</b>	<b>\$1,146.46</b>	<b>\$232.88</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$3,222.02</b>

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

**Audit No: LAO-05-11-R1-5**

**Subject: York Insurance Services Group, Inc.**

**Location: Valencia**

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

A. Frequency Rate

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

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

Total unpd indem. = \$ 8,520.98 divide by # of claims with obligation to pay indem. 57  
Avg Unpd Ind = \$ 149.49

C. Severity Rate

Avg Unpd Indem \$ 149.49 divide by avg unpd indem 2007-2009 of \$ 195.93 = 0.76298

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.24561 X Severity rate 0.76298 X modifier of 2  
= 0.37480

**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	27	
# claims with first SC notice violations	6	divide by # with salary continuation	28	
Totals	17	divide by	Totals 55	=
				0.30909

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

# claims with late first PD	4	divide by # with first PD	14	
# 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 9 divide by # with subsequent payments 27 = 0.33333

**5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICE FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	2	divide by # requiring notices	46	
# claims with SJDB notice violations	5	divide by # requiring notices	32	
Totals	7		Totals 78	
				= 0.08974

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2011**

**Profile Audit Review Performance Rating of 1.75630 or greater is a failing score.**

**1.39268**

**Calendar Year: 2011**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

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

**Audit No: LAO-05-11-R1-5**

**Subject: York Insurance Services Group, Inc.**

**Location: Valencia**

**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	\$3,200	\$3,200	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	4	\$4,170	\$4,170	\$0	\$0	
Late subsequent payment of indemnity benefits.	10	\$5,690	\$5,690	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for SJDB or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for SJDB and for denial of injury.	6	\$255	\$255	\$0	\$0	
Failure to notify an injured employee of potential eligibility for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	5	\$1,800	\$1,800	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	2	\$600	\$600	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	11	\$5,800	\$5,800	\$0	\$0	
Failure to pay any PD indemnity benefit.	1	\$800	\$800	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	5	\$700	\$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>59</b>	<b>\$23,015</b>	<b>\$23,015</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2011**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LAO-05-11-R1-5**

**Subject: York Insurance Services Group, Inc.**

**Location: Valencia**

**Type: TPA**

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$1,157.57		\$115.76			\$1,273.33
2	\$180.92					\$180.92
3	\$60.48					\$60.48
4	\$1,571.22		\$66.69			\$1,637.91
5	\$503.51					\$503.51
6		\$2,131.94				\$2,131.94
7	\$89.13		\$3.70			\$92.83
8	\$37.44					\$37.44
9	\$1,667.95		\$234.44			\$1,902.39
10	\$368.62		\$33.36			\$401.98
11	\$41.05					\$41.05
12			\$75.22			\$75.22
13	\$52.90		\$2.65			\$55.55
14			\$126.43			\$126.43
<b>TOTAL</b>	<b>\$5,730.79</b>	<b>\$2,131.94</b>	<b>\$658.25</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$8,520.98</b>

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

**Audit No: SAC-05-11-R1-1**

**Subject: Zenith Insurance Company**

**Location: Fresno**

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

A. Frequency Rate

# claims with unpd indem 3 divide by # claims with payable indem 58 = 0.05172

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

Total unpd indem. = \$ 1,838.01 divide by # of claims with obligation to pay indem. 58  
Avg Unpd Ind = \$ 31.69

C. Severity Rate

Avg Unpd Indem \$ 31.69 divide by avg unpd indem 2007-2009 of \$ 195.93 = 0.16174

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.05172 X Severity rate 0.16174 X modifier of 2  
= 0.01673

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

# claims with late 1st TD	13	divide by # with TD payments	56	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	13	divide by	Totals 56	=
				0.23214

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

# claims with late first PD	1	divide by # with first PD	11	
# claims with late first DB	0	divide by # with first DB paid	1	
Totals	1	divide by	Totals 12	=
				0.08333

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

# claims with late subsequent payments 3 divide by # with subsequent payments 35 = 0.08571

**5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICE FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	5	divide by # requiring notices	57	
# claims with SJDB notice violations	3	divide by # requiring notices	28	
Totals	8		Totals 85	
				= 0.09412

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2011**

**Profile Audit Review Performance Rating of 1.75630 or greater is a failing score.**

**0.51204**

**Calendar Year: 2011**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

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

**Audit No: SAC-05-11-R1-1**

**Subject: Zenith Insurance Company**

**Location: Fresno**

**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	\$2,310	\$2,310	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	1	\$320	\$320	\$0	\$0	
Late subsequent payment of indemnity benefits.	3	\$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 SJDB or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for SJDB and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee of potential eligibility 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	5	\$1,400	\$1,400	\$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.	1	\$400	\$400	\$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.	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>\$6,750</b>	<b>\$6,750</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2011**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: SAC-05-11-R1-1**

**Subject: Zenith Insurance Company**

**Location: Fresno**

**Type: INS**

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$219.43					\$219.43
2	\$185.96					\$185.96
3		\$1,302.38	\$130.24			\$1,432.62
<b>TOTAL</b>	<b>\$405.39</b>	<b>\$1,302.38</b>	<b>\$130.24</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$1,838.01</b>

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

**Audit No: LAO-24-11-R1-3**

**Subject: Zurich North America & Zurich Services Corporation**

**Location: Woodland Hills**

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

A. Frequency Rate

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

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

Total unpd indem. =      \$ 7,761.59      divide by      # of claims with obligation to pay indem.      58  
 Avg Unpd Ind =      \$ 133.82

C. Severity Rate

Avg Unpd Indem      \$ 133.82      divide by avg unpd indem 2007-2009 of      \$ 195.93      =      0.68300

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.17241      X      Severity rate      0.68300      X      modifier of      2  
 =      **0.23552**

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

# claims with late 1st TD	20	divide by # with TD payments	51	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	20	divide by	Totals 51	=
				<b>0.39216</b>

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

# claims with late first PD	10	divide by # with first PD	26	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	10	divide by	Totals 26	=
				<b>0.38462</b>

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

# claims with late subsequent payments      15      divide by # with subsequent payments      46      =  
**0.32609**

**5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICE FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS**

# claims with AME/QME notice violations	16	divide by # requiring notices	52	
# claims with SJDB notice violations	0	divide by # requiring notices	0	
Totals	16		Totals 52	
				=
				<b>0.30769</b>

**PROFILE AUDIT REVIEW PERFORMANCE RATING - 2011**      **1.64607**

Profile Audit Review Performance Rating of 1.75630 or greater is a failing score.

**Calendar Year: 2011**

**Individual Exhibit 2**

**Penalty Assessments and Collections**

<b>Files Audited:</b>	68
<b>Indemnity</b>	58
<b>Medical Only</b>	0
<b>Denied</b>	0
<b>Complaints</b>	10
<b>Additional</b>	0

**Audit No: LAO-24-11-R1-3**

**Subject: Zurich North America & Zurich Services Corporatic**

**Location: Woodland Hills**

**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)	28	\$20,775	\$20,775	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	13	\$7,435	\$7,435	\$0	\$0	
Late subsequent payment of indemnity benefits.	34	\$14,370	\$14,370	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for SJDB or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for SJDB and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee of potential eligibility 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	16	\$7,100	\$7,100	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	6	\$2,400	\$2,400	\$0	\$0	
Failure to pay any PD indemnity benefit.	4	\$2,700	\$2,700	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	3	\$600	\$600	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
<b>TOTAL</b>	<b>104</b>	<b>\$55,380</b>	<b>\$55,380</b>	<b>\$0</b>	<b>\$0</b>	

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

**Calendar Year: 2011**  
**Notices of Compensation Due**

**Individual Exhibit 3**

**Audit No: LA0-24-11-R1-3**

**Subject: Zurich North America & Zurich Services Corporation**

**Location: Woodland Hills**

**Type: INS / TPA**

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$218.40	\$177.43	\$431.74			\$827.57
2		\$310.50				\$310.50
3	\$158.67		\$13.60			\$172.27
4		\$4,408.17				\$4,408.17
5	\$688.02					\$688.02
6			\$49.94			\$49.94
7	\$47.36					\$47.36
8	\$71.93		\$4.30			\$76.23
9		\$756.23	\$89.91			\$846.14
10	\$304.90		\$30.49			\$335.39
<b>TOTAL</b>	<b>\$1,489.28</b>	<b>\$5,652.33</b>	<b>\$619.98</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$7,761.59</b>