

Calendar Year: 2004

Individual Exhibit 3

Penalty Assessments and Collections

Files Audited:	66
Indemnity	59
Medical Only	0
Denied	0
Complaints	7
Additional	0

Audit No: LAO-03-04-R1-5

Subject: AIG Claims Services, Inc.

Location: Santa Ana

Type: TPA

Item #	# of Times Cited	Total \$ Penalties Assessed	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	12	\$1,715	\$1,715	\$0	\$0		x
2	1	\$160	\$160	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	11	\$1,900	\$1,900	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	1	\$50	\$50	\$0	\$0		x
8	0	\$0	\$0	\$0	\$0		x
9	0	\$0	\$0	\$0	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	0	\$0	\$0	\$0	\$0		x
13	3	\$700	\$700	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	5	\$1,500	\$1,500	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	5	\$3,250	\$3,250	\$0	\$0		x
18 b	0	\$0	\$0	\$0	\$0		x
18 c	1	\$100	\$100	\$0	\$0		x
18 d	3	\$275	\$275	\$0	\$0		x
18 e	0	\$0	\$0	\$0	\$0		x
18 f	0	\$0	\$0	\$0	\$0		x
19	0	\$0	\$0	\$0	\$0		x
20 a	0	\$0	\$0	\$0	\$0		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	0	\$0	\$0	\$0	\$0		x
20 d	0	\$0	\$0	\$0	\$0		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	42	\$9,650	\$9,650	\$0	\$0		

Administrative penalties waived pursuant to Labor Code Section 129.5(c)(1).

Calendar Year: 2004
Notices of Compensation Due

Individual Exhibit 4

Audit No: LAO-03-04-R1-5

Subject: AIG Claim Services, Inc.

Location: Santa Ana

Type: TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$40.80						\$40.80
2			\$44.28				\$44.28
3	\$664.27			\$66.43			\$730.70
4	\$3,784.84			\$378.48			\$4,163.32
5	\$748.71			\$74.87			\$823.58
6				\$98.00			\$98.00
7	\$317.35						\$317.35
8				\$147.00			\$147.00
TOTAL	\$5,555.97	\$0.00	\$44.28	\$764.78	\$0.00	\$0.00	\$6,365.03

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: SAC-06-04-R1-5

Subject: American All Risk Loss Administrators

Location: Fresno

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 15 divide by # claims with payable indem 58 = 0.25862

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

Total unpd indem. = \$ 10,905.22 divide by # of claims with obligation to pay indem. 58
 Avg Unpd Ind = \$ 188.02

C. Severity Rate

Avg Unpd Indem \$ 188.02 divide by avg unpd indem 2000-2002 of \$ 184.59 = 1.01859

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.25862 X Severity rate 1.01859 X modifier of 2
 = **0.52686**

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

# claims with late 1st TD	24	divide by # with TD payments	57	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	24	divide by	Totals	57
				=
				0.42105

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

# claims with late first PD	1	divide by # with first PD	17	
# claims with late first VRMA	3	divide by # with first VRMA	9	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	4	divide by	Totals	26
				=
				0.15385

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 7 divide by # with subsequent payments 39 =
0.17949

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

# claims with AME/QME notice violations	5	divide by # requiring notices	36	
# claims with VR potential eligibility notice violations	8	divide by # requiring notices	12	
Totals	13		Totals	48
				=
				0.27083

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2004 **1.55207**

Profile Audit Review Performance Rating of 1.92668 or greater is a failing score.

Calendar Year: 2004

Individual Exhibit 3

Penalty Assessments and Collections

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

Audit No: SAC-06-04-R1-5

Subject: American All Risk Loss Administrators

Location: Fresno

Type: TPA

Item #	# of Times Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	26	\$2,725	\$2,725	\$0	\$0		x
2	0	\$0	\$0	\$0	\$0		x
3	2	\$125	\$125	\$0	\$0		x
4	17	\$2,245	\$2,245	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	0	\$0	\$0	\$0	\$0		x
8	0	\$0	\$0	\$0	\$0		x
9	0	\$0	\$0	\$0	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	0	\$0	\$0	\$0	\$0		x
13	8	\$2,100	\$2,100	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	5	\$1,300	\$1,300	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	14	\$6,500	\$6,500	\$0	\$0		x
18 b	3	\$1,550	\$1,550	\$0	\$0		x
18 c	1	\$1,000	\$1,000	\$0	\$0		x
18 d	3	\$675	\$675	\$0	\$0		x
18 e	1	\$1,000	\$1,000	\$0	\$0		x
18 f	0	\$0	\$0	\$0	\$0		x
19	0	\$0	\$0	\$0	\$0		x
20 a	0	\$0	\$0	\$0	\$0		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	0	\$0	\$0	\$0	\$0		x
20 d	0	\$0	\$0	\$0	\$0		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	80	\$19,220	\$19,220	\$0	\$0		

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

Calendar Year: 2004
Notices of Compensation Due

Individual Exhibit 4

Audit No: SAC-06-04-R1-5

Subject: American All Risk Loss Administrators

Location: Fresno

Type: TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1		\$2,108.40	\$552.39				\$2,660.79
2	\$264.00			\$3.00			\$267.00
3	\$225.63			\$22.56			\$248.19
4	\$126.00			\$25.20			\$151.20
5	\$169.41						\$169.41
6	\$2,600.56			\$379.50			\$2,980.06
7	\$33.33						\$33.33
8	\$451.60	\$924.97		\$137.66			\$1,514.23
9		\$1,831.28				\$404.39	\$2,235.67
10	\$37.26						\$37.26
11	\$102.03			\$4.45			\$106.48
12	\$760.00			\$6.00			\$766.00
13				\$50.83			\$50.83
14	\$45.70						\$45.70
15	\$43.46						\$43.46
TOTAL	\$4,858.98	\$4,864.65	\$552.39	\$629.20	\$0.00	\$404.39	\$11,309.61

Calendar Year: 2004

Individual Exhibit 3

Penalty Assessments and Collections

Files Audited:	55
Indemnity	54
Medical Only	0
Denied	0
Complaints	1
Additional	0

Audit No: LAO-02-04-R1-5
Subject: Broadspire - RSKCo Cunningham Lindsey
 Claims Management, Inc.
Location: Brea **Type:** TPA

Item #	# of Times Cited	Total \$ Penalties Assessed	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	30	\$5,970	\$5,970	\$0	\$0		x
2	4	\$1,020	\$1,020	\$0	\$0		x
3	3	\$290	\$290	\$0	\$0		x
4	46	\$4,180	\$4,180	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	0	\$0	\$0	\$0	\$0		x
8	0	\$0	\$0	\$0	\$0		x
9	0	\$0	\$0	\$0	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	0	\$0	\$0	\$0	\$0		x
13	13	\$4,300	\$4,300	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	15	\$6,700	\$6,700	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	9	\$3,600	\$3,600	\$0	\$0		x
18 b	1	\$400	\$400	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	1	\$150	\$150	\$0	\$0		x
18 e	0	\$0	\$0	\$0	\$0		x
18 f	1	\$500	\$500	\$0	\$0		x
19	0	\$0	\$0	\$0	\$0		x
20 a	0	\$0	\$0	\$0	\$0		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	0	\$0	\$0	\$0	\$0		x
20 d	0	\$0	\$0	\$0	\$0		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	123	\$27,110	\$27,110	\$0	\$0		

Administrative penalties waived pursuant to Labor Code Section 129.5(c)(1).

Calendar Year: 2004
Notices of Compensation Due

Individual Exhibit 4

Audit No: LAO-02-04-R1-5

Subject: Broadspire - RSKCo/Cunningham Lindsey Claims Management, Inc.

Location: Brea, CA

Type: TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$613.00			\$22.29			\$635.29
2	\$36.21			\$3.62			\$39.83
3	\$811.41			\$78.00			\$889.41
4	\$784.34			\$16.29			\$800.63
5	\$221.80						\$221.80
6						\$202.60	\$202.60
7				\$40.37			\$40.37
8	\$1,847.27			\$184.73			\$2,032.00
9		\$2,976.43		\$297.64			\$3,274.07
TOTAL	\$4,314.03	\$2,976.43	\$0.00	\$642.94	\$0.00	\$202.60	\$8,136.00

Calendar Year: 2004

Individual Exhibit 3

Penalty Assessments and Collections

Files Audited:	47
Indemnity	47
Medical Only	0
Denied	0
Complaints	0
Additional	0

Audit No: SFO-02-04-R1-5

Subject: Cambridge Integrated Services Group, Inc.

Location: Salinas

Type: TPA

Item #	# of Times Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	2	\$640	\$640	\$0	\$0		x
2	3	\$360	\$360	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	5	\$400	\$400	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	0	\$0	\$0	\$0	\$0		x
8	0	\$0	\$0	\$0	\$0		x
9	0	\$0	\$0	\$0	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	0	\$0	\$0	\$0	\$0		x
13	3	\$1,200	\$1,200	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	10	\$4,100	\$4,100	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	5	\$7,900	\$7,900	\$0	\$0		x
18 b	2	\$1,150	\$1,150	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	4	\$800	\$800	\$0	\$0		x
18 e	0	\$0	\$0	\$0	\$0		x
18 f	0	\$0	\$0	\$0	\$0		x
19	0	\$0	\$0	\$0	\$0		x
20 a	0	\$0	\$0	\$0	\$0		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	0	\$0	\$0	\$0	\$0		x
20 d	0	\$0	\$0	\$0	\$0		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	34	\$16,550	\$16,550	\$0	\$0		

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

Calendar Year: 2004
Notices of Compensation Due

Individual Exhibit 4

Audit No: SFO-02-04-R1-5

Subject: Cambridge Integrated Services Group, Inc.

Location: Salinas

Type: TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$161.68			\$16.17			\$177.85
2	\$1,429.26			\$86.69			\$1,515.95
3		\$1,890.00		\$189.00			\$2,079.00
4		\$1,855.90		\$358.02			\$2,213.92
5	\$2,245.38			\$153.81			\$2,399.19
6				\$170.00			\$170.00
7				\$122.40			\$122.40
8	\$1,335.52			\$133.55			\$1,469.07
9	\$292.00			\$20.25			\$312.25
TOTAL	\$5,463.84	\$3,745.90	\$0.00	\$1,249.89	\$0.00	\$0.00	\$10,459.63

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: VNO-11-04-T3-6

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

Location: Los Angeles

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 18 divide by # claims with payable indem 55 = 0.32727

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

Total unpd indem. = \$ 49,878.12 divide by # of claims with obligation to pay indem. 55
 Avg Unpd Ind = \$ 906.87

C. Severity Rate

Avg Unpd Indem \$ 906.87 divide by avg unpd indem 2000-2002 of \$ 184.59 = 4.91291

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.32727 X Severity rate 4.91291 X modifier of 2
 = **3.21573**

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

# claims with late 1st TD	0	divide by # with TD payments	0	
# claims with late first SC notice	18	divide by # with salary continuation	41	
Totals	18	divide by	Totals	41
				=
				0.43902

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

# claims with late first PD	11	divide by # with first PD	24	
# claims with late first VRMA	0	divide by # with first VRMA	1	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	11	divide by	Totals	25
				=
				0.44000

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 4 divide by # with subsequent payments 17 =
0.23529

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

# claims with AME/QME notice violations	29	divide by # requiring notices	41	
# claims with VR potential eligibility notice violations	5	divide by # requiring notices	6	
Totals	34		Totals	47
				=
				0.72340

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2004 **5.05345**

Profile Audit Review Performance Rating of 1.92668 or greater is a failing score.

Full Compliance Audit Performance Rating of Randomly Selected Claims

Audit No: VNO-11-04-T3-6

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

Location: Los Angeles

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd inden 29 divide by # claims with payable indem 118 = 0.24576

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

Total unpd indem = \$ 62,627.04 divide by # of claims with obligation to pay indem. 118
 Avg Unpd Ind = \$ 530.74

C. Severity Rate

Avg Unpd Ind. \$ 530.74 divide by avg unpd indem 2000-2002 of \$ 184.59 = 2.87522

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.24576 X Severity rate 2.87522 X modifier of 2
 = 1.41325

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

# claims with late 1st TD	2	divide by # with TD payments	6	
# claims with late first SC notice	32	divide by # with salary continuation	89	
Totals	34	divide by	95	=
				0.35789

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

# claims with late first PD	20	divide by # with first PD	45	
# claims with late first VRMA	0	divide by # with first VRMA	5	
# claims/late first death benefits	0	divide by # with first death ben paid	0	
Totals	20	divide by	50	=
				0.40000

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subseq payments 7 divide by # with subseq payments 32 =
 0.21875

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

# claims with AME/QME notice violations	59	divide by # requiring notices	83	
# claims with VR potential eligibilty notice violations	11	divide by # requiring notices	13	
Totals	70	Totals	96	=
				0.72917

FULL COMPLIANCE AUDIT PERFORMANCE RATING - 2004 **3.11906**

Full Compliance Audit Performance Rating of indemnity files of 2.77704 or greater is a failing score.

Full Compliance Audit Performance Rating of Randomly Selected Claims

Audit No: VNO-11-04-T3-6

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

Location: Los Angeles

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 31 divide by # claims with payable indem 121 = 0.25620

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

Total unpd indem = \$ 68,441.76 divide by # of claims with obligation to pay indem. 121
 Avg Unpd Ind = \$ 565.63

C. Severity Rate

Avg Unpd Ind. \$ 565.63 divide by avg unpd indem 2000-2002 of \$ 184.59 = 3.06427

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.25620 X Severity rate 3.06427 X modifier of 2
 = **1.57012**

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

# claims with late 1st TD	2	divide by # with TD payments	6	
# claims with late first SC notice	32	divide by # with salary continuation	89	
Totals	<u>34</u>	divide by	<u>95</u>	=
				0.35789

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

# claims with late first PD	20	divide by # with first PD	47	
# claims with late first VRMA	0	divide by # with first VRMA	5	
# claims/late first death benefits	0	divide by # with first death ben paid	0	
Totals	<u>20</u>	divide by	<u>52</u>	=
				0.38462

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subseq payments 7 divide by # with subseq payments 35 =
0.20000

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

# claims with AME/QME notice violations	60	divide by # requiring notices	84	
# claims with VR potential eligibilty notice violations	11	divide by # requiring notices	13	
Totals	<u>71</u>		<u>97</u>	
				=
				0.73196

FULL COMPLIANCE AUDIT PERFORMANCE RATING - 2004 **3.24459**

Full Compliance Audit Performance Rating for indemnity and denied files of 2.77704 or greater is a failing score.

Calendar Year: 2004

Individual Exhibit 3

Penalty Assessments and Collections

Files Audited:	164
Indemnity	118
Medical Only	0
Denied	46
Complaints	0
Additional	0

Audit No: VNO-11-04-T3-6

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

Location: Los Angeles Type: SI

Item #	# of Times Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived *	Total \$ Amount Collected **	Balance \$ Due **	Appealed	
						Yes	No
1	2	\$225	\$0	\$0	\$305		x
2	21	\$6,330	\$0	\$0	\$7,230		x
3	0	\$0	\$0	\$0	\$0		x
4	7	\$2,205	\$125	\$0	\$2,464		x
5	0	\$0	\$0	\$0	\$0		x
6	91	\$9,100	\$0	\$0	\$9,700		x
7	73	\$4,265	\$0	\$0	\$4,827		x
8	122	\$18,150	\$0	\$0	\$22,990		x
9	5	\$1,050	\$0	\$0	\$1,410		x
10	1	\$100	\$0	\$0	\$100		x
11	0	\$0	\$0	\$0	\$0		x
12	16	\$7,100	\$0	\$0	\$8,020		x
13	11	\$3,700	\$0	\$0	\$4,060		x
14	1	\$400	\$0	\$0	\$400		x
15	60	\$25,200	\$0	\$0	\$28,040		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	3	\$500	\$0	\$0	\$580		x
18 b	15	\$13,100	\$0	\$0	\$16,700		x
18 c	1	\$1,000	\$0	\$0	\$1,000		x
18 d	18	\$2,975	\$0	\$0	\$3,575		x
18 e	2	\$300	\$0	\$0	\$300		x
18 f	0	\$0	\$0	\$0	\$0		x
19	6	\$600	\$0	\$0	\$600		x
20 a	21	\$600	\$0	\$0	\$670		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	0	\$0	\$0	\$0	\$0		x
20 d	72	\$7,200	\$0	\$0	\$8,280		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	548	\$104,100	\$125	\$0	\$121,251		

*Administrative penalties waived due to a lack of regulatory authority.

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

Calendar Year: 2004
Notices of Compensation Due

Audit No: VNO-11-04-T3-6

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

Location: Los Angeles Type: SI

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1				\$224.00			\$224.00
2		\$1,520.00		\$152.00			\$1,672.00
3				\$168.00			\$168.00
4	\$81.22	\$6,608.20		\$668.94			\$7,358.36
5		\$168.00		\$16.80			\$184.80
6		\$24.26		\$2.43			\$26.69
7		\$10,756.43		\$1,075.64			\$11,832.07
8				\$224.00			\$224.00
9				\$196.71			\$196.71
10		\$9,170.71		\$917.07			\$10,087.78
11		\$1,300.00					\$1,300.00
12		\$7,456.00		\$745.60			\$8,201.60
13				\$201.57			\$201.57
14				\$205.70			\$205.70
15				\$294.00			\$294.00
16	\$63.73			\$6.37			\$70.10
17		\$2,220.00		\$222.00			\$2,442.00
18				\$385.86			\$385.86
19		\$4,104.29		\$410.43			\$4,514.72
20		\$280.00		\$168.00			\$448.00
21		\$340.00		\$34.00			\$374.00
SUBTOTAL	\$144.95	\$43,947.89	\$0.00	\$6,319.12	\$0.00	\$0.00	\$50,411.96

Calendar Year: 2004
Notices of Compensation Due

Audit No: VNO-11-04-T3-6

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

Location: Los Angeles **Type: SI**

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty interest, or other	Total
22				\$297.86			\$297.86
23		\$320.00		\$32.00		\$21.04	\$373.04
24		\$3,780.00		\$378.00			\$4,158.00
25				\$98.00			\$98.00
26		\$124.29	\$9,404.29	\$12.43			\$9,541.01
27				\$113.00			\$113.00
28				\$501.50			\$501.50
29		\$765.00		\$166.50			\$931.50
30	\$436.50			\$43.65			\$480.15
31		\$1,415.25		\$141.53			\$1,556.78
Page 2 SUBTOTAL	\$436.50	\$6,404.54	\$9,404.29	\$1,784.47	\$0.00	\$21.04	\$18,050.84
Page 1 SUBTOTAL	\$144.95	\$43,947.89	\$0.00	\$6,319.12	\$0.00	\$0.00	\$50,411.96
TOTAL	\$581.45	\$50,352.43	\$9,404.29	\$8,103.59	\$0.00	\$21.04	\$68,462.80

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: VNO-08-04-T2-6

Subject: City of Pasadena

Location: Pasadena

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 16 divide by # claims with payable indem 48 = 0.33333

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

Total unpd indem. = \$ 5,910.11 divide by # of claims with obligation to pay indem. 48
 Avg Unpd Ind = \$ 123.13

C. Severity Rate

Avg Unpd Indem \$ 123.13 divide by avg unpd indem 2000-2002 of \$ 184.59 = 0.66703

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.33333 X Severity rate 0.66703 X modifier of 2
 = 0.44469

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

# claims with late 1st TD	1	divide by # with TD payments	3	
# claims with late first SC notice	18	divide by # with salary continuation	47	
Totals	19	divide by	Totals	50
				=
				0.38000

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

# claims with late first PD	7	divide by # with first PD	16	
# claims with late first VRMA	0	divide by # with first VRMA	1	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	7	divide by	Totals	17
				=
				0.41176

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 13 divide by # with subsequent payments 18 =
0.72222

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

# claims with AME/QME notice violations	11	divide by # requiring notices	35	
# claims with VR potential eligibility notice violations	3	divide by # requiring notices	3	
Totals	14		Totals	38
				=
				0.36842

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2004 2.32710

Profile Audit Review Performance Rating of 1.92668 or greater is a failing score.

Calendar Year: 2004

Individual Exhibit 3

Penalty Assessments and Collections

Files Audited:	91
Indemnity	91
Medical Only	0
Denied	0
Complaints	0
Additional	0

Audit No: VNO-08-04-T2-6

Subject: City of Pasadena

Location: Pasadena

Type: SI

Item #	# of Times Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	3	\$325	\$0	\$325	\$0		x
2	16	\$2,820	\$0	\$2,820	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	42	\$4,920	\$995	\$3,925	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	35	\$1,295	\$1,295	\$0	\$0		x
8	0	\$0	\$0	\$0	\$0		x
9	0	\$0	\$0	\$0	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	0	\$0	\$0	\$0	\$0		x
13	4	\$1,300	\$1,300	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	23	\$10,300	\$10,300	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	17	\$4,700	\$0	\$4,700	\$0		x
18 b	4	\$1,000	\$0	\$1,000	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	19	\$2,150	\$0	\$2,150	\$0		x
18 e	0	\$0	\$0	\$0	\$0		x
18 f	0	\$0	\$0	\$0	\$0		x
19	0	\$0	\$0	\$0	\$0		x
20 a	0	\$0	\$0	\$0	\$0		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	0	\$0	\$0	\$0	\$0		x
20 d	0	\$0	\$0	\$0	\$0		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	163	\$28,810	\$13,890	\$14,920	\$0		

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

Calendar Year: 2004
Notices of Compensation Due

Audit No: VNO-08-04-T2-6

Subject: City of Pasadena

Location: Pasadena

Type: SI

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$130.19						\$130.19
2				\$28.00			\$28.00
3				\$299.43			\$299.43
4	\$258.00						\$258.00
5	\$210.00						\$210.00
6				\$267.00			\$267.00
7	\$258.00						\$258.00
8		\$200.00		\$20.00			\$220.00
9	\$149.60	\$372.89		\$95.58			\$618.07
10	\$70.00						\$70.00
11	\$2,462.65						\$2,462.65
12	\$140.00	\$90.61		\$79.35			\$309.96
13	\$140.00						\$140.00
14		\$26.43		\$169.14			\$195.57
15				\$10.80			\$10.80
16	\$210.00						\$210.00
17	\$259.13						\$259.13
18				\$84.00			\$84.00
19	\$11.00						\$11.00
20	\$1,470.00						\$1,470.00
21	\$91.73						\$91.73
SUBTOTAL	\$5,860.30	\$689.93	\$0.00	\$1,053.30	\$0.00	\$0.00	\$7,603.53

Calendar Year: 2004
Notices of Compensation Due

Audit No: VNO-08-04-T2-6

Subject: City of Pasadena

Location: Pasadena

Type: SI

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty interest, or other	Total
22	\$613.20						\$613.20
23				\$83.43			\$83.43
24				\$98.00			\$98.00
25	\$280.00			\$286.00			\$566.00
26				\$55.50			\$55.50
Page 2 SUBTOTAL	\$893.20	\$0.00	\$0.00	\$522.93	\$0.00	\$0.00	\$1,416.13
Page 1 SUBTOTAL	\$5,860.30	\$689.93	\$0.00	\$1,053.30	\$0.00	\$0.00	\$7,603.53
TOTAL	\$6,753.50	\$689.93	\$0.00	\$1,576.23	\$0.00	\$0.00	\$9,019.66

Calendar Year: 2004

Individual Exhibit 3

Penalty Assessments and Collections

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

Audit No: LAO-12-04-R1-6

Subject: City of Riverside

Location: Riverside

Type: SI

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

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

Calendar Year: 2004

Individual Exhibit 3

Penalty Assessments and Collections

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

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

Subject: City of San Bernardino

Location: San Bernardino Type: SI

Item #	# of Times Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	4	\$125	\$125	\$0	\$0		x
2	0	\$0	\$0	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	0	\$0	\$0	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	1	\$20	\$20	\$0	\$0		x
8	0	\$0	\$0	\$0	\$0		x
9	0	\$0	\$0	\$0	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	0	\$0	\$0	\$0	\$0		x
13	1	\$400	\$400	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	1	\$100	\$100	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	1	\$300	\$300	\$0	\$0		x
18 b	0	\$0	\$0	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	0	\$0	\$0	\$0	\$0		x
18 e	0	\$0	\$0	\$0	\$0		x
18 f	0	\$0	\$0	\$0	\$0		x
19	0	\$0	\$0	\$0	\$0		x
20 a	0	\$0	\$0	\$0	\$0		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	0	\$0	\$0	\$0	\$0		x
20 d	0	\$0	\$0	\$0	\$0		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	8	\$945	\$945	\$0	\$0		

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

Calendar Year: 2004

Individual Exhibit 3

Penalty Assessments and Collections

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

Audit No: LAO-06-04-R1-6

Subject: City of San Diego

Location: San Diego

Type: SI

Item #	# of Times Cited	Total \$ Penalties Assessed	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	17	\$1,590	\$1,590	\$0	\$0		x
2	9	\$2,855	\$2,855	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	7	\$2,405	\$2,405	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	0	\$0	\$0	\$0	\$0		x
8	0	\$0	\$0	\$0	\$0		x
9	0	\$0	\$0	\$0	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	0	\$0	\$0	\$0	\$0		x
13	6	\$900	\$900	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	16	\$6,800	\$6,800	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	1	\$750	\$750	\$0	\$0		x
18 b	5	\$1,400	\$1,400	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	4	\$400	\$400	\$0	\$0		x
18 e	0	\$0	\$0	\$0	\$0		x
18 f	0	\$0	\$0	\$0	\$0		x
19	0	\$0	\$0	\$0	\$0		x
20 a	0	\$0	\$0	\$0	\$0		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	0	\$0	\$0	\$0	\$0		x
20 d	0	\$0	\$0	\$0	\$0		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	65	\$17,100	\$17,100	\$0	\$0		

Administrative penalties waived pursuant to Labor Code Section 129.5(c)(1).

Calendar Year: 2004
Notices of Compensation Due

Individual Exhibit 4

Audit No: LAO-06-04-R1-6

Subject: City of San Diego

Location: San Diego

Type: SI

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1				\$320.24			\$320.24
2		\$1,456.73		\$381.28			\$1,838.01
3		\$998.57		\$99.86		\$69.02	\$1,167.45
4		\$15.71		\$56.00			\$71.71
5				\$60.00			\$60.00
6		\$188.57		\$18.86			\$207.43
7	\$570.35			\$57.04			\$627.39
8		\$2,020.00		\$202.00			\$2,222.00
TOTAL	\$570.35	\$4,679.58	\$0.00	\$1,195.28	\$0.00	\$69.02	\$6,514.23

Calendar Year: 2004

Individual Exhibit 3

Penalty Assessments and Collections

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

Audit No: LAO-06-04-R1-6

Subject: City of San Diego

Location: San Diego

Type: SI

Item #	# of Times Cited	Total \$ Penalties Assessed	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	17	\$1,590	\$1,590	\$0	\$0		x
2	9	\$2,855	\$2,855	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	7	\$2,405	\$2,405	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	0	\$0	\$0	\$0	\$0		x
8	0	\$0	\$0	\$0	\$0		x
9	0	\$0	\$0	\$0	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	0	\$0	\$0	\$0	\$0		x
13	6	\$900	\$900	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	16	\$6,800	\$6,800	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	1	\$750	\$750	\$0	\$0		x
18 b	5	\$1,400	\$1,400	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	4	\$400	\$400	\$0	\$0		x
18 e	0	\$0	\$0	\$0	\$0		x
18 f	0	\$0	\$0	\$0	\$0		x
19	0	\$0	\$0	\$0	\$0		x
20 a	0	\$0	\$0	\$0	\$0		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	0	\$0	\$0	\$0	\$0		x
20 d	0	\$0	\$0	\$0	\$0		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	65	\$17,100	\$17,100	\$0	\$0		

Administrative penalties waived pursuant to Labor Code Section 129.5(c)(1).

Calendar Year: 2004
Notices of Compensation Due

Individual Exhibit 4

Audit No: LAO-06-04-R1-6

Subject: City of San Diego

Location: San Diego

Type: SI

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1				\$320.24			\$320.24
2		\$1,456.73		\$381.28			\$1,838.01
3		\$998.57		\$99.86		\$69.02	\$1,167.45
4		\$15.71		\$56.00			\$71.71
5				\$60.00			\$60.00
6		\$188.57		\$18.86			\$207.43
7	\$570.35			\$57.04			\$627.39
8		\$2,020.00		\$202.00			\$2,222.00
TOTAL	\$570.35	\$4,679.58	\$0.00	\$1,195.28	\$0.00	\$69.02	\$6,514.23

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: SAC-08-04-R1-5

Subject: Claims Management, Inc.

Location: Rancho Cordova

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 8 divide by # claims with payable indem 59 = 0.13559

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

Total unpd indem. = \$ 5,699.83 divide by # of claims with obligation to pay indem. 59
Avg Unpd Ind = \$ 96.61

C. Severity Rate

Avg Unpd Indem \$ 96.61 divide by avg unpd indem 2000-2002 of \$ 184.59 = 0.52336

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.13559 X Severity rate 0.52336 X modifier of 2
= 0.14193

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

# claims with late 1st TD	8	divide by # with TD payments	43	
# claims with late first SC notice	4	divide by # with salary continuation	14	
Totals	12	divide by	Totals 57	=
				0.21053

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

# claims with late first PD	4	divide by # with first PD	18	
# claims with late first VRMA	0	divide by # with first VRMA	3	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	4	divide by	Totals 21	=
				0.19048

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 9 divide by # with subsequent payments 40 = 0.22500

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

# claims with AME/QME notice violations	7	divide by # requiring notices	48	
# claims with VR potential eligibility notice violations	4	divide by # requiring notices	7	
Totals	11		Totals 55	
				= 0.20000

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2004 0.96793

Profile Audit Review Performance Rating of 1.92668 or greater is a failing score.

Calendar Year: 2004

Individual Exhibit 3

Penalty Assessments and Collections

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

Audit No: SAC-08-04-R1-5

Subject: Claims Management, Inc.

Location: Rancho Cordova Type: TPA

Item #	# of Times Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	8	\$600	\$600	\$0	\$0		x
2	4	\$2,100	\$2,100	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	13	\$1,845	\$1,845	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	4	\$180	\$180	\$0	\$0		x
8	0	\$0	\$0	\$0	\$0		x
9	0	\$0	\$0	\$0	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	0	\$0	\$0	\$0	\$0		x
13	4	\$900	\$900	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	6	\$2,500	\$2,500	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	4	\$600	\$600	\$0	\$0		x
18 b	2	\$1,050	\$1,050	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	5	\$800	\$800	\$0	\$0		x
18 e	0	\$0	\$0	\$0	\$0		x
18 f	0	\$0	\$0	\$0	\$0		x
19	0	\$0	\$0	\$0	\$0		x
20 a	0	\$0	\$0	\$0	\$0		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	0	\$0	\$0	\$0	\$0		x
20 d	0	\$0	\$0	\$0	\$0		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	50	\$10,575	\$10,575	\$0	\$0		

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

Calendar Year: 2004
Notices of Compensation Due

Individual Exhibit 4

Audit No.: SAC-08-04-R1-5

Subject: Claims Management, Inc.

Location: Rancho Cordova

Type: TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$61.57						\$61.57
2				\$333.00			\$333.00
3				\$71.23			\$71.23
4	\$242.58	\$250.00		\$24.26		\$49.38	\$566.22
5		\$3,797.14		\$379.71			\$4,176.85
6				\$297.13			\$297.13
7	\$59.73			\$5.97			\$65.70
8	\$161.37			\$16.14			\$177.51
TOTAL	\$525.25	\$4,047.14	\$0.00	\$1,127.44	\$0.00	\$49.38	\$5,749.21

Calendar Year: 2004

Individual Exhibit 3

Penalty Assessments and Collections

Files Audited:	37
Indemnity	37
Medical Only	0
Denied	0
Complaints	0
Additional	0

Audit No: VNO-06-04-R1-2

Subject: Clougherty Packing Co. dba Farmer John Meats

Location: Los Angeles

Type: SI

Item #	# of Times Cited	Total \$ Penalties Assessed	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	6	\$490	\$490	\$0	\$0		x
2	1	\$100	\$100	\$0	\$0		x
3	1	\$75	\$75	\$0	\$0		x
4	30	\$1,700	\$1,700	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	0	\$0	\$0	\$0	\$0		x
8	0	\$0	\$0	\$0	\$0		x
9	0	\$0	\$0	\$0	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	0	\$0	\$0	\$0	\$0		x
13	4	\$1,400	\$1,400	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	8	\$4,000	\$4,000	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	1	\$200	\$200	\$0	\$0		x
18 b	3	\$1,000	\$1,000	\$0	\$0		x
18 c	1	\$1,500	\$1,500	\$0	\$0		x
18 d	5	\$325	\$325	\$0	\$0		x
18 e	0	\$0	\$0	\$0	\$0		x
18 f	0	\$0	\$0	\$0	\$0		x
19	0	\$0	\$0	\$0	\$0		x
20 a	0	\$0	\$0	\$0	\$0		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	0	\$0	\$0	\$0	\$0		x
20 d	0	\$0	\$0	\$0	\$0		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	60	\$10,790	\$10,790	\$0	\$0		

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

Calendar Year: 2004
Notices of Compensation Due

Individual Exhibit 4

Audit No: VNO-06-04-R1-2

Subject: Clougherty Packing Company dba Farmer John Meats

Location: Los Angeles

Type: SI

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1		\$1,606.50		\$160.65			\$1,767.15
2		\$1,260.00		\$126.00			\$1,386.00
3	\$59.16			\$5.92			\$65.08
4				\$392.00			\$392.00
5				\$42.43			\$42.43
6		\$751.81	\$727.93	\$75.18			\$1,554.92
TOTAL	\$59.16	\$3,618.31	\$727.93	\$802.18	\$0.00	\$0.00	\$5,207.58

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: VNO-10-04-R2-5

Subject: COMCO Management Inc.

Location: Sierra Madre

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 11 divide by # claims with payable indem 53 = 0.20755

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

Total unpd indem. = \$7,535.29 divide by # of claims with obligation to pay indem. 53
 Avg Unpd Ind = \$ 142.18

C. Severity Rate

Avg Unpd Indem \$ 142.18 divide by avg unpd indem 2000-2002 of \$ 184.59 = 0.77022

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.20755 X Severity rate 0.77022 X modifier of 2
 = 0.31971

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

# claims with late 1st TD	10	divide by # with TD payments	25	
# claims with late first SC notice	13	divide by # with salary continuation	28	
Totals	23	divide by	Totals 53	=
				0.43396

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

# claims with late first PD	10	divide by # with first PD	18	
# claims with late first VRMA	2	divide by # with first VRMA	5	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	12	divide by	Totals 23	=
				0.52174

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

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

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

# claims with AME/QME notice violations	16	divide by # requiring notices	37	
# claims with VR potential eligibility notice violations	6	divide by # requiring notices	10	
Totals	22		Totals 47	
				=
				0.46809

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2004 2.12281

Profile Audit Review Performance Rating of 1.92668 or greater is a failing score.

Calendar Year: 2004

Individual Exhibit 1B

Full Compliance Audit Performance Rating of Randomly Selected Claims

Audit No: VNO-10-04-R2-5

Subject: COMCO Management Inc.

Location: Sierra Madre, CA

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 18 divide by # claims with payable indem 107 = 0.16822

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

Total unpd indem. = \$8,478.47 divide by # of claims with obligation to pay indem. 107
Avg Unpd Ind = \$ 79.24

C. Severity Rate

Avg Unpd Indem \$ 79.24 divide by avg unpd indem 2000-2002 of \$ 184.59 = 0.42927

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.16822 X Severity rate 0.42927 X modifier of 2
= 0.14443

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

claims with late 1st TD 18 divide by # with TD payments 45
claims with late first SC notice 31 divide by # with salary continuation 59
Totals 49 divide by Totals 104 =
0.47115

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

claims with late first PD 21 divide by # with first PD 40
claims with late first VRMA 3 divide by # with first VRMA 9
claims with late first DB 0 divide by # with first DB paid 0
Totals 24 divide by Totals 49 =
0.48980

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 19 divide by # with subsequent payments 47 =
0.40426

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

claims with AME/QME notice violations 24 divide by # requiring notices 85
claims with VR potential eligibility notice violations 10 divide by # requiring notices 20
Totals 34 divide by Totals 105
= 0.32381

Full Compliance AUDIT PERFORMANCE RATING - 2004 1.83344

Full Compliance Audit Performance Rating of indemnity files of 2.77704 or greater is a failing score.

Calendar Year: 2004

Individual Exhibit 3

Penalty Assessments and Collections

Files Audited:	107
Indemnity	107
Medical Only	0
Denied	0
Complaints	0
Additional	0

Audit No: VNO-10-04-R2-5

Subject: Comco Management Inc.

Location: Sierra Madre

Type: TPA

Item #	# of Times Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	19	\$4,295	\$0	\$0	\$4,295		x
2	22	\$7,730	\$0	\$0	\$7,730		x
3	3	\$1,680	\$0	\$0	\$1,680		x
4	32	\$5,985	\$575	\$0	\$5,410		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	30	\$1,515	\$1,515	\$0	\$0		x
8	0	\$0	\$0	\$0	\$0		x
9	0	\$0	\$0	\$0	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	0	\$0	\$0	\$0	\$0		x
13	10	\$4,000	\$4,000	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	23	\$9,600	\$9,600	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	2	\$300	\$0	\$0	\$300		x
18 b	4	\$1,950	\$0	\$0	\$1,950		x
18 c	2	\$1,100	\$0	\$0	\$1,100		x
18 d	18	\$3,600	\$0	\$0	\$3,600		x
18 e	0	\$0	\$0	\$0	\$0		x
18 f	0	\$0	\$0	\$0	\$0		x
19	0	\$0	\$0	\$0	\$0		x
20 a	0	\$0	\$0	\$0	\$0		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	0	\$0	\$0	\$0	\$0		x
20 d	0	\$0	\$0	\$0	\$0		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	165	\$41,755	\$15,690	\$0	\$26,065		

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

Calendar Year: 2004
Notices of Compensation Due

Individual Exhibit 4

Audit No: VNO-10-04-R2-5

Subject: COMCO Management Inc.

Location: Sierra Madre

Type: TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1		\$216.36		\$21.64			\$238.00
2				\$65.63			\$65.63
3				\$12.01			\$12.01
4	\$74.52			\$85.69			\$160.21
5				\$102.20			\$102.20
6		\$391.62		\$39.16			\$430.78
7				\$84.00			\$84.00
8				\$84.00			\$84.00
9				\$42.00			\$42.00
10			\$301.68				\$301.68
11		\$270.00		\$111.00			\$381.00
12	\$79.12						\$79.12
13				\$42.29			\$42.29
14		\$4,069.58	\$633.00	\$1,373.39			\$6,075.97
15				\$95.14			\$95.14
16				\$29.87			\$29.87
17				\$166.50			\$166.50
18				\$88.07			\$88.07
TOTAL	\$153.64	\$4,947.56	\$934.68	\$2,442.59	\$0.00	\$0.00	\$8,478.47

Calendar Year: 2004

Individual Exhibit 3

Penalty Assessments and Collections

Files Audited:	27
Indemnity	27
Medical Only	0
Denied	0
Complaints	0
Additional	0

Audit No: LAO-08-04-R1-5

Subject: Crawford and Company

Location: San Diego

Type: TPA

Item #	# of Times Cited	Total \$ Penalties Assessed	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	13	\$1,585	\$1,585	\$0	\$0		x
2	0	\$0	\$0	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	37	\$4,855	\$4,855	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	0	\$0	\$0	\$0	\$0		x
8	0	\$0	\$0	\$0	\$0		x
9	0	\$0	\$0	\$0	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	0	\$0	\$0	\$0	\$0		x
13	3	\$1,400	\$1,400	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	7	\$3,500	\$3,500	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	4	\$4,600	\$4,600	\$0	\$0		x
18 b	0	\$0	\$0	\$0	\$0		x
18 c	1	\$5,000	\$5,000	\$0	\$0		x
18 d	8	\$1,600	\$1,600	\$0	\$0		x
18 e	0	\$0	\$0	\$0	\$0		x
18 f	0	\$0	\$0	\$0	\$0		x
19	0	\$0	\$0	\$0	\$0		x
20 a	0	\$0	\$0	\$0	\$0		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	0	\$0	\$0	\$0	\$0		x
20 d	0	\$0	\$0	\$0	\$0		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	73	\$22,540	\$22,540	\$0	\$0		

Administrative penalties waived pursuant to Labor Code Section 129.5(c)(1).

Calendar Year: 2004
Notices of Compensation Due

Individual Exhibit 4

Audit No: LAO-08-04-R1-5

Subject: Crawford and Company

Location: San Diego

Type: TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$17.22						\$17.22
2				\$106.48			\$106.48
3				\$140.18			\$140.18
4				\$140.31			\$140.31
5	\$550.77			\$43.90			\$594.67
6	\$1,017.04			\$196.62			\$1,213.66
7	\$622.82		\$1,085.28	\$93.93			\$1,802.03
TOTAL	\$2,207.85	\$0.00	\$1,085.28	\$721.42	\$0.00	\$0.00	\$4,014.55

Full Compliance Audit Performance Rating of Randomly Selected Claims

Audit No: VNO-04-04-R2-1

Subject: Crum & Forster Insurance

Location: Los Angeles

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 41 divide by # claims with payable indem 130 = 0.31538

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

Total unpd indem = \$ 26,572.42 divide by # of claims with obligation to pay indem. 130
 Avg Unpd Ind = \$ 204.40

C. Severity Rate

Avg Unpd Ind. \$ 204.40 divide by avg unpd indem 2000-2002 of \$ 184.59 = 1.10734

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.31538 X Severity rate 1.10734 X modifier of 2
 = **0.69847**

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

# claims with late 1st TD	63	divide by # with TD payments	127	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	<u>63</u>	divide by	Totals	<u>127</u> =
				0.49606

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

# claims with late first PD	3	divide by # with first PD	28	
# claims with late first VRMA	0	divide by # with first VRMA	7	
# claims/late first death benefits	0	divide by # with first death ben paid	0	
Totals	<u>3</u>	divide by	Totals	<u>35</u> =
				0.08571

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subseq payments 48 divide by # with subseq payments 86 = **0.55814**

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

# claims with AME/QME notice violations	17	divide by # requiring notices	76	
# claims with VR potential eligibilty notice violations	25	divide by # requiring notices	33	
Totals	<u>42</u>		Totals	<u>109</u>
				= 0.38532

FULL COMPLIANCE AUDIT PERFORMANCE RATING - 2004 **2.22371**

Full Compliance Audit Performance Rating of indemnity files of 2.77704 or greater is a failing score.

Full Compliance Audit Performance Rating of Randomly Selected Claims

Audit No: VNO-04-04-R2-1

Subject: Crum & Forster Insurance

Location: Los Angeles

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 41 divide by # claims with payable indem 130 = 0.31538

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

Total unpd indem = \$ 26,572.42 divide by # of claims with obligation to pay indem. 130
 Avg Unpd Ind = \$ 204.40

C. Severity Rate

Avg Unpd Ind. \$ 204.40 divide by avg unpd indem 2000-2002 of \$ 184.59 = 1.10734

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.31538 X Severity rate 1.10734 X modifier of 2
 = **0.69847**

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

# claims with late 1st TD	63	divide by # with TD payments	127	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	<u>63</u>	divide by	Totals	<u>127</u> =
				0.49606

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

# claims with late first PD	3	divide by # with first PD	28	
# claims with late first VRMA	0	divide by # with first VRMA	7	
# claims/late first death benefits	0	divide by # with first death ben paid	0	
Totals	<u>3</u>	divide by	Totals	<u>35</u> =
				0.08571

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subseq payments 48 divide by # with subseq payments 86 = **0.55814**

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

# claims with AME/QME notice violations	17	divide by # requiring notices	76	
# claims with VR potential eligibilty notice violations	25	divide by # requiring notices	33	
Totals	<u>42</u>		Totals	<u>109</u>
				= 0.38532

FULL COMPLIANCE AUDIT PERFORMANCE RATING - 2004 **2.22371**

Full Compliance Audit Performance Rating of indemnity files of 2.77704 or greater is a failing score.

Calendar Year: 2004

Individual Exhibit 3

Penalty Assessments and Collections

Files Audited:	131
Indemnity	130
Medical Only	0
Denied	0
Complaints	1
Additional	0

Audit No: VNO-04-04-R2-1

Subject: Crum & Forster Insurance

Location: Los Angeles

Type: INS

Item #	# of Times Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	75	\$13,060	\$0	\$13,060	\$0		x
2	3	\$1,500	\$0	\$1,500	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	134	\$20,960	\$7,200	\$13,760	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	0	\$0	\$0	\$0	\$0		x
8	0	\$0	\$0	\$0	\$0		x
9	0	\$0	\$0	\$0	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	0	\$0	\$0	\$0	\$0		x
13	26	\$10,300	\$10,300	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	16	\$4,900	\$4,900	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	29	\$12,850	\$0	\$12,850	\$0		x
18 b	7	\$2,550	\$0	\$2,550	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	45	\$4,425	\$0	\$4,425	\$0		x
18 e	0	\$0	\$0	\$0	\$0		x
18 f	0	\$0	\$0	\$0	\$0		x
19	0	\$0	\$0	\$0	\$0		x
20 a	0	\$0	\$0	\$0	\$0		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	0	\$0	\$0	\$0	\$0		x
20 d	0	\$0	\$0	\$0	\$0		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	335	\$70,545	\$22,400	\$48,145	\$0		

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

Calendar Year: 2004
Notices of Compensation Due

Audit No: VNO-04-04-R2-1

Subject: Crum & Forster Insurance

Location: Los Angeles

Type: INS

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$1,332.70	\$840.00		\$217.27			\$2,389.97
2	\$19.88						\$19.88
3	\$4,228.58			\$456.86			\$4,685.44
4	\$372.95						\$372.95
5	\$89.46						\$89.46
6	\$118.68			\$344.70			\$463.38
7	\$183.04			\$54.92			\$237.96
8	\$61.84						\$61.84
9	\$161.24			\$7.61			\$168.85
10	\$1,118.00			\$111.80			\$1,229.80
11	\$142.63						\$142.63
12	\$4,481.50			\$442.58			\$4,924.08
13	\$5.66			\$39.68			\$45.34
14				\$167.50			\$167.50
15	\$28.58			\$54.29			\$82.87
16	\$174.57	\$420.00		\$59.46			\$654.03
17	\$242.70			\$8.09			\$250.79
18	\$258.00						\$258.00
19		\$2,904.00		\$375.20			\$3,279.20
20		\$20.00		\$2.00			\$22.00
21				\$63.85			\$63.85
SUBTOTAL	\$13,020.01	\$4,184.00	\$0.00	\$2,405.81	\$0.00	\$0.00	\$19,609.82

Calendar Year: 2004
Notices of Compensation Due

Audit No: VNO-04-04-R2-1

Subject: Crum & Forster Insurance

Location: Los Angeles

Type: INS

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty interest, or other	Total
22	\$10.85						\$10.85
23				\$162.71			\$162.71
24				\$173.41			\$173.41
25				\$250.67			\$250.67
26				\$21.55			\$21.55
27		\$800.00		\$80.00			\$880.00
28	\$148.77						\$148.77
29		\$1,665.00		\$166.50			\$1,831.50
30	\$186.83			\$67.26			\$254.09
31	\$23.90						\$23.90
32				\$37.54			\$37.54
33				\$34.67			\$34.67
34	\$280.00						\$280.00
35	\$111.84						\$111.84
36		\$323.71		\$187.04			\$510.75
37	\$560.00			\$56.00			\$616.00
38	\$79.19						\$79.19
39	\$763.27			\$76.33			\$839.60
40				\$306.40			\$306.40
41	\$365.59			\$23.57			\$389.16
Page 2 SUBTOTAL	\$2,530.24	\$2,788.71	\$0.00	\$1,643.65	\$0.00	\$0.00	\$6,962.60
Page 1 SUBTOTAL	\$13,020.01	\$4,184.00	\$0.00	\$2,405.81	\$0.00	\$0.00	\$19,609.82
TOTAL	\$15,550.25	\$6,972.71	\$0.00	\$4,049.46	\$0.00	\$0.00	\$26,572.42

Calendar Year: 2004

Individual Exhibit 3

Penalty Assessments and Collections

Files Audited:	51
Indemnity	51
Medical Only	0
Denied	0
Complaints	0
Additional	0

Audit No: SFO-09-04-R1-5

Subject: ESIS (An ACE Group Company)

Location: Irving, TX

Type: TPA

Item #	# of Times Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	9	\$550	\$550	\$0	\$0		x
2	3	\$445	\$445	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	6	\$1,020	\$1,020	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	0	\$0	\$0	\$0	\$0		x
8	0	\$0	\$0	\$0	\$0		x
9	0	\$0	\$0	\$0	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	0	\$0	\$0	\$0	\$0		x
13	7	\$1,400	\$1,400	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	7	\$2,700	\$2,700	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	4	\$400	\$400	\$0	\$0		x
18 b	0	\$0	\$0	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	1	\$75	\$75	\$0	\$0		x
18 e	0	\$0	\$0	\$0	\$0		x
18 f	0	\$0	\$0	\$0	\$0		x
19	0	\$0	\$0	\$0	\$0		x
20 a	0	\$0	\$0	\$0	\$0		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	0	\$0	\$0	\$0	\$0		x
20 d	0	\$0	\$0	\$0	\$0		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	37	\$6,590	\$6,590	\$0	\$0		

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

Calendar Year: 2004
Notices of Compensation Due

Individual Exhibit 4

Audit No: SFO-09-04-R1-5

Subject: ESIS (An ACE Group Company)

Location: Irving, TX

Type: TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$108.00						\$108.00
2	\$124.54						\$124.54
3	\$115.54			\$11.54			\$127.08
4				\$19.59			\$19.59
5	\$146.15						\$146.15
TOTAL	\$494.23	\$0.00	\$0.00	\$31.13	\$0.00	\$0.00	\$525.36

Calendar Year: 2004

Individual Exhibit 3

Penalty Assessments and Collections

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

Audit No: SFO-04-04-R1-1

Subject: Farmers Insurance Group

Location: Pleasanton

Type: INS

Item #	# of Times Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	15	\$5,360	\$5,360	\$0	\$0		x
2	8	\$1,955	\$1,955	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	2	\$150	\$150	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	0	\$0	\$0	\$0	\$0		x
8	0	\$0	\$0	\$0	\$0		x
9	0	\$0	\$0	\$0	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	0	\$0	\$0	\$0	\$0		x
13	2	\$400	\$400	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	5	\$1,100	\$1,100	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	2	\$300	\$300	\$0	\$0		x
18 b	3	\$225	\$225	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	0	\$0	\$0	\$0	\$0		x
18 e	0	\$0	\$0	\$0	\$0		x
18 f	0	\$0	\$0	\$0	\$0		x
19	0	\$0	\$0	\$0	\$0		x
20 a	0	\$0	\$0	\$0	\$0		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	0	\$0	\$0	\$0	\$0		x
20 d	0	\$0	\$0	\$0	\$0		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	37	\$9,490	\$9,490	\$0	\$0		

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

Calendar Year: 2004
Notices of Compensation Due

Individual Exhibit 4

Audit No: SFO-04-04-R1-1

Subject: Farmers Insurance Group

Location: Pleasanton

Type: TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1				\$29.04			\$29.04
2	\$17.71						\$17.71
3				\$112.00			\$112.00
4	\$167.60						\$167.60
5				\$272.00			\$272.00
TOTAL	\$185.31	\$0.00	\$0.00	\$413.04	\$0.00	\$0.00	\$598.35

Calendar Year 2004

Individual Exhibit 3

Penalty Assessments and Collections

Files Audited:	54
Indemnity	54
Medical Only	0
Denied	0
Complaints	0
Additional	0

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

Subject: Frank Gates Service Company

Location: Anaheim TPA

Item #	# of Times Cited	Total \$ Penalties Assessed	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	17	\$2,060	\$2,060	\$0	\$0		x
2	3	\$1,280	\$1,280	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	34	\$1,660	\$1,660	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	0	\$0	\$0	\$0	\$0		x
8	0	\$0	\$0	\$0	\$0		x
9	0	\$0	\$0	\$0	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	0	\$0	\$0	\$0	\$0		x
13	7	\$2,100	\$2,100	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	18	\$7,900	\$7,900	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	10	\$4,400	\$4,400	\$0	\$0		x
18 b	1	\$750	\$750	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	12	\$1,450	\$1,450	\$0	\$0		x
18 e	0	\$0	\$0	\$0	\$0		x
18 f	0	\$0	\$0	\$0	\$0		x
19	0	\$0	\$0	\$0	\$0		x
20 a	0	\$0	\$0	\$0	\$0		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	0	\$0	\$0	\$0	\$0		x
20 d	0	\$0	\$0	\$0	\$0		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	102	\$21,600	\$21,600	\$0	\$0		

Administrative penalties waived pursuant to Labor Code Section 129.5(c)(1).

Calendar Year: 2004
Notices of Compensation Due

Individual Exhibit 4

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

Subject: Frank Gates Service Company

Location: Anaheim

TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$1,826.16			\$154.85			\$1,981.01
2				\$34.35			\$34.35
3	\$74.82			\$7.48			\$82.30
4	\$259.16			\$25.92			\$285.08
5	\$858.85			\$73.64			\$932.49
6				\$74.67			\$74.67
7				\$147.00			\$147.00
8	\$400.00						\$400.00
9	\$28.92						\$28.92
10				\$120.40			\$120.40
11				\$46.86			\$46.86
12				\$267.61			\$267.61
TOTAL	\$3,447.91	\$0.00	\$0.00	\$952.78	\$0.00	\$0.00	\$4,400.69

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: LAO-07-04-R3-5

Subject: Garmi, Inc.

Location: Orange

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 11 divide by # claims with payable indem 33 = 0.33333

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

Total unpd indem. = \$ 15,571.59 divide by # of claims with obligation to pay indem. 33
 Avg Unpd Ind = \$ 471.87

C. Severity Rate

Avg Unpd Indem \$ 471.87 divide by avg unpd indem 2000-2002 of \$ 184.59 = 2.55629

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.33333 X Severity rate 2.55629 X modifier of 2
 = 1.70420

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

# claims with late 1st TD	13	divide by # with TD payments	31	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	13	divide by	Totals 31	=
				0.41935

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

# claims with late first PD	5	divide by # with first PD	8	
# claims with late first VRMA	1	divide by # with first VRMA	2	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	6	divide by	Totals 10	=
				0.60000

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 10 divide by # with subsequent payments 24 =
0.41667

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

# claims with AME/QME notice violations	15	divide by # requiring notices	23	
# claims with VR potential eligibility notice violations	4	divide by # requiring notices	7	
Totals	19		Totals 30	
				= 0.63333

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2004 3.77355

Profile Audit Review Performance Rating of 1.92668 or greater is a failing score.

Full Compliance Audit Performance Rating of Randomly Selected Claims

Audit No: LAO-07-04-R3-5

Subject: GARMI, Inc.

Location: Orange

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 19 divide by # claims with payable indem 49 = 0.38776

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

Total unpd indem = \$23,979.50 divide by # of claims with obligation to pay indem. 49
 Avg Unpd Ind = \$ 489.38

C. Severity Rate

Avg Unpd Ind. \$ 489.38 divide by avg unpd indem 2000-2002 of \$ 184.59 = 2.65116

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.38776 X Severity rate 2.65116 X modifier of 2
 = **2.05600**

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

# claims with late 1st TD	20	divide by # with TD payments	46	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	20	divide by	Totals	46 =
				0.43478

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

# claims with late first PD	8	divide by # with first PD	12	
# claims with late first VRMA	1	divide by # with first VRMA	2	
# claims/late first death benefits	0	divide by # with first death ben paid	0	
Totals	9	divide by	Totals	14 =
				0.64286

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subseq payments 17 divide by # with subseq payments 37 = **0.45946**

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

# claims with AME/QME notice violations	21	divide by # requiring notices	32	
# claims with VR potential eligibilty notice violations	5	divide by # requiring notices	8	
Totals	26		Totals	40 =
				0.65000

FULL COMPLIANCE AUDIT PERFORMANCE RATING - 2004 **4.24310**

Full Compliance Audit Performance Rating of indemnity files of 2.77704 or greater is a failing score.

Full Compliance Audit Performance Rating of Randomly Selected Claims

Audit No: LAO 07-04-R3-5

Subject: GARMI, Inc.

Location: Orange

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 19 divide by # claims with payable indem 49 = 0.38776

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

Total unpd indem = \$23,979.50 divide by # of claims with obligation to pay indem. 49
 Avg Unpd Ind = \$ 489.38

C. Severity Rate

Avg Unpd Ind. \$ 489.38 divide by avg unpd indem 1999-2001 of \$ 186.21 = 2.62809

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.38776 X Severity rate 2.62809 X modifier of 2
 = **2.03811**

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

# claims with late 1st TD	20	divide by # with TD payments	46	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	20	divide by	Totals	46
				=
				0.43478

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

# claims with late first PD	8	divide by # with first PD	12	
# claims with late first VRMA	1	divide by # with first VRMA	2	
# claims/late first death benefits	0	divide by # with first death ben paid	0	
Totals	9	divide by	Totals	14
				=
				0.64286

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subseq payments 17 divide by # with subseq payments 37 =
0.45946

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

# claims with AME/QME notice violations	21	divide by # requiring notices	32	
# claims with VR potential eligibilty notice violations	5	divide by # requiring notices	8	
Totals	26	Totals	40	
				=
				0.65000

FULL COMPLIANCE AUDIT PERFORMANCE RATING - 2004 **4.22521**

Full Compliance Audit Performance Rating for indemnity and denied files of 2.77704 or greater is a failing score.

Calendar Year: 2004

Individual Exhibit 3

Penalty Assessments and Collections

Files Audited:	57
Indemnity	49
Medical Only	0
Denied	8
Complaints	0
Additional	0

Audit No: LAO-07-04-R3-5

Subject: GARMI, Inc.

Location: Orange

Type: TPA

Item #	# of Times Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived *	Total \$ Amount Collected **	Balance \$ Due	Appealed	
						Yes	No
1	23	\$4,975	\$0	\$4,975	\$0		x
2	8	\$4,495	\$0	\$4,495	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	34	\$6,265	\$4,375	\$1,890	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	60	\$6,000	\$0	\$6,000	\$0		x
7	13	\$995	\$0	\$995	\$0		x
8	53	\$7,550	\$0	\$7,550	\$0		x
9	0	\$0	\$0	\$0	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	0	\$0	\$0	\$0	\$0		x
13	5	\$2,200	\$0	\$2,200	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	21	\$8,800	\$0	\$8,800	\$0		x
16	2	\$1,000	\$0	\$1,000	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	13	\$6,000	\$0	\$6,000	\$0		x
18 b	2	\$1,400	\$0	\$1,400	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	31	\$4,225	\$0	\$4,225	\$0		x
18 e	0	\$0	\$0	\$0	\$0		x
18 f	0	\$0	\$0	\$0	\$0		x
19	0	\$0	\$0	\$0	\$0		x
20 a	2	\$50	\$0	\$50	\$0		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	0	\$0	\$0	\$0	\$0		x
20 d	0	\$0	\$0	\$0	\$0		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	267	\$53,955	\$4,375	\$49,580	\$0		

*Administrative penalties waived due to a lack of regulatory authority.

**Administrative penalties modified by factor of 1.0 pursuant to Labor Code §129.5(c) and 8CCR§10111.2(c)(7).

Calendar Year: 2004
Notices of Compensation Due

Individual Exhibit 4

Audit No: LAO-07-04-R3-5

Subject: GARMI, Inc.

Location: Orange

Type: TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1				\$264.40			\$264.40
2				\$98.00			\$98.00
3				\$260.06			\$260.06
4				\$1,078.00			\$1,078.00
5				\$1,805.00			\$1,805.00
6	\$1,628.13			\$162.81			\$1,790.94
7	\$528.47			\$293.65			\$822.12
8	\$1,000.52			\$300.15			\$1,300.67
9	\$580.00			\$690.80			\$1,270.80
10	\$30.42						\$30.42
11	\$174.75						\$174.75
12	\$891.48			\$693.27			\$1,584.75
13	\$1,960.00	\$4,235.00		\$598.50			\$6,793.50
14	\$562.63			\$140.26			\$702.89
15				\$330.00			\$330.00
16				\$120.40			\$120.40
17	\$449.93			\$44.99			\$494.92
18		\$2,380.00		\$336.00			\$2,716.00
19	\$1,843.15			\$498.73			\$2,341.88
TOTAL	\$9,649.48	\$6,615.00	\$0.00	\$7,715.02	\$0.00	\$0.00	\$23,979.50

Calendar Year: 2004

Individual Exhibit 3

Penalty Assessments and Collections

Files Audited:	60
Indemnity	58
Medical Only	0
Denied	0
Complaints	2
Additional	0

Audit No: LAO-01-04-R1-5

Subject: Hazelrigg Risk Management Services, Inc.

Location: San Diego

Type: TPA

Item #	# of Times Cited	Total \$ Penalties Assessed	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	8	\$915	\$915	\$0	\$0		x
2	2	\$640	\$640	\$0	\$0		x
3	1	\$50	\$50	\$0	\$0		x
4	13	\$1,485	\$1,485	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	22	\$1,020	\$1,020	\$0	\$0		x
8	0	\$0	\$0	\$0	\$0		x
9	0	\$0	\$0	\$0	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	0	\$0	\$0	\$0	\$0		x
13	4	\$1,400	\$1,400	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	1	\$500	\$500	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	8	\$7,300	\$7,300	\$0	\$0		x
18 b	1	\$1,500	\$1,500	\$0	\$0		x
18 c	1	\$1,000	\$1,000	\$0	\$0		x
18 d	14	\$1,150	\$1,150	\$0	\$0		x
18 e	0	\$0	\$0	\$0	\$0		x
18 f	0	\$0	\$0	\$0	\$0		x
19	0	\$0	\$0	\$0	\$0		x
20 a	0	\$0	\$0	\$0	\$0		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	0	\$0	\$0	\$0	\$0		x
20 d	0	\$0	\$0	\$0	\$0		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	75	\$16,960	\$16,960	\$0	\$0		

Administrative penalties waived pursuant to Labor Code Section 129.5(c)(1).

Calendar Year: 2004
Notices of Compensation Due

Individual Exhibit 4

Audit No: LAO-01-04-R1-5

Subject: Hazelrigg Risk Management Services, Inc.

Location: San Diego

Type: TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$4,069.59	\$3,726.43		\$779.60			\$8,575.62
2	\$196.13			\$45.76			\$241.89
3	\$509.72						\$509.72
4	\$36.81						\$36.81
5			\$4,460.33	\$210.00			\$4,670.33
6	\$1,122.39			\$394.34			\$1,516.73
7				\$34.00			\$34.00
8				\$21.93			\$21.93
9	\$3,866.76			\$785.90			\$4,652.66
10	\$59.89						\$59.89
11	\$350.00						\$350.00
TOTAL	\$10,211.29	\$3,726.43	\$4,460.33	\$2,271.53	\$0.00	\$0.00	\$20,669.58

Calendar Year: 2004

Individual Exhibit 3

Penalty Assessments and Collections

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

Audit No: SAC-01-04-R1-5

Subject: Intercare Insurance Services

Location: Sacramento

Type: TPA

Item #	# of Times Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	9	\$1,075	\$1,075	\$0	\$0		x
2	0	\$0	\$0	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	3	\$465	\$465	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	0	\$0	\$0	\$0	\$0		x
8	0	\$0	\$0	\$0	\$0		x
9	0	\$0	\$0	\$0	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	0	\$0	\$0	\$0	\$0		x
13	4	\$1,600	\$1,600	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	9	\$3,200	\$3,200	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	1	\$1,000	\$1,000	\$0	\$0		x
18 b	0	\$0	\$0	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	0	\$0	\$0	\$0	\$0		x
18 e	0	\$0	\$0	\$0	\$0		x
18 f	0	\$0	\$0	\$0	\$0		x
19	0	\$0	\$0	\$0	\$0		x
20 a	0	\$0	\$0	\$0	\$0		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	0	\$0	\$0	\$0	\$0		x
20 d	0	\$0	\$0	\$0	\$0		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	26	\$7,340	\$7,340	\$0	\$0		

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

Calendar Year: 2004
Notices of Compensation Due

Individual Exhibit 4

Audit No: SAC-01-04-R1-5

Subject: Intercare Insurance Services

Location: Sacramento

Type: TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$2,853.60			\$277.00			\$3,130.60
TOTAL	\$2,853.60	\$0.00	\$0.00	\$277.00	\$0.00	\$0.00	\$3,130.60

Calendar Year: 2004

Individual Exhibit 3

Penalty Assessments and Collections

Files Audited:	54
Indemnity	54
Medical Only	0
Denied	0
Complaints	0
Additional	0

Audit No: LAO-10-04-T1-2

Subject: Interstate Brands Corporation

Location: San Diego

Type: SI

Item #	# of Times Cited	Total \$ Penalties Assessed	Total \$ Penalties Waived	Total \$ Amount Collected	Balance Due	Appealed	
						Yes	No
1	8	\$500	\$500	\$0	\$0		x
2	2	\$150	\$150	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	5	\$490	\$490	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	0	\$0	\$0	\$0	\$0		x
8	0	\$0	\$0	\$0	\$0		x
9	0	\$0	\$0	\$0	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	0	\$0	\$0	\$0	\$0		x
13	7	\$2,400	\$2,400	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	2	\$900	\$900	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	1	\$200	\$200	\$0	\$0		x
18 b	0	\$0	\$0	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	2	\$200	\$200	\$0	\$0		x
18 e	0	\$0	\$0	\$0	\$0		x
18 f	0	\$0	\$0	\$0	\$0		x
19	0	\$0	\$0	\$0	\$0		x
20 a	0	\$0	\$0	\$0	\$0		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	0	\$0	\$0	\$0	\$0		x
20 d	0	\$0	\$0	\$0	\$0		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	27	\$4,840	\$4,840	\$0	\$0		

Administrative penalties waived pursuant to Labor Code Section 129.5(c)(1).

Calendar Year: 2004
Notices of Compensation Due

Individual Exhibit 4

Audit No: LAO-10-04-T1-2

Subject: Interstate Brands Corporation

Location: San Diego

Type: SI

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1				\$98.86			\$98.86
2				\$105.00			\$105.00
3	\$258.00						\$258.00
TOTAL	\$258.00	\$0.00	\$0.00	\$203.86	\$0.00	\$0.00	\$461.86

Full Compliance Audit Performance Rating of Randomly Selected Claims

Audit No: SFO-05-04-T3-2

Subject: Kaiser

Location: Oakland

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 44 divide by # claims with payable indem 136 = 0.32353

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

Total unpd indem = \$ 54,163.73 divide by # of claims with obligation to pay indem. 136
Avg Unpd Ind = \$ 398.26

C. Severity Rate

Avg Unpd Ind. \$ 398.26 divide by avg unpd indem 2000-2002 of \$ 184.59 = 2.15755

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.32353 X Severity rate 2.15755 X modifier of 2
= 1.39606

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

# claims with late 1st TD	82	divide by # with TD payments	127	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	82	divide by	Totals 127	=
				0.64567

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

# claims with late first PD	16	divide by # with first PD	38	
# claims with late first VRMA	0	divide by # with first VRMA	8	
# claims/late first death benefits	0	divide by # with first death ben paid	0	
Totals	16	divide by	Totals 46	=
				0.34783

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subseq payments 10 divide by # with subseq payments 83 = 0.12048

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

# claims with AME/QME notice violations	30	divide by # requiring notices	88	
# claims with VR potential eligibilty notice violations	14	divide by # requiring notices	18	
Totals	44		Totals 106	
				= 0.41509

FULL COMPLIANCE AUDIT PERFORMANCE RATING - 2004 2.92514

Full Compliance Audit Performance Rating of indemnity files of 2.77704 or greater is a failing score.

Full Compliance Audit Performance Rating of Randomly Selected Claims

Audit No: SFO-05-05-T3-2

Subject: Kaiser

Location: Oakland

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 45 divide by # claims with payable indem 137 = 0.32847

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

Total unpd indem = \$ 55,749.34 divide by # of claims with obligation to pay indem. 137
 Avg Unpd Ind = \$ 406.93

C. Severity Rate

Avg Unpd Ind. \$ 406.93 divide by avg unpd indem 2000-2002 of \$ 184.59 = 2.20450

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.32847 X Severity rate 2.20450 X modifier of 2
 = **1.44821**

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

# claims with late 1st TD	83	divide by # with TD payments	129	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	<u>83</u>	divide by	<u>129</u>	=
				0.64341

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

# claims with late first PD	17	divide by # with first PD	39	
# claims with late first VRMA	0	divide by # with first VRMA	8	
# claims/late first death benefits	0	divide by # with first death ben paid	0	
Totals	<u>17</u>	divide by	<u>47</u>	=
				0.36170

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subseq payments 10 divide by # with subseq payments 82 =
0.12195

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

# claims with AME/QME notice violations	30	divide by # requiring notices	91	
# claims with VR potential eligibilty notice violations	14	divide by # requiring notices	19	
Totals	<u>44</u>		<u>110</u>	
				=
				0.40000

FULL COMPLIANCE AUDIT PERFORMANCE RATING - 2004 **2.97528**

Full Compliance Audit Performance Rating for indemnity and denied files of 2.77704 or greater is a failing score.

Calendar Year: 2004

Individual Exhibit 3

Penalty Assessments and Collections

Files Audited:	256
Indemnity	136
Medical Only	0
Denied	65
Complaints	35
Additional	20

Audit No: SFO-05-04-T3-2

Subject: Kaiser

Location: Oakland

Type: SI

Item #	# of Times Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived *	Total \$ Amount Collected **	Balance \$ Due	Appealed	
						Yes	No
1	115	\$18,810	\$0	\$33,300	\$0		x
2	29	\$8,060	\$0	\$9,500	\$0		x
3	3	\$1,440	\$0	\$1,440	\$0		x
4	75	\$6,205	\$4,185	\$2,020	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	88	\$8,800	\$0	\$10,240	\$0		x
7	113	\$7,110	\$0	\$9,936	\$0		x
8	57	\$5,225	\$0	\$7,385	\$0		x
9	4	\$300	\$0	\$300	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	19	\$6,800	\$0	\$8,420	\$0		x
13	27	\$9,900	\$0	\$9,900	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	44	\$15,000	\$0	\$19,500	\$0		x
16	4	\$800	\$0	\$1,700	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	20	\$7,100	\$0	\$12,860	\$0		x
18 b	6	\$4,950	\$0	\$4,950	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	62	\$6,650	\$0	\$11,420	\$0		x
18 e	3	\$800	\$0	\$800	\$0		x
18 f	0	\$0	\$0	\$0	\$0		x
19	20	\$1,600	\$0	\$4,336	\$0		x
20 a	13	\$325	\$0	\$325	\$0		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	2	\$1,320	\$0	\$1,320	\$0		x
20 d	10	\$1,900	\$0	\$1,900	\$0		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	714	\$113,095	\$4,185	\$151,552	\$0		

*Administrative penalties waived due to a lack of regulatory authority.

**Administrative penalties modified by factor of 2.8 pursuant to Labor Code §129.5(c) and 8CCR§10111.2(c)(7).

Calendar Year: 2004
Notices of Compensation Due

Audit No: SFO-05-04-T3-2

Subject: Kaiser

Location: Oakland

Type: SI

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$210.00			\$341.00			\$551.00
2	\$441.59						\$441.59
3				\$102.85			\$102.85
4		\$18,038.57		\$1,734.86			\$19,773.43
5	\$14.07						\$14.07
6				\$136.00			\$136.00
7				\$98.00			\$98.00
8	\$172.00						\$172.00
9				\$57.81			\$57.81
10	\$912.11			\$371.37			\$1,283.48
11				\$389.43			\$389.43
12		\$197.14		\$356.44			\$553.58
13	\$243.95			\$26.36			\$270.31
14	\$64.80						\$64.80
15	\$195.10						\$195.10
16				\$41.68			\$41.68
17				\$378.00			\$378.00
18	\$70.02						\$70.02
19				\$63.43			\$63.43
20	\$408.28			\$13.61			\$421.89
21				\$154.23			\$154.23
SUBTOTAL	\$2,731.92	\$18,235.71	\$0.00	\$4,265.07	\$0.00	\$0.00	\$25,232.70

Calendar Year: 2004
Notices of Compensation Due

Audit No: SFO-05-04-T3-2

Subject: Kaiser

Location: Oakland

Type: SI

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty interest, or other	Total
22	\$3,920.20			\$454.04			\$4,374.24
23				\$84.00			\$84.00
24				\$61.63			\$61.63
25				\$16.80			\$16.80
26	\$885.47			\$244.20			\$1,129.67
27				\$17.20			\$17.20
28		\$2,700.00		\$270.00			\$2,970.00
29	\$258.00			\$189.20			\$447.20
30		\$5,172.00		\$517.20			\$5,689.20
31				\$29.38			\$29.38
32		\$300.00		\$127.23		\$9.49	\$436.72
33	\$54.64						\$54.64
34	\$150.99			\$145.96			\$296.95
35				\$25.42			\$25.42
36	\$3,984.27			\$398.43			\$4,382.70
37	\$490.00			\$310.00		\$17.44	\$817.44
38		\$6,314.29		\$805.17			\$7,119.46
39	\$194.40			\$543.08			\$737.48
40				\$39.71			\$39.71
41	\$152.22			\$15.22			\$167.44
42	\$69.78			\$34.89			\$104.67
Page 2 SUBTOTAL	\$10,159.97	\$14,486.29	\$0.00	\$4,328.76	\$0.00	\$26.93	\$29,001.95
Page 1 SUBTOTAL	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Pages 1 & 2 SUBTOTAL	\$10,159.97	\$14,486.29	\$0.00	\$4,328.76	\$0.00	\$26.93	\$29,001.95

Calendar Year: 2004
Notices of Compensation Due

Audit No: SFO-05-04-T3-2

Subject: Kaiser

Location: Oakland

Type: SI

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty interest, or other	Total
43				\$140.00			\$140.00
44				\$62.00			\$62.00
45				\$68.54			\$68.54
46		\$1,580.00				\$45.50	\$1,625.50
47				\$30.80			\$30.80
48				\$28.00			\$28.00
49				\$56.00			\$56.00
50				\$280.00			\$280.00
51				\$1,322.18			\$1,322.18
52				\$176.00			\$176.00
53	\$312.00			\$564.80			\$876.80
54				\$28.00			\$28.00
55				\$1,431.79			\$1,431.79
56		\$8,621.38		\$958.04			\$9,579.42
Page 3 SUBTOTAL	\$312.00	\$10,201.38	\$0.00	\$5,146.15	\$0.00	\$45.50	\$15,705.03
Pages 1 & 2 SUBTOTAL	\$12,891.89	\$32,722.00	\$0.00	\$8,593.83	\$0.00	\$26.93	\$54,234.65
TOTAL	\$13,203.89	\$42,923.38	\$0.00	\$13,739.98	\$0.00	\$72.43	\$69,939.68

Calendar Year: 2004

Individual Exhibit 3

Penalty Assessments and Collections

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

Audit No: LAO-15-04-R1-5

Subject: Keenan and Associates

Location: Riverside

Type: TPA

Item #	# of Times Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	7	\$675	\$675	\$0	\$0		x
2	8	\$4,445	\$4,445	\$0	\$0		x
3	1	\$50	\$50	\$0	\$0		x
4	10	\$715	\$715	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	17	\$765	\$765	\$0	\$0		x
8	0	\$0	\$0	\$0	\$0		x
9	0	\$0	\$0	\$0	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	0	\$0	\$0	\$0	\$0		x
13	3	\$1,100	\$1,100	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	14	\$5,100	\$5,100	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	1	\$100	\$100	\$0	\$0		x
18 b	0	\$0	\$0	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	11	\$2,200	\$2,200	\$0	\$0		x
18 e	0	\$0	\$0	\$0	\$0		x
18 f	0	\$0	\$0	\$0	\$0		x
19	0	\$0	\$0	\$0	\$0		x
20 a	0	\$0	\$0	\$0	\$0		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	0	\$0	\$0	\$0	\$0		x
20 d	0	\$0	\$0	\$0	\$0		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	72	\$15,150	\$15,150	\$0	\$0		

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

Calendar Year: 2004
Notices of Compensation Due

Individual Exhibit 4

Audit No. LAO-15-04-R1-5

Subject: Keenan & Associates

Location: Riverside

Type: TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$70.00			\$112.00			\$182.00
2				\$27.00			\$27.00
3				\$138.75			\$138.75
4				\$68.00			\$68.00
5				\$88.08			\$88.08
6				\$70.32			\$70.32
7				\$465.14			\$465.14
8				\$291.13			\$291.13
9				\$97.14			\$97.14
TOTAL	\$70.00	\$0.00	\$0.00	\$1,357.56	\$0.00	\$0.00	\$1,427.56

Calendar Year: 2004

Individual Exhibit 3

Penalty Assessments and Collections

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

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

Subject: LWP Claims Solutions

Location: Sacramento

Type: TPA

Item #	# of Times Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	10	\$885	\$885	\$0	\$0		x
2	2	\$700	\$700	\$0	\$0		x
3	1	\$800	\$800	\$0	\$0		x
4	3	\$150	\$150	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	3	\$210	\$210	\$0	\$0		x
8	0	\$0	\$0	\$0	\$0		x
9	0	\$0	\$0	\$0	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	0	\$0	\$0	\$0	\$0		x
13	9	\$2,700	\$2,700	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	6	\$1,200	\$1,200	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	5	\$2,050	\$2,050	\$0	\$0		x
18 b	0	\$0	\$0	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	1	\$75	\$75	\$0	\$0		x
18 e	0	\$0	\$0	\$0	\$0		x
18 f	0	\$0	\$0	\$0	\$0		x
19	0	\$0	\$0	\$0	\$0		x
20 a	0	\$0	\$0	\$0	\$0		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	0	\$0	\$0	\$0	\$0		x
20 d	0	\$0	\$0	\$0	\$0		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	40	\$8,770	\$8,770	\$0	\$0	\$0	

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

Calendar Year: 2004
Notices of Compensation Due

Individual Exhibit 4

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

Subject: LWP Claims Solutions

Location: Sacramento

Type: TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$25.65						\$25.65
2	\$1,790.30			\$219.16			\$2,009.46
3	\$1,470.00			\$147.00			\$1,617.00
4	\$809.27			\$77.92			\$887.19
5	\$113.65						\$113.65
TOTAL	\$4,208.87	\$0.00	\$0.00	\$444.08	\$0.00	\$0.00	\$4,652.95

Calendar Year: 2004

Individual Exhibit 3

Penalty Assessments and Collections

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

Audit No: SFO-03-04-R1-6

Subject: Monterey County Schools, JPA

Location: Salinas

Type: TPA

Item #	# of Times Cited	Total \$ Penalties Assessed	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	0	\$0	\$0	\$0	\$0		x
2	3	\$750	\$750	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	1	\$100	\$100	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	12	\$460	\$460	\$0	\$0		x
8	0	\$0	\$0	\$0	\$0		x
9	0	\$0	\$0	\$0	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	0	\$0	\$0	\$0	\$0		x
13	2	\$900	\$900	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	8	\$2,900	\$2,900	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	1	\$750	\$750	\$0	\$0		x
18 b	0	\$0	\$0	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	1	\$500	\$500	\$0	\$0		x
18 e	0	\$0	\$0	\$0	\$0		x
18 f	0	\$0	\$0	\$0	\$0		x
19	0	\$0	\$0	\$0	\$0		x
20 a	0	\$0	\$0	\$0	\$0		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	0	\$0	\$0	\$0	\$0		x
20 d	0	\$0	\$0	\$0	\$0		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	28	\$6,360	\$6,360	\$0	\$0		

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

Calendar Year: 2004
Notices of Compensation Due

Individual Exhibit 4

Audit No: SFO-03-04-R1-6

Subject: Monterey County Schools, JPA

Location: Salinas

Type: TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1				\$111.00			\$111.00
2	\$631.43			\$63.14			\$694.57
TOTAL	\$631.43	\$0.00	\$0.00	\$174.14	\$0.00	\$0.00	\$805.57

Calendar Year: 2004

Individual Exhibit 3

Penalty Assessments and Collections

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

Audit No: LAO-14-04-T1-2

Subject: National R.V., Inc.

Location: Perris

Type: SI

Item #	# of Times Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	9	\$815	\$815	\$0	\$0		x
2	4	\$925	\$925	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	27	\$4,075	\$4,075	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	0	\$0	\$0	\$0	\$0		x
8	0	\$0	\$0	\$0	\$0		x
9	0	\$0	\$0	\$0	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	0	\$0	\$0	\$0	\$0		x
13	12	\$4,300	\$4,300	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	6	\$2,500	\$2,500	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	3	\$5,700	\$5,700	\$0	\$0		x
18 b	2	\$1,700	\$1,700	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	3	\$350	\$350	\$0	\$0		x
18 e	0	\$0	\$0	\$0	\$0		x
18 f	0	\$0	\$0	\$0	\$0		x
19	0	\$0	\$0	\$0	\$0		x
20 a	0	\$0	\$0	\$0	\$0		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	0	\$0	\$0	\$0	\$0		x
20 d	0	\$0	\$0	\$0	\$0		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	66	\$20,365	\$20,365	\$0	\$0		

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

Calendar Year: 2004
Notices of Compensation Due

Individual Exhibit 4

Audit No: LAO-14-04-T1-2

Subject: National R.V., Inc.

Location: Perris

Type: SI

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$4,346.83	\$4,572.14		\$798.14			\$9,717.11
2				\$114.00			\$114.00
3	\$229.36			\$22.94			\$252.30
4				\$525.71			\$525.71
5	\$484.36			\$48.44			\$532.80
6		\$297.20		\$29.72			\$326.92
7				\$56.73			\$56.73
TOTAL	\$5,060.55	\$4,869.34	\$0.00	\$1,595.68	\$0.00	\$0.00	\$11,525.57

Calendar Year: 2004

Individual Exhibit 3

Penalty Assessments and Collections

Files Audited:	31
Indemnity	31
Medical Only	0
Denied	0
Complaints	0
Additional	0

Audit No: LAO-16-04-R1-2

Subject: National Steel & Shipbuilding Co.

Location: San Diego

Type: SI

Item #	# of Times Cited	Total \$ Penalties Assessed	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	1	\$25	\$25	\$0	\$0		x
2	1	\$160	\$160	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	2	\$260	\$260	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	0	\$0	\$0	\$0	\$0		x
8	0	\$0	\$0	\$0	\$0		x
9	0	\$0	\$0	\$0	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	0	\$0	\$0	\$0	\$0		x
13	15	\$5,600	\$5,600	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	3	\$1,500	\$1,500	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	3	\$400	\$400	\$0	\$0		x
18 b	1	\$800	\$800	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	1	\$100	\$100	\$0	\$0		x
18 e	0	\$0	\$0	\$0	\$0		x
18 f	0	\$0	\$0	\$0	\$0		x
19	0	\$0	\$0	\$0	\$0		x
20 a	0	\$0	\$0	\$0	\$0		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	0	\$0	\$0	\$0	\$0		x
20 d	0	\$0	\$0	\$0	\$0		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	27	\$8,845	\$8,845	\$0	\$0		

Administrative penalties waived pursuant to Labor Code Section 129.5(c)(1).

Calendar Year: 2004
Notices of Compensation Due

Individual Exhibit 4

Audit No: LAO-16-04-R-1

Subject: National Steel & Shipbuilding Co.

Location: San Diego

Type: SI

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1		\$1,770.71		\$177.07			\$1,947.78
2	\$140.00			\$92.00			\$232.00
3	\$108.76			\$9.31			\$118.07
4	\$72.78						\$72.78
TOTAL	\$321.54	\$1,770.71	\$0.00	\$278.38	\$0.00	\$0.00	\$2,370.63

Calendar Year: 2004

Individual Exhibit 3

Penalty Assessments and Collections

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

Audit No: SFO-06-04-R1-5

Subject: Northern Claims Management

Location: Santa Rosa

Type: TPA

Item #	# of Times Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	4	\$350	\$350	\$0	\$0		x
2	2	\$50	\$50	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	4	\$150	\$150	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	5	\$175	\$175	\$0	\$0		x
8	0	\$0	\$0	\$0	\$0		x
9	0	\$0	\$0	\$0	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	0	\$0	\$0	\$0	\$0		x
13	3	\$1,500	\$1,500	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	7	\$1,900	\$1,900	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	1	\$100	\$100	\$0	\$0		x
18 b	0	\$0	\$0	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	0	\$0	\$0	\$0	\$0		x
18 e	0	\$0	\$0	\$0	\$0		x
18 f	0	\$0	\$0	\$0	\$0		x
19	0	\$0	\$0	\$0	\$0		x
20 a	0	\$0	\$0	\$0	\$0		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	0	\$0	\$0	\$0	\$0		x
20 d	0	\$0	\$0	\$0	\$0		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	26	\$4,225	\$4,225	\$0	\$0		

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

Calendar Year: 2004

Individual Exhibit 3

Penalty Assessments and Collections

Files Audited:	43
Indemnity	43
Medical Only	0
Denied	0
Complaints	0
Additional	0

Audit No: SFO-08-04-R1-5

Subject: Octagon Risk Services

Location: Pleasanton

Type: SI

Item #	# of Times Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	0	\$0	\$0	\$0	\$0		x
2	3	\$1,125	\$1,125	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	13	\$605	\$605	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	2	\$50	\$50	\$0	\$0		x
8	0	\$0	\$0	\$0	\$0		x
9	0	\$0	\$0	\$0	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	0	\$0	\$0	\$0	\$0		x
13	3	\$400	\$400	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	3	\$600	\$600	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	0	\$0	\$0	\$0	\$0		x
18 b	0	\$0	\$0	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	5	\$800	\$800	\$0	\$0		x
18 e	0	\$0	\$0	\$0	\$0		x
18 f	0	\$0	\$0	\$0	\$0		x
19	0	\$0	\$0	\$0	\$0		x
20 a	0	\$0	\$0	\$0	\$0		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	0	\$0	\$0	\$0	\$0		x
20 d	0	\$0	\$0	\$0	\$0		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	29	\$3,580	\$3,580	\$0	\$0		

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

Calendar Year: 2004
Notices of Compensation Due

Individual Exhibit 4

Audit No: SFO-08-04-R1-5

Subject: Octagon Risk Services

Location: Pleasanton

Type: SI

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1				\$97.79			\$97.79
2				\$679.74			\$679.74
TOTAL	\$0.00	\$0.00	\$0.00	\$777.53	\$0.00	\$0.00	\$777.53

Calendar Year:2004

Individual Exhibit 3

Penalty Assessments and Collections

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

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

Subject: Octagon Risk Services, Inc.

Location: San Diego

Type: TPA

Item #	# of Times Cited	Total \$ Penalties Assessed	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	2	\$150	\$150	\$0	\$0		x
2	1	\$320	\$320	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	0	\$0	\$0	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	5	\$215	\$215	\$0	\$0		x
8	0	\$0	\$0	\$0	\$0		x
9	0	\$0	\$0	\$0	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	0	\$0	\$0	\$0	\$0		x
13	1	\$400	\$400	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	1	\$400	\$400	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	0	\$0	\$0	\$0	\$0		x
18 b	1	\$400	\$400	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	1	\$100	\$100	\$0	\$0		x
18 e	0	\$0	\$0	\$0	\$0		x
18 f	0	\$0	\$0	\$0	\$0		x
19	0	\$0	\$0	\$0	\$0		x
20 a	0	\$0	\$0	\$0	\$0		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	0	\$0	\$0	\$0	\$0		x
20 d	0	\$0	\$0	\$0	\$0		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	12	\$1,985	\$1,985	\$0	\$0		

Administrative penalties waived pursuant to Labor Code Section 129.5(c)(1).

Calendar Year: 2004
Notices of Compensation Due

Individual Exhibit 4

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

Subject: Octagon Risk Services, Inc.

Location: San Diego

Type: TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1				\$100.00			\$100.00
2		\$982.86		\$98.29			\$1,081.15
TOTAL	\$0.00	\$982.86	\$0.00	\$198.29	\$0.00	\$0.00	\$1,181.15

Calendar Year: 2004

Individual Exhibit 3

Penalty Assessments and Collections

Files Audited:	38
Indemnity	37
Medical Only	0
Denied	0
Complaints	1
Additional	0

Audit No: SFO-07-04-R1-1

Subject: OneBeacon Insurance Company

Location: Foxborough, MA Type: INS

Item #	# of Times Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	17	\$1,730	\$1,730	\$0	\$0		x
2	5	\$1,430	\$1,430	\$0	\$0		x
3	1	\$25	\$25	\$0	\$0		x
4	18	\$1,085	\$1,085	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	0	\$0	\$0	\$0	\$0		x
8	0	\$0	\$0	\$0	\$0		x
9	0	\$0	\$0	\$0	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	0	\$0	\$0	\$0	\$0		x
13	4	\$1,300	\$1,300	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	13	\$5,000	\$5,000	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	2	\$1,100	\$1,100	\$0	\$0		x
18 b	1	\$1,000	\$1,000	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	2	\$150	\$150	\$0	\$0		x
18 e	0	\$0	\$0	\$0	\$0		x
18 f	0	\$0	\$0	\$0	\$0		x
19	0	\$0	\$0	\$0	\$0		x
20 a	0	\$0	\$0	\$0	\$0		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	0	\$0	\$0	\$0	\$0		x
20 d	0	\$0	\$0	\$0	\$0		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	63	\$12,820	\$12,820	\$0	\$0		

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

Calendar Year: 2004
Notices of Compensation Due

Individual Exhibit 4

Audit No: SFO-07-04-R1-1

Subject: OneBeacon Insurance Company

Location: Foxborough, MA

Type: INS

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$198.60	\$6,120.00		\$757.71			\$7,076.31
2	\$760.36			\$51.24			\$811.60
TOTAL	\$958.96	\$6,120.00	\$0.00	\$808.95	\$0.00	\$0.00	\$7,887.91

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: SAC-09-04-R2-5

Subject: Pegasus Risk Management

Location: Fresno

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

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

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

Total unpd indem. = \$ 11,795.59 divide by # of claims with obligation to pay indem. 55
 Avg Unpd Ind = \$ 214.47

C. Severity Rate

Avg Unpd Indem \$ 214.47 divide by avg unpd indem 2000-2002 of \$ 184.59 = 1.16185

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.23636 X Severity rate 1.16185 X modifier of 2
 = 0.54924

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

# claims with late 1st TD	11	divide by # with TD payments	22	
# claims with late first SC notice	19	divide by # with salary continuation	35	
Totals	30	divide by	Totals 57	=
				0.52632

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

# claims with late first PD	5	divide by # with first PD	13	
# claims with late first VRMA	0	divide by # with first VRMA	2	
# claims with late first DB	0	divide by # with first DB paid	1	
Totals	5	divide by	Totals 16	=
				0.31250

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 7 divide by # with subsequent payments 17 =
0.41176

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

# claims with AME/QME notice violations	15	divide by # requiring notices	40	
# claims with VR potential eligibility notice violations	6	divide by # requiring notices	10	
Totals	21		Totals 50	
				= 0.42000

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2004 2.21982

Profile Audit Review Performance Rating of 1.92668 or greater is a failing score.

Full Compliance Audit Performance Rating of Randomly Selected Claims

Audit No: SAC-09-04-R2-5

Subject: Pegasus Risk Management

Location: Fresno

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 21 divide by # claims with payable indem 118 = 0.17797

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

Total unpd indem = \$ 21,423.63 divide by # of claims with obligation to pay indem. 118
 Avg Unpd Ind = \$ 181.56

C. Severity Rate

Avg Unpd Ind. \$ 181.56 divide by avg unpd indem 2000-2002 of \$ 184.59 = 0.98356

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.17797 X Severity rate 0.98356 X modifier of 2
 = **0.35008**

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

# claims with late 1st TD	18	divide by # with TD payments	52	
# claims with late first SC notice	36	divide by # with salary continuation	69	
Totals	54	divide by	Totals	121
				=
				0.44628

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

# claims with late first PD	9	divide by # with first PD	25	
# claims with late first VRMA	0	divide by # with first VRMA	6	
# claims/late first death benefits	0	divide by # with first death ben paid	1	
Totals	9	divide by	Totals	32
				=
				0.28125

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subseq payments 10 divide by # with subseq payments 33 =
0.30303

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

# claims with AME/QME notice violations	29	divide by # requiring notices	91	
# claims with VR potential eligibilty notice violations	10	divide by # requiring notices	17	
Totals	39	Totals	108	
				=
				0.36111

FULL COMPLIANCE AUDIT PERFORMANCE RATING - 2004 **1.74175**

Full Compliance Audit Performance Rating of indemnity files of 2.77704 or greater is a failing score.

Calendar Year: 2004

Individual Exhibit 3

Penalty Assessments and Collections

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

Audit No: SAC-09-04-R2-5

Subject: Pegasus Risk Management

Location: Fresno

Type: TPA

Item #	# of Times Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	22	\$3,545	\$0	\$3,545	\$0		x
2	6	\$2,480	\$0	\$2,480	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	20	\$2,105	\$2,030	\$75	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	2	\$200	\$200	\$0	\$0		x
7	36	\$1,730	\$1,730	\$0	\$0		x
8	0	\$0	\$0	\$0	\$0		x
9	0	\$0	\$0	\$0	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	0	\$0	\$0	\$0	\$0		x
13	10	\$3,600	\$3,600	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	28	\$10,000	\$10,000	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	8	\$1,000	\$0	\$1,000	\$0		x
18 b	9	\$4,650	\$0	\$4,650	\$0		x
18 c	1	\$300	\$0	\$300	\$0		x
18 d	27	\$2,425	\$0	\$2,425	\$0		x
18 e	2	\$300	\$0	\$300	\$0		x
18 f	0	\$0	\$0	\$0	\$0		x
19	0	\$0	\$0	\$0	\$0		x
20 a	0	\$0	\$0	\$0	\$0		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	0	\$0	\$0	\$0	\$0		x
20 d	0	\$0	\$0	\$0	\$0		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	171	\$32,335	\$17,560	\$14,775	\$0		

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

Calendar Year: 2004
Notices of Compensation Due

Individual Exhibit 4

Audit No: SAC-09-04-R2-5

Subject: Pegasus Risk Management

Location: Fresno

Type: TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1				\$71.76			\$71.76
2				\$69.53		\$336.63	\$406.16
3		\$258.75					\$258.75
4	\$323.10	\$72.84		\$1,342.63			\$1,738.57
5		\$2,100.00		\$210.00			\$2,310.00
6	\$118.58			\$11.86			\$130.44
7				\$66.00			\$66.00
8	\$36.12			\$3.61			\$39.73
9		\$420.00		\$210.00			\$630.00
10	\$196.00			\$523.60			\$719.60
11				\$13.80			\$13.80
12		\$5,503.75		\$550.37			\$6,054.12
13				\$737.80			\$737.80
14				\$61.37		\$49.08	\$110.45
15				\$191.44			\$191.44
16	\$55.38			\$1,373.54			\$1,428.92
17		\$4,760.00		\$540.11			\$5,300.11
18	\$38.02			\$3.80			\$41.82
19	\$107.00	\$360.00		\$120.00			\$587.00
20			\$492.00	\$68.00			\$560.00
21				\$27.16			\$27.16
TOTAL	\$874.20	\$13,475.34	\$492.00	\$6,196.38	\$0.00	\$385.71	\$21,423.63

Full Compliance Audit Performance Rating of Randomly Selected Claims

Audit No: LAO-13-04-T2-5

Subject: Ralphs' Grocery Company / Sedgwick Claims Management Services, Inc.

Location: Long Beach

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 35 divide by # claims with payable indem 132 = 0.26515

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

Total unpd indem = \$ 44,102.71 divide by # of claims with obligation to pay indem. 132
Avg Unpd Ind = \$ 334.11

C. Severity Rate

Avg Unpd Ind. \$ 334.11 divide by avg unpd indem 2000-2002 of \$ 184.59 = 1.81002

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.26515 X Severity rate 1.81002 X modifier of 2
= 0.95986

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

# claims with late 1st TD	24	divide by # with TD payments	132	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	24	divide by	Totals 132	=
				0.18182

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

# claims with late first PD	9	divide by # with first PD	35	
# claims with late first VRMA	1	divide by # with first VRMA	11	
# claims/late first death benefits	0	divide by # with first death ben paid	0	
Totals	10	divide by	Totals 46	=
				0.21739

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subseq payments 37 divide by # with subseq payments 102 = 0.36275

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

# claims with AME/QME notice violations	9	divide by # requiring notices	111	
# claims with VR potential eligibilty notice violations	16	divide by # requiring notices	24	
Totals	25	Totals	135	
				= 0.18519

FULL COMPLIANCE AUDIT PERFORMANCE RATING - 2004

1.90700

Full Compliance Audit Performance Rating of indemnity files of 2.77704 or greater is a failing score.

Calendar Year: 2004

Individual Exhibit 3

Penalty Assessments and Collections

Files Audited:	134
Indemnity	132
Medical Only	0
Denied	0
Complaints	2
Additional	0

Audit No: LAO-13-04-T2-5

**Subject: Ralphs' Grocery Company -
Sedgwick Claims Management Services, Inc.**

Location: Long Beach

Type: TPA

Item #	# of Times Cited	Total \$ Penalties Assessed	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	28	\$4,560	\$0	\$4,560	\$0		x
2	11	\$3,935	\$0	\$3,935	\$0		x
3	1	\$25	\$0	\$25	\$0		x
4	84	\$9,155	\$0	\$9,155	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	0	\$0	\$0	\$0	\$0		x
8	0	\$0	\$0	\$0	\$0		x
9	0	\$0	\$0	\$0	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	0	\$0	\$0	\$0	\$0		x
13	16	\$6,000	\$6,000	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	9	\$3,300	\$3,300	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	19	\$6,250	\$0	\$6,250	\$0		x
18 b	10	\$5,950	\$0	\$5,950	\$0		x
18 c	1	\$200	\$0	\$200	\$0		x
18 d	30	\$3,050	\$0	\$3,050	\$0		x
18 e	0	\$0	\$0	\$0	\$0		x
18 f	0	\$0	\$0	\$0	\$0		x
19	0	\$0	\$0	\$0	\$0		x
20 a	0	\$0	\$0	\$0	\$0		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	0	\$0	\$0	\$0	\$0		x
20 d	0	\$0	\$0	\$0	\$0		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	209	\$42,425	\$9,300	\$33,125	\$0		

Administrative penalties waived pursuant to Labor Code Section 129.5(c)(1).

Calendar Year: 2004
Notices of Compensation Due

Audit No: LAO-13-04-T2-5

**Subject: Ralphy's Grocery Company -
 Sedgwick Claims Management Services, Inc.**

Location: Long Beach Type: TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1		\$700.00		\$70.00			\$770.00
2	\$172.00	\$3,118.57		\$329.06			\$3,619.63
3				\$32.00			\$32.00
4		\$4,551.75		\$455.18			\$5,006.93
5				\$240.80			\$240.80
6		\$1,560.00		\$156.00			\$1,716.00
7	\$70.75			\$7.08			\$77.83
8				\$534.86			\$534.86
9	\$100.41						\$100.41
10				\$93.52			\$93.52
11		\$700.00		\$396.59			\$1,096.59
12	\$134.41						\$134.41
13				\$217.50			\$217.50
14		\$4,235.00		\$423.50			\$4,658.50
15				\$16.70			\$16.70
16				\$108.33			\$108.33
17	\$1,153.00						\$1,153.00
18	\$651.78			\$117.24			\$769.02
19	\$1,749.60	\$680.00					\$2,429.60
20	\$817.31	\$3,640.00		\$524.60			\$4,981.91
21				\$62.40			\$62.40
SUBTOTAL	\$4,849.26	\$19,185.32	\$0.00	\$3,785.36	\$0.00	\$0.00	\$27,819.94

Calendar Year: 2004

Individual Exhibit 3

Penalty Assessments and Collections

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

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

Subject: Republic American Insurance Group

Location: Encino

Type: INS

Item #	# of Times Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	4	\$250	\$250	\$0	\$0		x
2	0	\$0	\$0	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	10	\$925	\$925	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	0	\$0	\$0	\$0	\$0		x
8	0	\$0	\$0	\$0	\$0		x
9	0	\$0	\$0	\$0	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	0	\$0	\$0	\$0	\$0		x
13	0	\$0	\$0	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	0	\$0	\$0	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	1	\$100	\$100	\$0	\$0		x
18 b	0	\$0	\$0	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	1	\$100	\$100	\$0	\$0		x
18 e	0	\$0	\$0	\$0	\$0		x
18 f	0	\$0	\$0	\$0	\$0		x
19	0	\$0	\$0	\$0	\$0		x
20 a	0	\$0	\$0	\$0	\$0		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	0	\$0	\$0	\$0	\$0		x
20 d	0	\$0	\$0	\$0	\$0		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	16	\$1,375	\$1,375	\$0	\$0		

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

Calendar Year: 2004
Notices of Compensation Due

Individual Exhibit 4

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

Subject: Republic American Insurance Group

Location: Encino

Type: INS

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$195.37						\$195.37
2				\$102.86			\$102.86
TOTAL	\$195.37	\$0.00	\$0.00	\$102.86	\$0.00	\$0.00	\$298.23

Calendar Year: 2004

Individual Exhibit 3

Penalty Assessments and Collections

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

Audit No: SAC-10-04-R1-5

Subject: Ross and Castillo

Location: Fresno

Type: TPA

Item #	# of Times Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	6	\$450	\$450	\$0	\$0		x
2	1	\$25	\$25	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	0	\$0	\$0	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	10	\$365	\$365	\$0	\$0		x
8	0	\$0	\$0	\$0	\$0		x
9	0	\$0	\$0	\$0	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	0	\$0	\$0	\$0	\$0		x
13	2	\$500	\$500	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	6	\$1,400	\$1,400	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	2	\$200	\$200	\$0	\$0		x
18 b	0	\$0	\$0	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	1	\$100	\$100	\$0	\$0		x
18 e	0	\$0	\$0	\$0	\$0		x
18 f	0	\$0	\$0	\$0	\$0		x
19	0	\$0	\$0	\$0	\$0		x
20 a	0	\$0	\$0	\$0	\$0		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	0	\$0	\$0	\$0	\$0		x
20 d	0	\$0	\$0	\$0	\$0		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	28	\$3,040	\$3,040	\$0	\$0		

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

Calendar Year: 2004
Notices of Compensation Due

Individual Exhibit 4

Audit No: SAC-10-04-R1-5

Subject: Ross and Castillo

Location: Fresno

Type: TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1				\$628.00			\$628.00
2	\$184.63						\$184.63
TOTAL	\$184.63	\$0.00	\$0.00	\$628.00	\$0.00	\$0.00	\$812.63

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: LAO-17-04-T3-6

Subject: Santa Ana Unified School District

Location: Santa Ana

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 13 divide by # claims with payable indem 52 = 0.25000

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

Total unpd indem. = \$ 16,479.46 divide by # of claims with obligation to pay indem. 52
 Avg Unpd Ind = \$ 316.91

C. Severity Rate

Avg Unpd Indem \$ 316.91 divide by avg unpd indem 2000-2002 of \$ 184.59 = 1.71685

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.25000 X Severity rate 1.71685 X modifier of 2
 = 0.85842

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

# claims with late 1st TD	5	divide by # with TD payments	8	
# claims with late first SC notice	30	divide by # with salary continuation	46	
Totals	35	divide by	Totals	54
				=
				0.64815

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

# claims with late first PD	8	divide by # with first PD	14	
# claims with late first VRMA	0	divide by # with first VRMA	4	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	8	divide by	Totals	18
				=
				0.44444

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 10 divide by # with subsequent payments 31 =
0.32258

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

# claims with AME/QME notice violations	25	divide by # requiring notices	45	
# claims with VR potential eligibility notice violations	2	divide by # requiring notices	3	
Totals	27		Totals	48
				=
				0.56250

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2004 2.83610

Profile Audit Review Performance Rating of 1.92668 or greater is a failing score.

Full Compliance Audit Performance Rating of Randomly Selected Claims

Audit No: LAO-17-04-T3-6

Subject: Santa Ana Unified School District

Location: Santa Ana

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 28 divide by # claims with payable indem 107 = 0.26168

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

Total unpd indem = \$ 106,753.43 divide by # of claims with obligation to pay indem. 107
 Avg Unpd Ind = \$ 997.70

C. Severity Rate

Avg Unpd Ind. \$ 997.70 divide by avg unpd indem 2000-2002 of \$ 184.59 = 5.40493

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.26168 X Severity rate 5.40493 X modifier of 2
 = 2.82875

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

# claims with late 1st TD	12	divide by # with TD payments	18	
# claims with late first SC notice	52	divide by # with salary continuation	96	
Totals	64	divide by	Totals	114
				=
				0.56140

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

# claims with late first PD	15	divide by # with first PD	31	
# claims with late first VRMA	1	divide by # with first VRMA	5	
# claims/late first death benefits	0	divide by # with first death ben paid	0	
Totals	16	divide by	Totals	36
				=
				0.44444

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subseq payments 20 divide by # with subseq payments 65 = 0.30769

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

# claims with AME/QME notice violations	50	divide by # requiring notices	88	
# claims with VR potential eligibilty notice violations	5	divide by # requiring notices	6	
Totals	55	Totals	94	
				=
				0.58511

FULL COMPLIANCE AUDIT PERFORMANCE RATING - 2004 **4.72739**

Full Compliance Audit Performance Rating of indemnity files of 2.77704 or greater is a failing score.

Full Compliance Audit Performance Rating of Randomly Selected Claims

Audit No: LAO-17-04-T3-6

Subject: Santa Ana Unified School District

Location: Santa Ana

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 27 divide by # claims with payable indem 108 = 0.25000

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

Total unpd indem = \$ 87,163.93 divide by # of claims with obligation to pay indem. 108
 Avg Unpd Ind = \$ 807.07

C. Severity Rate

Avg Unpd Ind. \$ 807.07 divide by avg unpd indem 2000-2002 of \$ 184.59 = 4.37225

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.25000 X Severity rate 4.37225 X modifier of 2
 = **2.18612**

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

# claims with late 1st TD	13	divide by # with TD payments	20	
# claims with late first SC notice	54	divide by # with salary continuation	97	
Totals	67	divide by	Totals	117 =
				0.57265

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

# claims with late first PD	15	divide by # with first PD	34	
# claims with late first VRMA	1	divide by # with first VRMA	5	
# claims/late first death benefits	0	divide by # with first death ben paid	0	
Totals	16	divide by	Totals	39 =
				0.41026

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subseq payments 20 divide by # with subseq payments 71 =
0.28169

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

# claims with AME/QME notice violations	53	divide by # requiring notices	91	
# claims with VR potential eligibilty notice violations	6	divide by # requiring notices	7	
Totals	59		Totals	98
				=
				0.60204
				4.05276

FULL COMPLIANCE AUDIT PERFORMANCE RATING - 2004

Full Compliance Audit Performance Rating for indemnity and denied files of 2.77704 or greater is a failing score.

Calendar Year: 2004
Notices of Compensation Due

Audit No: LAO-17-04-T3-6

Subject: Santa Ana Unified School District

Location: Santa Ana Type: SI

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1				\$28.00			\$28.00
2						\$100.00	\$100.00
3				\$132.00			\$132.00
4		\$1,540.00		\$154.00			\$1,694.00
5				\$216.71			\$216.71
6		\$2,560.00	\$1,352.79	\$4,804.80			\$8,717.59
7	\$2,404.77			\$340.68			\$2,745.45
8	\$1,090.50			\$886.05			\$1,976.55
9		\$4,340.00					\$4,340.00
10				\$187.00			\$187.00
11	\$670.32			\$130.03			\$800.35
12		\$3,400.00		\$563.20			\$3,963.20
13	\$163.49						\$163.49
14		\$925.00					\$925.00
15		\$672.00		\$67.20			\$739.20
16	\$2,216.43			\$397.86			\$2,614.29
17		\$4,235.00		\$423.50			\$4,658.50
18		\$8,040.00					\$8,040.00
19				\$338.50			\$338.50
20	\$503.39			\$50.34			\$553.73
21				\$459.00			\$459.00
SUBTOTAL	\$7,048.90	\$25,712.00	\$1,352.79	\$9,178.87	\$0.00	\$100.00	\$43,392.56

Calendar Year: 2004

Individual Exhibit 3

Penalty Assessments and Collections

Files Audited:	136
Indemnity	107
Medical Only	0
Denied	28
Complaints	1
Additional	0

Audit No: LAO-17-04-T3-6

Subject: Santa Ana Unified School District

Location: Santa Ana

Type: SI

Item #	# of Times Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived *	Total \$ Amount Collected **	Balance \$ Due **	Appealed	
						Yes	No
1	20	\$8,740	\$0	\$0	\$15,040		x
2	17	\$4,060	\$0	\$0	\$5,726		x
3	1	\$25	\$0	\$0	\$25		x
4	71	\$7,920	\$2,435	\$0	\$6,738		x
5	0	\$0	\$0	\$0	\$0		x
6	179	\$17,900	\$0	\$0	\$19,160		x
7	91	\$5,410	\$0	\$0	\$6,026		x
8	396	\$37,675	\$0	\$0	\$54,335		x
9	68	\$6,150	\$0	\$0	\$7,270		x
10	5	\$450	\$0	\$0	\$450		x
11	0	\$0	\$0	\$0	\$0		x
12	18	\$7,300	\$0	\$0	\$8,000		x
13	6	\$1,900	\$0	\$0	\$1,900		x
14	0	\$0	\$0	\$0	\$0		x
15	53	\$22,900	\$0	\$0	\$26,260		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	11	\$5,450	\$0	\$0	\$5,450		x
18 b	13	\$10,550	\$0	\$0	\$13,910		x
18 c	1	\$1,000	\$0	\$0	\$1,000		x
18 d	26	\$2,950	\$0	\$0	\$4,350		x
18 e	1	\$100	\$0	\$0	\$100		x
18 f	1	\$5,000	\$0	\$0	\$5,000		x
19	0	\$0	\$0	\$0	\$0		x
20 a	31	\$775	\$0	\$0	\$810		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	3	\$2,500	\$0	\$0	\$3,900		x
20 d	56	\$5,450	\$0	\$0	\$6,990		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	1068	\$154,205	\$2,435	\$0	\$192,440		

*Administrative penalties waived due to a lack of regulatory authority.

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

Calendar Year: 2004
Notices of Compensation Due

Audit No: LAO-17-04-T3-6

Subject: Santa Ana Unified School District

Location: Santa Ana Type: SI

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1				\$28.00			\$28.00
2						\$100.00	\$100.00
3				\$132.00			\$132.00
4		\$1,540.00		\$154.00			\$1,694.00
5				\$216.71			\$216.71
6		\$2,560.00	\$1,352.79	\$4,804.80			\$8,717.59
7	\$2,404.77			\$340.68			\$2,745.45
8	\$1,090.50			\$886.05			\$1,976.55
9		\$4,340.00					\$4,340.00
10				\$187.00			\$187.00
11	\$670.32			\$130.03			\$800.35
12		\$3,400.00		\$563.20			\$3,963.20
13	\$163.49						\$163.49
14		\$925.00					\$925.00
15		\$672.00		\$67.20			\$739.20
16	\$2,216.43			\$397.86			\$2,614.29
17		\$4,235.00		\$423.50			\$4,658.50
18		\$8,040.00					\$8,040.00
19				\$338.50			\$338.50
20	\$503.39			\$50.34			\$553.73
21				\$459.00			\$459.00
SUBTOTAL	\$7,048.90	\$25,712.00	\$1,352.79	\$9,178.87	\$0.00	\$100.00	\$43,392.56

Calendar Year: 2004

Individual Exhibit 3

Penalty Assessments and Collections

Files Audited:	41
Indemnity	41
Medical Only	0
Denied	0
Complaints	0
Additional	0

Audit No: LAO-05-04-R1-2

Subject: Solar Turbines, Inc.

Location: San Diego

Type: SI

Item #	# of Times Cited	Total \$ Penalties Assessed	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	4	\$300	\$300	\$0	\$0		x
2	6	\$2,335	\$2,335	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	12	\$1,480	\$1,480	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	1	\$25	\$25	\$0	\$0		x
8	0	\$0	\$0	\$0	\$0		x
9	0	\$0	\$0	\$0	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	0	\$0	\$0	\$0	\$0		x
13	0	\$0	\$0	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	1	\$500	\$500	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	0	\$0	\$0	\$0	\$0		x
18 b	1	\$750	\$750	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	4	\$325	\$325	\$0	\$0		x
18 e	0	\$0	\$0	\$0	\$0		x
18 f	0	\$0	\$0	\$0	\$0		x
19	0	\$0	\$0	\$0	\$0		x
20 a	0	\$0	\$0	\$0	\$0		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	0	\$0	\$0	\$0	\$0		x
20 d	0	\$0	\$0	\$0	\$0		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	29	\$5,715	\$5,715	\$0	\$0		

Administrative penalties waived pursuant to Labor Code Section 129.5(c)(1).

Calendar Year: 2004
Notices of Compensation Due

Individual Exhibit 4

Audit No: LAO-05-04-R1-2

Subject: Solar Turbines, Inc.

Location: San Diego

Type: SI

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1		\$2,971.43		\$629.52			\$3,600.95
2				\$44.47			\$44.47
3				\$316.00			\$316.00
TOTAL	\$0.00	\$2,971.43	\$0.00	\$989.99	\$0.00	\$0.00	\$3,961.42

Full Compliance Audit Performance Rating of Randomly Selected Claims

Audit No: VNO-03-04-R3-1

Subject: Sompso Japan Insurance Company of America

Location: Los Angeles

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 34 divide by # claims with payable indem 86 = 0.39535

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

Total unpd indem = \$42,578.87 divide by # of claims with obligation to pay indem. 86
Avg Unpd Ind = \$ 495.10

C. Severity Rate

Avg Unpd Ind. \$ 495.10 divide by avg unpd indem 2000-2002 of \$ 184.59 = 2.68218

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.39535 X Severity rate 2.68218 X modifier of 2
= 2.12079

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

# claims with late 1st TD	40	divide by # with TD payments	81	
# claims with late first SC notice	1	divide by # with salary continuation	2	
Totals	41	divide by	Totals 83	=
				0.49398

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

# claims with late first PD	7	divide by # with first PD	14	
# claims with late first VRMA	1	divide by # with first VRMA	5	
# claims/late first death benefits	0	divide by # with first death ben paid	0	
Totals	8	divide by	Totals 19	=
				0.42105

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subseq payments 24 divide by # with subseq payments 52 = 0.46154

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

# claims with AME/QME notice violations	15	divide by # requiring notices	38	
# claims with VR potential eligibilty notice violations	7	divide by # requiring notices	10	
Totals	22		Totals 48	
				= 0.45833

FULL COMPLIANCE AUDIT PERFORMANCE RATING - 2004 3.95569

Full Compliance Audit Performance Rating of indemnity files of 2.77704 or greater is a failing score.

Full Compliance Audit Performance Rating of Randomly Selected Claims

Audit No: VNO-03-04-R3-1

Subject: Sompo Japan Insurance Company of America

Location: Los Angeles

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 36 divide by # claims with payable indem 88 = 0.40909

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

Total unpd indem = \$ 47,502.42 divide by # of claims with obligation to pay indem. 88
 Avg Unpd Ind = \$ 539.80

C. Severity Rate

Avg Unpd Ind. \$ 539.80 divide by avg unpd indem 2000-2002 of \$ 184.59 = 2.92432

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.40909 X Severity rate 2.92432 X modifier of 2
 = 2.39263

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

# claims with late 1st TD	42	divide by # with TD payments	83	
# claims with late first SC notice	1	divide by # with salary continuation	2	
Totals	43	divide by	Totals	85
				=
				0.50588

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

# claims with late first PD	7	divide by # with first PD	14	
# claims with late first VRMA	1	divide by # with first VRMA	5	
# claims/late first death benefits	0	divide by # with first death ben paid	0	
Totals	8	divide by	Totals	19
				=
				0.42105

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subseq payments 24 divide by # with subseq payments 53 = 0.45283

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

# claims with AME/QME notice violations	14	divide by # requiring notices	38	
# claims with VR potential eligibilty notice violations	6	divide by # requiring notices	9	
Totals	20	Totals	47	
				=
				0.42553

FULL COMPLIANCE AUDIT PERFORMANCE RATING - 2004 **4.19792**

Full Compliance Audit Performance Rating for indemnity and denied files of 2.77704 or greater is a failing score.

Calendar Year: 2004

Individual Exhibit 3

Penalty Assessments and Collections

Files Audited:	120
Indemnity	86
Medical Only	0
Denied	28
Complaints	4
Additional	2

Audit No: VNO-03-04-R3-1

**Subject: Sompo Japan Insurance
Company of America**

Location: Los Angeles Type: INS

Item #	# of Times Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived *	Total \$ Amount Collected **	Balance \$ Due	Appealed	
						Yes	No
1	44	\$8,655	\$0	\$8,655	\$0		x
2	9	\$4,340	\$0	\$4,340	\$0		x
3	2	\$625	\$0	\$625	\$0		x
4	57	\$6,170	\$3,415	\$2,755	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	107	\$10,680	\$0	\$10,680	\$0		x
7	21	\$1,190	\$0	\$1,190	\$0		x
8	339	\$51,900	\$0	\$51,900	\$0		x
9	6	\$650	\$0	\$650	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	8	\$3,700	\$0	\$3,700	\$0		x
13	6	\$2,200	\$0	\$2,200	\$0		x
14	2	\$900	\$0	\$900	\$0		x
15	14	\$6,400	\$0	\$6,400	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	26	\$9,700	\$0	\$9,700	\$0		x
18 b	10	\$5,550	\$0	\$5,550	\$0		x
18 c	1	\$750	\$0	\$750	\$0		x
18 d	23	\$2,075	\$0	\$2,075	\$0		x
18 e	0	\$0	\$0	\$0	\$0		x
18 f	0	\$0	\$0	\$0	\$0		x
19	2	\$200	\$0	\$200	\$0		x
20 a	4	\$100	\$0	\$100	\$0		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	2	\$10,000	\$0	\$10,000	\$0		x
20 d	23	\$2,300	\$0	\$2,300	\$0		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	706	\$128,085	\$3,415	\$124,670	\$0		

*Administrative penalties waived due to a lack of regulatory authority.

**Administrative penalties modified by factor of 1.0 pursuant to Labor Code §129.5(c) and 8CCR§10111.2(c)(7).

Calendar Year: 2004
Notices of Compensation Due

Audit No: VNO-03-04-R3-1

Subject: Sompō Japan Insurance Company of America

Location: Los Angeles

Type: INS

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$260.96			\$60.43			\$321.39
2	\$33.69						\$33.69
3		\$2,282.25		\$228.23			\$2,510.48
4	\$2,642.09			\$220.62			\$2,862.71
5		\$3,568.58		\$384.29			\$3,952.87
6	\$140.34			\$9.36			\$149.70
7				\$88.65			\$88.65
8				\$146.00			\$146.00
9	\$121.89			\$3.05			\$124.94
10	\$7,357.00			\$735.70			\$8,092.70
11				\$98.00			\$98.00
12	\$1,664.44	\$7,378.00		\$1,034.40			\$10,076.84
13		\$1,428.00		\$142.80			\$1,570.80
14		\$1,020.00	\$1,466.96	\$1,884.25			\$4,371.21
15	\$19.60						\$19.60
16	\$296.35						\$296.35
17	\$107.40						\$107.40
18		\$496.98		\$49.70			\$546.68
19	\$420.00			\$42.00			\$462.00
20	\$2,377.31			\$279.40			\$2,656.71
21	\$3,478.68			\$681.20			\$4,159.88
SUBTOTAL	\$18,919.75	\$16,173.81	\$1,466.96	\$6,088.08	\$0.00	\$0.00	\$42,648.60

Calendar Year: 2004
Notices of Compensation Due

Audit No: VNO-03-04-R3-1

Subject: Sompo Japan Insurance Company of America

Location: Los Angeles

Type: INS

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty interest, or other	Total
22	\$69.94			\$3.50			\$73.44
23				\$181.12			\$181.12
24				\$22.51			\$22.51
25	\$114.27						\$114.27
26				\$454.86			\$454.86
27		\$982.87		\$68.58			\$1,051.45
28		\$571.00					\$571.00
29	\$51.80						\$51.80
30	\$1,227.17			\$236.21			\$1,463.38
31				\$224.00			\$224.00
32	\$17.60			\$1.76			\$19.36
33	\$180.00			\$18.00			\$198.00
34	\$67.84						\$67.84
35	\$325.50			\$18.94			\$344.44
36				\$16.35			\$16.35
Page 2 SUBTOTAL	\$2,054.12	\$1,553.87	\$0.00	\$1,245.83	\$0.00	\$0.00	\$4,853.82
Page 1 SUBTOTAL	\$18,919.75	\$16,173.81	\$1,466.96	\$6,088.08	\$0.00	\$0.00	\$42,648.60
TOTAL	\$20,973.87	\$17,727.68	\$1,466.96	\$7,333.91	\$0.00	\$0.00	\$47,502.42

Calendar Year: 2004

Individual Exhibit 3

Penalty Assessments and Collections

Files Audited:	54
Indemnity	54
Medical Only	0
Denied	0
Complaints	0
Additional	0

Audit No: VNO-09-04-R1-5

Subject: Southern California Risk Management Associates, Inc.

Location: Oxnard

Type: TPA

Item #	# of Times Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	3	\$555	\$555	\$0	\$0		x
2	2	\$260	\$260	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	5	\$1,365	\$1,365	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	17	\$740	\$740	\$0	\$0		x
8	0	\$0	\$0	\$0	\$0		x
9	0	\$0	\$0	\$0	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	0	\$0	\$0	\$0	\$0		x
13	1	\$200	\$200	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	2	\$400	\$400	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	1	\$1,000	\$1,000	\$0	\$0		x
18 b	5	\$2,000	\$2,000	\$0	\$0		x
18 c	1	\$100	\$100	\$0	\$0		x
18 d	2	\$200	\$200	\$0	\$0		x
18 e	0	\$0	\$0	\$0	\$0		x
18 f	0	\$0	\$0	\$0	\$0		x
19	0	\$0	\$0	\$0	\$0		x
20 a	0	\$0	\$0	\$0	\$0		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	0	\$0	\$0	\$0	\$0		x
20 d	0	\$0	\$0	\$0	\$0		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	39	\$6,820	\$6,820	\$0	\$0		

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

Calendar Year: 2004
Notices of Compensation Due

Individual Exhibit 4

Audit No: VNO-09-04-R1-5

Subject: Southern California Risk Management Associates, Inc.

Location: Oxnard

Type: TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1		\$840.00					\$840.00
2	\$2,659.12	\$580.14	\$37.45	\$407.64			\$3,684.35
3		\$122.14		\$12.21			\$134.35
4		\$14,134.29		\$1,413.43			\$15,547.72
5		\$388.57		\$63.98			\$452.55
TOTAL	\$2,659.12	\$16,065.14	\$37.45	\$1,897.26	\$0.00	\$0.00	\$20,658.97

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: VNO-07-04-R1-5

Subject: Specialty Risk Services

Location: Burbank

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

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

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

Total unpd indem. = \$ 4,847.81 divide by # of claims with obligation to pay indem. 55
 Avg Unpd Ind = \$ 88.14

C. Severity Rate

Avg Unpd Indem \$ 88.14 divide by avg unpd indem 2000-2002 of \$ 184.59 = 0.47750

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.23636 X Severity rate 0.47750 X modifier of 2
 = **0.22573**

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

# claims with late 1st TD	16	divide by # with TD payments	52	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	16	divide by	Totals	52
				=
				0.30769

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

# claims with late first PD	6	divide by # with first PD	22	
# claims with late first VRMA	1	divide by # with first VRMA	11	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	7	divide by	Totals	33
				=
				0.21212

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 19 divide by # with subsequent payments 46 =
0.41304

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

# claims with AME/QME notice violations	8	divide by # requiring notices	39	
# claims with VR potential eligibility notice violations	9	divide by # requiring notices	19	
Totals	17		Totals	58
				=
				0.29310

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2004

1.45169

Profile Audit Review Performance Rating of 1.92668 or greater is a failing score.

Calendar Year: 2004

Individual Exhibit 3

Penalty Assessments and Collections

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

Audit No: VNO-07-04-R1-5

Subject: Specialty Risk Services

Location: Burbank

Type: TPA

Item #	# of Times Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	17	\$3,295	\$3,295	\$0	\$0		x
2	6	\$1,665	\$1,665	\$0	\$0		x
3	1	\$800	\$800	\$0	\$0		x
4	62	\$9,990	\$9,990	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	0	\$0	\$0	\$0	\$0		x
8	0	\$0	\$0	\$0	\$0		x
9	0	\$0	\$0	\$0	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	0	\$0	\$0	\$0	\$0		x
13	9	\$2,500	\$2,500	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	8	\$3,900	\$3,900	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	10	\$2,600	\$2,600	\$0	\$0		x
18 b	3	\$600	\$600	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	14	\$1,275	\$1,275	\$0	\$0		x
18 e	0	\$0	\$0	\$0	\$0		x
18 f	0	\$0	\$0	\$0	\$0		x
19	0	\$0	\$0	\$0	\$0		x
20 a	0	\$0	\$0	\$0	\$0		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	0	\$0	\$0	\$0	\$0		x
20 d	0	\$0	\$0	\$0	\$0		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	130	\$26,625	\$26,625	\$0	\$0		

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

Calendar Year: 2004
Notices of Compensation Due

Individual Exhibit 4

Audit No: VNO-07-04-R1-5

Subject: Specialty Risk Services

Location: Burbank

Type: TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1		\$320.00		\$148.91			\$468.91
2				\$33.34			\$33.34
3	\$99.04			\$8.37			\$107.41
4	\$99.85	\$752.86		\$85.28			\$937.99
5	\$1,020.97			\$304.00			\$1,324.97
6	\$316.11			\$467.73			\$783.84
7	\$219.47			\$117.03			\$336.50
8	\$251.79			\$40.82			\$292.61
9	\$105.33			\$10.53			\$115.86
10	\$86.00						\$86.00
11	\$52.03						\$52.03
12		\$265.71		\$26.57			\$292.28
13	\$14.61			\$1.46			\$16.07
TOTAL	\$2,265.20	\$1,338.57	\$0.00	\$1,244.04	\$0.00	\$0.00	\$4,847.81

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: SFO-01-04-R1-5

Subject: Specialty Risk Services

Location: Pleasanton

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

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

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

Total unpd indem. = \$ 4,492.26 divide by # of claims with obligation to pay indem. 59
 Avg Unpd Ind = \$ 76.14

C. Severity Rate

Avg Unpd Indem \$ 76.14 divide by avg unpd indem 2000-2002 of \$ 184.59 = 0.41248

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.20339 X Severity rate 0.41248 X modifier of 2
 = 0.16779

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

# claims with late 1st TD	17	divide by # with TD payments	54	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	17	divide by	Totals	54
				=
				0.31481

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

# claims with late first PD	6	divide by # with first PD	14	
# claims with late first VRMA	0	divide by # with first VRMA	3	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	6	divide by	Totals	17
				=
				0.35294

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 15 divide by # with subsequent payments 45 =
0.33333

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

# claims with AME/QME notice violations	8	divide by # requiring notices	30	
# claims with VR potential eligibility notice violations	11	divide by # requiring notices	12	
Totals	19		Totals	42
				=
				0.45238

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2004 1.62126

Profile Audit Review Performance Rating of 1.92668 or greater is a failing score.

Calendar Year: 2004

Individual Exhibit 3

Penalty Assessments and Collections

Files Audited:	71
Indemnity	59
Medical Only	0
Denied	0
Complaints	12
Additional	0

Audit No: SFO-01-04-R1-5

Subject: Specialty Risk Services

Location: Pleasanton

Type: TPA

Item #	# of Times Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	18	\$4,060	\$4,060	\$0	\$0		x
2	6	\$2,555	\$2,555	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	36	\$5,025	\$5,025	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	0	\$0	\$0	\$0	\$0		x
8	0	\$0	\$0	\$0	\$0		x
9	0	\$0	\$0	\$0	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	0	\$0	\$0	\$0	\$0		x
13	11	\$4,600	\$4,600	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	8	\$2,700	\$2,700	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	8	\$7,800	\$7,800	\$0	\$0		x
18 b	1	\$200	\$200	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	11	\$1,850	\$1,850	\$0	\$0		x
18 e	0	\$0	\$0	\$0	\$0		x
18 f	0	\$0	\$0	\$0	\$0		x
19	0	\$0	\$0	\$0	\$0		x
20 a	0	\$0	\$0	\$0	\$0		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	0	\$0	\$0	\$0	\$0		x
20 d	0	\$0	\$0	\$0	\$0		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	99	\$28,790	\$28,790	\$0	\$0		

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

Calendar Year: 2004
Notices of Compensation Due

Individual Exhibit 4

Audit No: SFO-01-04-R1-5

Subject: Specialty Risk Services

Location: Pleasanton

Type: TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$11,155.40			\$1,115.54			\$12,270.94
2				\$33.33			\$33.33
3	\$74.12			\$303.79			\$377.91
4				\$181.08			\$181.08
5	\$23.76						\$23.76
6	\$990.00						\$990.00
7				\$594.24			\$594.24
8				\$98.00			\$98.00
9	\$331.21						\$331.21
10	\$546.84			\$19.92			\$566.76
11	\$155.18						\$155.18
12	\$15.52						\$15.52
13	\$526.76			\$322.70			\$849.46
14		\$711.43		\$131.14			\$842.57
TOTAL	\$13,818.79	\$711.43	\$0.00	\$2,799.74	\$0.00	\$0.00	\$17,329.96

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: SAC-04-04-T1-1

Subject: Travelers Property and Casualty and Constitution State Service

Location: Rancho Cordova

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 13 divide by # claims with payable indem 58 = 0.22414

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

Total unpd indem. = \$ 5,848.74 divide by # of claims with obligation to pay indem. 58
 Avg Unpd Ind = \$ 100.84

C. Severity Rate

Avg Unpd Indem \$ 100.84 divide by avg unpd indem 2000-2002 of \$ 184.59 = 0.54629

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.22414 X Severity rate 0.54629 X modifier of 2
 = 0.24489

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

# claims with late 1st TD	19	divide by # with TD payments	52	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	19	divide by	Totals	52
				=
				0.36538

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

# claims with late first PD	4	divide by # with first PD	24	
# claims with late first VRMA	0	divide by # with first VRMA	15	
# claims with late first DB	0	divide by # with first DB paid	2	
Totals	4	divide by	Totals	41
				=
				0.09756

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 12 divide by # with subsequent payments 42 =
0.28571

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

# claims with AME/QME notice violations	17	divide by # requiring notices	47	
# claims with VR potential eligibility notice violations	8	divide by # requiring notices	20	
Totals	25		Totals	67
				=
				0.37313

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2004 1.36668

Profile Audit Review Performance Rating of 1.92668 or greater is a failing score.

Calendar Year: 2004

Individual Exhibit 3

Penalty Assessments and Collections

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

Audit No: SAC-04-04-T1-1

**Subject: Travelers Property and Casualty
and Constitution State Service**

Location: Rancho Cordova

Type: INS

Item #	# of Times Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	22	\$2,645	\$2,645	\$0	\$0		x
2	5	\$775	\$775	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	17	\$1,985	\$1,985	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	56	\$5,600	\$5,600	\$0	\$0		x
7	0	\$0	\$0	\$0	\$0		x
8	0	\$0	\$0	\$0	\$0		x
9	0	\$0	\$0	\$0	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	0	\$0	\$0	\$0	\$0		x
13	8	\$1,700	\$1,700	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	17	\$5,900	\$5,900	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	5	\$1,700	\$1,700	\$0	\$0		x
18 b	1	\$400	\$400	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	12	\$2,125	\$2,125	\$0	\$0		x
18 e	0	\$0	\$0	\$0	\$0		x
18 f	0	\$0	\$0	\$0	\$0		x
19	0	\$0	\$0	\$0	\$0		x
20 a	0	\$0	\$0	\$0	\$0		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	0	\$0	\$0	\$0	\$0		x
20 d	0	\$0	\$0	\$0	\$0		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	143	\$22,830	\$22,830	\$0	\$0		

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

Calendar Year: 2004
Notices of Compensation Due

Individual Exhibit 4

Audit No: SAC-04-04-T1-1

Subject: Travelers Property and Casualty and Constitution State Service

Location: Rancho Cordova

Type: INS

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1				\$67.52			\$67.52
2	\$97.35						\$97.35
3				\$12.61			\$12.61
4				\$97.14			\$97.14
5	\$533.10			\$53.31			\$586.41
6				\$166.00			\$166.00
7	\$90.40			\$509.86			\$600.26
8	\$814.81			\$62.36			\$877.17
9				\$146.20			\$146.20
10	\$179.27			\$11.65			\$190.92
11				\$88.51			\$88.51
12		\$2,451.62		\$235.98			\$2,687.60
13				\$231.05			\$231.05
TOTAL	\$1,714.93	\$2,451.62	\$0.00	\$1,682.19	\$0.00	\$0.00	\$5,848.74

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: SAC-02-04-R3-1

Subject: United Services Automobile Association

Location: Sacramento

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

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

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

Total unpd indem. = \$ 8,432.31 divide by # of claims with obligation to pay indem. 31
 Avg Unpd Ind = \$ 272.01

C. Severity Rate

Avg Unpd Indem \$ 272.01 divide by avg unpd indem 2000-2002 of \$ 184.59 = 1.47359

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.35484 X Severity rate 1.47359 X modifier of 2
 = 1.04577

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

# claims with late 1st TD	19	divide by # with TD payments	30	
# claims with late first SC notice	1	divide by # with salary continuation	1	
Totals	20	divide by	Totals	31
				=
				0.64516

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

# claims with late first PD	5	divide by # with first PD	13	
# claims with late first VRMA	2	divide by # with first VRMA	4	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	7	divide by	Totals	17
				=
				0.41176

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 4 divide by # with subsequent payments 27 =
0.14815

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

# claims with AME/QME notice violations	15	divide by # requiring notices	23	
# claims with VR potential eligibility notice violations	9	divide by # requiring notices	13	
Totals	24		Totals	36
				=
				0.66667

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2004 2.91751

Profile Audit Review Performance Rating of 1.92668 or greater is a failing score.

Full Compliance Audit Performance Rating of Randomly Selected Claims

Audit No: SAC-02-04-R3-1

Subject: United Services Automobile Association

Location: Sacramento

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 19 divide by # claims with payable indem 42 = 0.45238

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

Total unpd indem = \$ 31,208.21 divide by # of claims with obligation to pay indem. 42
Avg Unpd Ind = \$ 743.05

C. Severity Rate

Avg Unpd Ind. \$ 743.05 divide by avg unpd indem 2000-2002 of \$ 184.59 = 4.02542

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.45238 X Severity rate 4.02542 X modifier of 2
= 3.64205

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

# claims with late 1st TD	29	divide by # with TD payments	41	
# claims with late first SC notice	1	divide by # with salary continuation	1	
Totals	30	divide by	Totals 42	=
				0.71429

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

# claims with late first PD	7	divide by # with first PD	20	
# claims with late first VRMA	5	divide by # with first VRMA	8	
# claims/late first death benefits	0	divide by # with first death ben paid	0	
Totals	12	divide by	Totals 28	=
				0.42857

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subseq payments 4 divide by # with subseq payments 38 = 0.10526

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

# claims with AME/QME notice violations	19	divide by # requiring notices	30	
# claims with VR potential eligibilty notice violations	15	divide by # requiring notices	21	
Totals	34		Totals 51	
				= 0.66667

FULL COMPLIANCE AUDIT PERFORMANCE RATING - 2004 5.55684

Full Compliance Audit Performance Rating of indemnity files of 2.77704 or greater is a failing score.

Full Compliance Audit Performance Rating of Randomly Selected Claims

Audit No: SAC-02-04-R3-1

Subject: United Services Automobile Association

Location: Sacramento

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 19 divide by # claims with payable indem 44 = 0.43182

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

Total unpd indem = \$ 31,208.21 divide by # of claims with obligation to pay indem. 44
Avg Unpd Ind = \$ 709.28

C. Severity Rate

Avg Unpd Ind. \$ 709.28 divide by avg unpd indem 2000-2002 of \$ 184.59 = 3.84245

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.43182 X Severity rate 3.84245 X modifier of 2
= 3.31848

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

# claims with late 1st TD	29	divide by # with TD payments	43	
# claims with late first SC notice	1	divide by # with salary continuation	1	
Totals	30	divide by	Totals 44	=
				0.68182

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

# claims with late first PD	7	divide by # with first PD	21	
# claims with late first VRMA	5	divide by # with first VRMA	9	
# claims/late first death benefits	0	divide by # with first death ben paid	0	
Totals	12	divide by	Totals 30	=
				0.40000

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subseq payments 5 divide by # with subseq payments 40 = 0.12500

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

# claims with AME/QME notice violations	19	divide by # requiring notices	31	
# claims with VR potential eligibilty notice violations	15	divide by # requiring notices	22	
Totals	34	Totals	53	=
				0.64151

FULL COMPLIANCE AUDIT PERFORMANCE RATING - 2004 5.16681

Full Compliance Audit Performance Rating for indemnity and denied files of 2.77704 or greater is a failing score.

Calendar Year: 2004

Individual Exhibit 3

Penalty Assessments and Collections

Files Audited:	61
Indemnity	42
Medical Only	0
Denied	19
Complaints	0
Additional	0

Audit No: SAC-02-04-R3-1

Subject: United Services Automobile Association

Location: Sacramento Type: INS

Item #	# of Times Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived *	Total \$ Amount Collected **	Balance \$ Due	Appealed	
						Yes	No
1	36	\$14,425	\$0	\$14,425	\$0		x
2	11	\$3,475	\$0	\$3,475	\$0		x
3	6	\$1,315	\$0	\$1,315	\$0		x
4	5	\$675	\$0	\$675	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	55	\$5,500	\$0	\$5,500	\$0		x
7	15	\$920	\$0	\$920	\$0		x
8	75	\$6,395	\$0	\$6,395	\$0		x
9	0	\$0	\$0	\$0	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	4	\$1,900	\$0	\$1,900	\$0		x
13	16	\$5,800	\$0	\$5,800	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	19	\$7,200	\$0	\$7,200	\$0		x
16	5	\$1,500	\$0	\$1,500	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	9	\$4,550	\$0	\$4,550	\$0		x
18 b	6	\$3,850	\$0	\$3,850	\$0		x
18 c	3	\$2,300	\$0	\$2,300	\$0		x
18 d	16	\$1,550	\$0	\$1,550	\$0		x
18 e	0	\$0	\$0	\$0	\$0		x
18 f	0	\$0	\$0	\$0	\$0		x
19	3	\$300	\$0	\$300	\$0		x
20 a	3	\$550	\$0	\$550	\$0		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	0	\$0	\$0	\$0	\$0		x
20 d	0	\$0	\$0	\$0	\$0		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	287	\$62,205	\$0	\$62,205	\$0		

*Administrative penalties waived due to a lack of regulatory authority.

**Administrative penalties modified by factor of 1.0 pursuant to Labor Code §129.5(c) and 8CCR§10111.2(c)(7).

Calendar Year: 2004
Notices of Compensation Due

Individual Exhibit 4

Audit No: SAC-02-04-R3-1

Subject: United Services Automobile Association

Location: Sacramento

Type: INS

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1		\$58.69		\$124.87			\$183.56
2				\$220.59			\$220.59
3		\$2,680.00	\$1,402.97	\$303.99			\$4,386.96
4				\$29.67			\$29.67
5				\$133.00			\$133.00
6	\$1,412.74	\$5,290.00		\$673.97			\$7,376.71
7				\$43.26			\$43.26
8				\$99.79			\$99.79
9	\$761.91						\$761.91
10				\$19.40			\$19.40
11	\$560.30						\$560.30
12	\$1,091.72			\$153.00			\$1,244.72
13	\$251.43			\$21.99			\$273.42
14				\$30.00			\$30.00
15	\$35.90			\$3.59			\$39.49
16			\$1,374.08				\$1,374.08
17	\$3,386.78	\$7,952.57		\$776.94			\$12,116.29
18	\$52.38						\$52.38
19	\$1,229.49	\$540.00	\$308.55	\$184.64			\$2,262.68
TOTAL	\$8,782.65	\$16,521.26	\$3,085.60	\$2,818.70	\$0.00	\$0.00	\$31,208.21

Profile Audit Review Performance Rating of Randomly Selected Claims

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

Subject: Universal Underwriters Insurance Company

Location: Roseville

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

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

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

Total unpd indem. = \$ 3,370.90 divide by # of claims with obligation to pay indem. 46
Avg Unpd Ind = \$ 73.28

C. Severity Rate

Avg Unpd Indem \$ 73.28 divide by avg unpd indem 2000-2002 of \$ 184.59 = 0.39699

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.23913 X Severity rate 0.39699 X modifier of 2
= 0.18986

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

# claims with late 1st TD	15	divide by # with TD payments	44	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	15	divide by	Totals 44	=
				0.34091

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

# claims with late first PD	4	divide by # with first PD	14	
# claims with late first VRMA	0	divide by # with first VRMA	6	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	4	divide by	Totals 20	=
				0.20000

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 18 divide by # with subsequent payments 35 = 0.51429

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

# claims with AME/QME notice violations	6	divide by # requiring notices	10	
# claims with VR potential eligibility notice violations	5	divide by # requiring notices	9	
Totals	11		Totals 19	
				= 0.57895

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2004 1.82401

Profile Audit Review Performance Rating of 1.92668 or greater is a failing score.

Calendar Year: 2004

Individual Exhibit 3

Penalty Assessments and Collections

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

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

Subject: Universal Underwriters Insurance Co.

Location: Roseville

Type: Ins.

Item #	# of Times Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	15	\$1,085	\$1,085	\$0	\$0		x
2	4	\$300	\$300	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	69	\$5,350	\$5,350	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	0	\$0	\$0	\$0	\$0		x
8	0	\$0	\$0	\$0	\$0		x
9	0	\$0	\$0	\$0	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	0	\$0	\$0	\$0	\$0		x
13	5	\$1,600	\$1,600	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	6	\$2,200	\$2,200	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	2	\$500	\$500	\$0	\$0		x
18 b	1	\$400	\$400	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	15	\$1,250	\$1,250	\$0	\$0		x
18 e	0	\$0	\$0	\$0	\$0		x
18 f	0	\$0	\$0	\$0	\$0		x
19	0	\$0	\$0	\$0	\$0		x
20 a	0	\$0	\$0	\$0	\$0		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	0	\$0	\$0	\$0	\$0		x
20 d	0	\$0	\$0	\$0	\$0		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	117	\$12,685	\$12,685	\$0	\$0		

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

Calendar Year: 2004
Notices of Compensation Due

Individual Exhibit 4

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

Subject: Universal Underwriters Insurance Company

Location: Roseville

Type: INS

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1				\$20.57			\$20.57
2				\$80.00			\$80.00
3		\$1,481.43		\$293.72			\$1,775.15
4				\$66.20			\$66.20
5				\$56.00			\$56.00
6				\$384.00			\$384.00
7				\$53.20			\$53.20
8				\$58.66			\$58.66
9				\$223.98			\$223.98
10	\$114.26						\$114.26
11	\$498.36			\$40.52			\$538.88
TOTAL	\$612.62	\$1,481.43	\$0.00	\$1,276.85	\$0.00	\$0.00	\$3,370.90

Calendar Year: 2004

Individual Exhibit 3

Penalty Assessments and Collections

Files Audited:	41
Indemnity	41
Medical Only	0
Denied	0
Complaints	0
Additional	0

Audit No: SAC-03-04-R1-5

Subject: Valley Risk

Location: Stockton

Type: TPA

Item #	# of Times Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	15	\$810	\$810	\$0	\$0		x
2	3	\$725	\$725	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	6	\$870	\$870	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	2	\$160	\$160	\$0	\$0		x
8	0	\$0	\$0	\$0	\$0		x
9	0	\$0	\$0	\$0	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	0	\$0	\$0	\$0	\$0		x
13	1	\$400	\$400	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	8	\$2,100	\$2,100	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	4	\$1,400	\$1,400	\$0	\$0		x
18 b	1	\$200	\$200	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	4	\$275	\$275	\$0	\$0		x
18 e	0	\$0	\$0	\$0	\$0		x
18 f	0	\$0	\$0	\$0	\$0		x
19	0	\$0	\$0	\$0	\$0		x
20 a	0	\$0	\$0	\$0	\$0		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	0	\$0	\$0	\$0	\$0		x
20 d	0	\$0	\$0	\$0	\$0		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	44	\$6,940	\$6,940	\$0	\$0		

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

Calendar Year: 2004
Notices of Compensation Due

Individual Exhibit 4

Audit No: SAC-03-04-R1-5

Subject: Valley Risk

Location: Stockton

Type: TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1				\$302.00			\$302.00
2				\$281.72			\$281.72
3	\$10,380.52			\$910.46			\$11,290.98
4				\$18.10			\$18.10
5				\$10.40			\$10.40
6	\$297.95						\$297.95
7	\$54.00						\$54.00
8		\$24.32					\$24.32
TOTAL	\$10,732.47	\$24.32	\$0.00	\$1,522.68	\$0.00	\$0.00	\$12,279.47

Calendar Year: 2004

Individual Exhibit 3

Penalty Assessments and Collections

Files Audited:	47
Indemnity	47
Medical Only	0
Denied	0
Complaints	0
Additional	0

Audit No: SFO-10-04-R1-1

Subject: Vanliner Insurance Company

Location: St. Louis, MO

Type: INS

Item #	# of Times Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	14	\$825	\$825	\$0	\$0		x
2	3	\$1,240	\$1,240	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	23	\$4,890	\$4,890	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	0	\$0	\$0	\$0	\$0		x
8	0	\$0	\$0	\$0	\$0		x
9	0	\$0	\$0	\$0	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	0	\$0	\$0	\$0	\$0		x
13	9	\$1,900	\$1,900	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	9	\$2,700	\$2,700	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	4	\$500	\$500	\$0	\$0		x
18 b	1	\$200	\$200	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	4	\$300	\$300	\$0	\$0		x
18 e	2	\$1,100	\$1,100	\$0	\$0		x
18 f	0	\$0	\$0	\$0	\$0		x
19	0	\$0	\$0	\$0	\$0		x
20 a	0	\$0	\$0	\$0	\$0		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	0	\$0	\$0	\$0	\$0		x
20 d	0	\$0	\$0	\$0	\$0		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	69	\$13,655	\$13,655	\$0	\$0		

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

Calendar Year: 2004
Notices of Compensation Due

Individual Exhibit 4

Audit No: SFO-10-04-R1-1

Subject: Vanliner Insurance Company

Location: St. Louis, MO

Type: INS

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1				\$25.20			\$25.20
2	\$287.94						\$287.94
3						\$62.71	\$62.71
4		\$5,952.00		\$595.20		\$79.90	\$6,627.10
5		\$308.00		\$30.80			\$338.80
6	\$290.43			\$96.82			\$387.25
7	\$76.70			\$282.46			\$359.16
TOTAL	\$655.07	\$6,260.00	\$0.00	\$1,030.48	\$0.00	\$142.61	\$8,088.16

Calendar Year: 2004

Individual Exhibit 3

Penalty Assessments and Collections

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

Audit No: VNO-02-04-R1-1

Subject: Zenith Insurance Company

Location: Woodland Hills Type: INS

Item #	# of Times Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
						Yes	No
1	4	\$3,275	\$3,275	\$0	\$0		x
2	0	\$0	\$0	\$0	\$0		x
3	0	\$0	\$0	\$0	\$0		x
4	1	\$600	\$600	\$0	\$0		x
5	0	\$0	\$0	\$0	\$0		x
6	0	\$0	\$0	\$0	\$0		x
7	0	\$0	\$0	\$0	\$0		x
8	0	\$0	\$0	\$0	\$0		x
9	0	\$0	\$0	\$0	\$0		x
10	0	\$0	\$0	\$0	\$0		x
11	0	\$0	\$0	\$0	\$0		x
12	0	\$0	\$0	\$0	\$0		x
13	0	\$0	\$0	\$0	\$0		x
14	0	\$0	\$0	\$0	\$0		x
15	0	\$0	\$0	\$0	\$0		x
16	0	\$0	\$0	\$0	\$0		x
17	0	\$0	\$0	\$0	\$0		x
18 a	1	\$100	\$100	\$0	\$0		x
18 b	0	\$0	\$0	\$0	\$0		x
18 c	0	\$0	\$0	\$0	\$0		x
18 d	0	\$0	\$0	\$0	\$0		x
18 e	0	\$0	\$0	\$0	\$0		x
18 f	0	\$0	\$0	\$0	\$0		x
19	0	\$0	\$0	\$0	\$0		x
20 a	0	\$0	\$0	\$0	\$0		x
20 b	0	\$0	\$0	\$0	\$0		x
20 c	0	\$0	\$0	\$0	\$0		x
20 d	0	\$0	\$0	\$0	\$0		x
21	0	\$0	\$0	\$0	\$0		x
TOTAL	6	\$3,975	\$3,975	\$0	\$0		

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

