



2010 AUDITS

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

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

2010 Audits of Workers' Compensation Insurers, Self-Insured Employers, and Third-Party Administrators

Pursuant to Labor Code section 129(e), the Administrative Director of the Division of Workers' Compensation (DWC) submits this 21st annual workers' compensation report summarizing the results of audits conducted by the DWC Audit Unit.

2010 Audit Results

Profile Audit Review (PAR) standard – 1.75629 / Full Compliance Audit (FCA) standard – 2.08062

Labor Code sections 129 and 129.5 provide the framework for oversight and enforcement of the regulations of the Administrative Director for the prompt and accurate provision of workers' compensation benefits.

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

The DWC Audit Unit completed a total of 52 profile audit reviews (PAR audits). Of the PAR audits, 50 were routinely selected and two were target audits, which were conducted based upon failure of a prior audit. The total number of PAR audit subjects included 10 insurance companies, 16 self-administered, self-insured employers, 24 third-party administrators (TPA), and two insurance company / third-party administrator combined claims adjusting locations.

At all audits, claim files were selected for review on a random basis, with the number of indemnity and denied cases being selected based on the numbers of claims reported in each of those populations for the audit subject. In addition, if any complaints were received regarding possible violations of the Labor Code or regulations of the Administrative Director, each respective claim file related to a complaint may have been part of the audit pursuant to California Code of Regulations, title 8, sections 10107.1 (c)(2), (d)(2), and (e)(2).

Pursuant to California Code of Regulations, title 8, section 10107.1(c) and (d), either a "PAR sample" of up to 59 or a "full compliance audit (FCA) sample" of up to 138 of indemnity claims is audited, depending on the claims administrator's performance as measured in the key areas after the PAR sample is audited. California Code of Regulations, title 8, section 10107.1(e), provides for a "sample" of up to 67 denied claims

that may be audited, depending on the claims administrator's performance as measured in specific areas of benefit provision after the review of the indemnity claims in the "FCA stage 1 sample" are audited.

In 2010, within the PAR/FCA audits, compliance officers audited 3,171 claim files, of which 2,893 were randomly selected claims in which some form of indemnity benefits were paid. Five audits included 215 randomly selected claims in which the employer or insurer denied all liability. Targeted claims audited included 53 files based on complaints received by the DWC. Ten claims were designated as "additional" files. "Additional" files include:

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

Basis for the Profile Audit Review Performance Rating

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

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

- The percentages of randomly selected claims with unpaid indemnity and the amounts of unpaid indemnity in those claims;
- The percentages of randomly selected claims with late first temporary disability payments and/or failure to comply with the regulations for the provision of first notices of salary continuation in lieu of TD payment;
- The percentages of claims with late first payments of permanent disability, vocational rehabilitation maintenance allowance, and/or death benefits;
- The percentages of claims with late subsequent indemnity payments; and,
- The percentages of claims with violations involving failure to comply with the regulations for provision of notices to advise injured workers of: the process for selecting Agreed Medical Examiners and/or Qualified Medical Examiners; the potential eligibility for vocational rehabilitation (for dates of injury prior to January 1, 2004); and/or the right to supplemental job displacement benefit (for dates of injury on or after January 1, 2004).

As calculated pursuant to California Code of Regulations, title 8, section 10107.1 (c)(3), low performance ratings reflect good claims performance, and high ratings reflect poor performance. If an audit subject's PAR performance rating meets or exceeds the PAR performance standard, the audit is terminated and no penalties are assessed for claims violations. In order to meet or exceed the PAR performance standard, an audit subject's PAR performance rating must meet or exceed the ratings of the worst 20% of performance ratings calculated for all audits conducted over the three-year period preceding the year before the audit. In other words, a PAR performance rating for a 2010 audit that falls within the range of the 80% best scores of all audits conducted from 2006 through 2008 will meet or exceed the PAR performance standard for 2010 which is 1.75629.

Performance Ratings of Audit Subjects

The performance for the 52 audit subjects in 2010 is broken down as follows:

- Forty-two audit subjects (80.8%) met or exceeded the PAR 2010 performance standard thereby having all penalty citations not assessed in accordance with Labor Code section 129.5(c) and California Code of Regulations, title 8, section 10107.1(c)(4). These audit subjects were ordered to pay all unpaid compensation.
- Ten audit subjects (19.2%) failed to meet or exceed the PAR standard and the audit expanded into the full compliance audit of indemnity claims (FCA stage 1) pursuant to Labor Code section 129.5(c) and California Code of Regulations, title 8, section 10107.1(d). Five of these audit subjects (9.6%) then met or exceeded the FCA-1 2010 standard. For these five audits, the Audit Unit issued notices of compensation due and assessed administrative penalties for late and unpaid indemnity in accordance with Labor Code section 129.5(c) and California Code of Regulations, title 8, section 10107.1(d)(3)(B).
- Five of the 52 audit subjects (9.6%) that failed the PAR audit also failed to meet or exceed the FCA performance standard thereby demonstrating poor performance and these claims administrators will be subject to a return target audit within two years. These audits expanded into the FCA stage 2 audit pursuant to Labor Code section 129.5(c) and California Code of Regulations, title 8, section 10107.1(e) adding a sample of denied claims to be reviewed. These audit subjects were assessed administrative penalties for all penalty citations in accordance with Labor Code section 129.5(c) and California Code of Regulations, title 8, section 10107.1(e).

The **DWC Administrative Director's 2010 Audit Results Ranking Report** (Statewide Exhibit 4) is part of this annual report and the complete list of the performance ratings for the 52 audit subjects can be reviewed in order, from the best to worst performer.

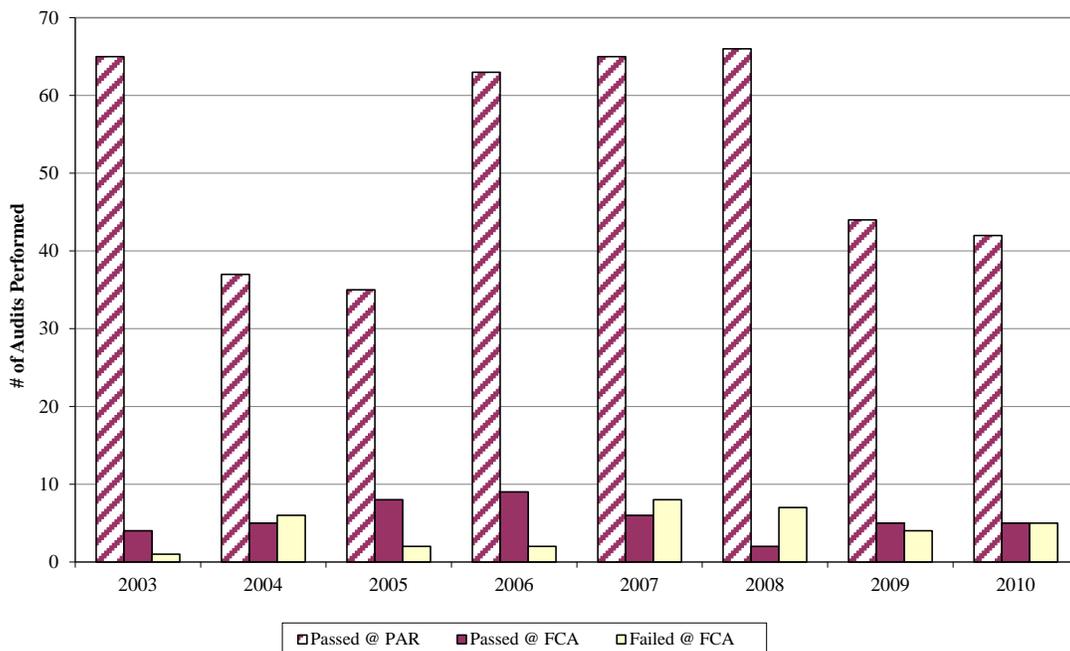
In accordance with Labor Code sections 129(b)(1) and 129.5(c), the pass/failure for an audit is determined at the conclusion of the full compliance audit of indemnity files. The administrators who fail to meet or exceed the Full Compliance Audit Standard are deemed to have failed the audit. While the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

The Ranking Report also gives an accounting of the number of Notice(s) of Compensation Due issued for the individual adjusting locations.

The specifics for the performance of individual adjusting locations are presented within this report. For each audit conducted in 2010, there will be record(s) for the performance rating of the audit subject, an analysis of the types of violations cited by type and amount subject to collection, and, an analysis for the individual Notice(s) of Compensation Due of the type(s) of indemnity due and unpaid to the injured employees.

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

Audit Results for 2003-2010



PAR and FCA Standards Comparison

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

Statewide Exhibits 4A through 4F combine individual audit findings within for performance at the PAR and FCA levels for the average rating for all audits conducted in 2010 and/or the average within each of the audit stages.

- 2010 Average final score of the 52 audit subjects: 1.30140
- 2010 PAR standard - 1.76686
Average score of the 42 audit subjects passing PAR: 0.98709
Average score of the ten audit subjects failing PAR: 2.97767
- 2010 FCA standard - 2.08062
Average score of the five audit subjects passing FCA stage 1: 1.83816
Average score of the five audit subjects failing FCA stage 1: 3.10847
- 2010 Average final score for subjects failing their audit: 2.95917

Appeals

A conference for the appeal of Lance Camper of Lancaster was conducted in 2010. The audit subject had contested the amount of penalties assessed for a failed routine audit conducted in 2008. After a hearing before for a Workers' Compensation Administrative Law Judge (WCALJ) appointed by the Administrative Director to make recommended findings, the Administrative Director found the penalties to be appropriately levied. Lance Camper has complied with the order of the Administrative Director and paid the penalties in full.

In 2010, four audit subjects disputed one or more penalties cited in the course of their respective audits.

- Alaska National Insurance Company - Seattle, WA; the appeal is pending.
- Liberty Mutual Insurance - Orange; the appeal is pending.
- Travelers Company – Walnut Creek; Audit #OAK-10-10-R1-3: One violation cited during the audit but not retained as part of the basis for determining the performance rating was challenged. After submission of the written arguments to

a WCALJ appointed by the Administrative Director, the appeal was dismissed as moot.

- York Insurance Services Group - Oxnard; the appeal is pending.

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

Violations of Administrative Director's Regulations

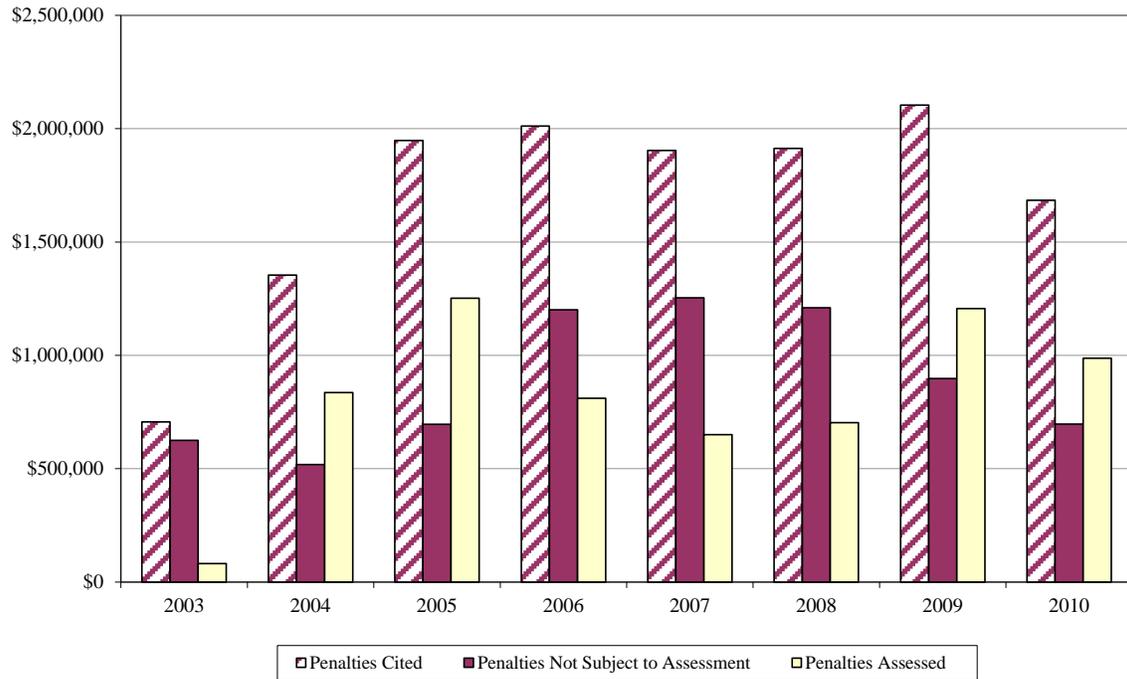
As a result of PAR/FCA audits conducted during the calendar year 2010, the Audit Unit found and cited 4,670 violations against claims administrators with administrative penalties totaling \$1,684,619 (Statewide Exhibit 1). Not all administrative penalties are subject to collection. Under the Labor Code, no penalties are assessed on those "cited" violations unless the audit subject fails the audit at a specific level.

If an audit subject passes the Profile Audit Review (PAR), which is the first level of audit, no penalties will be assessed in accordance with Labor Code section 129.5(c)(1). If an audit subject fails the PAR but passes the second level, or Full Compliance Audit (FCA) stage 1, under Labor Code section 129.5(c)(2), penalties for unpaid and late-paid indemnity will be assessed, but penalties will not be assessed for violations related to issues of compliance with administrative functions such as the provision of notices for salary continuation, advice for agreed or qualified medical examination or notices of potential eligibility for vocational rehabilitation or supplemental job displacement benefit. If an audit subject does not pass the FCA stage 1 audit, the file review will proceed to a full compliance audit of the indemnity files plus a sample of denied claims. At the FCA stage 2 audit, in accordance with Labor Code section 129.5(c)(3), a comprehensive file review is conducted and penalties are applied for all violations found. Penalties assessed for a failed FCA stage 2 audit may be modified relative to the size of the adjusting location to mitigate any inequities for penalty assessment for small and large claims administrators in accordance with California Code of Regulations, title 8, section 10111.2(c)(7).

Statewide Exhibit 2 provides a detailed analysis of all penalties assessable, by type. In accordance with Labor Code section 129.5(c) and regulatory authority, the Audit Unit did not assess \$697,159 of the cited violations. The violations which, by law, were not assessed occurred within 42 of the audits that met or exceeded the PAR performance standard, and five audits that met or exceeded the FCA performance standard. All violations cited in the five audits that failed the FCA performance standard were assessed. The assessed penalties subject to collection from claims administrators for FCA audits were \$987,460. The following table provides an analysis of violations cited and

penalties assessed and collected in the PAR/FCA audit process for years 2003 through 2010:

Penalty Assessments and Collections for 2003-2010



Unpaid Compensation Due to Employees

In the review of files for the PAR/FCA audits, 13.3% of the claims reviewed had unpaid indemnity. Of the 423 claims in which injured workers were owed unpaid compensation, 417 of these claims were randomly selected and the remaining 6 claims were audited because of complaints received by the Audit Unit. The total compensation cited to be paid was \$647,303.64 (Statewide Exhibit 3), an average of \$1,530.27 per file in which there was unpaid compensation. The unpaid compensation is broken down as follows:

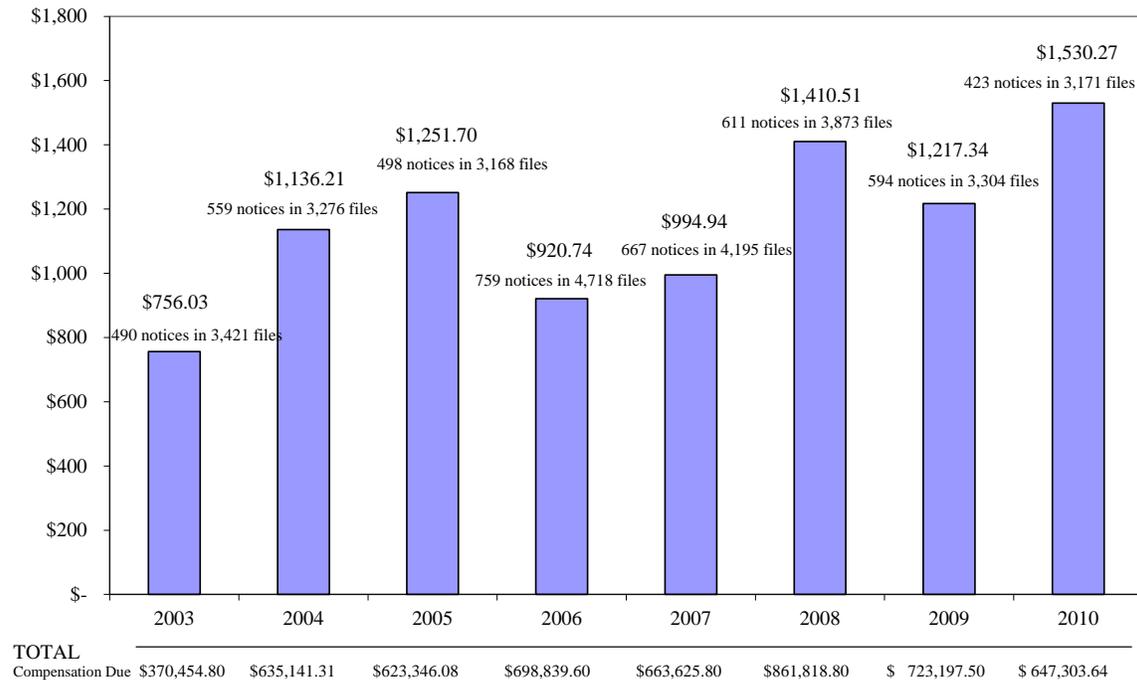
- \$288,488.26 in temporary disability indemnity and salary continuation in lieu of temporary disability (44.57% of the unpaid compensation)
- \$278,899.77 in permanent disability indemnity (43.09% of the unpaid compensation)
- \$78,412.40 in 10% self-imposed increases for late indemnity payments (12.11% of the unpaid compensation)
- \$1,503.21 in interest and penalty and/or failure to reimburse medical expenses (0.23% of the unpaid compensation). The claims administrator is required to pay these employees within 15 days after receipt of a notice advising the claims

administrator of the amount due, unless appealed in accordance with California Code of Regulations, title 8, section 10115.

When employees due unpaid compensation cannot be located, the unpaid compensation is payable by the claims administrator to the Workers' Compensation Administration Revolving Fund. In these instances, application by an employee can be made to the DWC for payment of moneys deposited by claims administrators into this fund. For audits conducted in 2010, \$1,565.64 was paid into this fund because the injured workers could not be located.

The following table provides an analysis of undisputed compensation found due in routine and target audits conducted since 2003.

Average Compensation Due Per File for 2003-2010



Civil Penalty Issues

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

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

In addition to the penalty assessments permitted by subdivision (a), the Administrative Director may assess a civil penalty, not to exceed one hundred thousand dollars (\$100,000), upon finding, after hearing, that an employer,

insurer, or third-party administrator for an employer has knowingly committed or has performed with sufficient frequency so as to indicate a general business practice any of the following:

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

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

A civil penalty investigation of the claims handling practices of the Weyerhaeuser Company was concluded in 2010 after Weyerhaeuser failed a routine audit in 2007. Following the investigation, Weyerhaeuser stipulated to the payment of all administrative penalties imposed and all undisputed notices of compensation due. Weyerhaeuser also agreed to discontinue self-administering its workers' compensation program, and provide ongoing training for its personnel involved in the reporting, processing and handling of California workers' compensation claims. Weyerhaeuser also agreed to discontinue a supervisory bonus compensation plan that appeared to have the effect of deterring employees from reporting bona fide workplace injuries.

Other Issues

The Annual Report of Inventory

In accordance with California Code of Regulations, title 8, section 10104, claims administrators are required to file an Annual Report of Inventory with the Administrative Director for all claims reported to each of their adjusting locations in the prior calendar year. The report is due by April 1st for any location adjusting California workers' compensation claims and must be filed even if no claims were reported in the prior year. Reports submitted in 2010 identify approximately 411 locations adjusting claims, of which 335 are in California and 76 are out-of-state.

In addition to the penalty assessments totaling \$987,460 that were assessed as a result of audits conducted in 2010, an additional 25 penalties totaling \$7,860 were assessed based on the failure of claims administrators either to timely file or having filed an inaccurate Annual Report of Inventory of Claims with the Audit Unit, as required by Title 8, California Code of Regulations Section 10104. The penalty assessments are issued pursuant to Title 8, California Code of Regulations, section 10111.2(b)(25). These penalties are not included as part of the audit data within this report, but were assessed as follows:

Claims Administrator	Location	\$ Amount Assessed	\$ Amount Collected
Arrowood Indemnity Company	Charlotte, NC	100	100
Avizent	Irvine	300	300
City of Compton	Compton	200	200
County of Riverside	Riverside	200	200
Frye Claims Consultation	Hayward	400	400
Kaiser Permanente Medical	Oakland	300	300
Liberty Mutual Ins Group / Helmsman Management Svcs	Orange	300	300
QBE Specialty Insurance	Freeport, IL	200	200
		\$ 2,000	\$ 2,000

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

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

Reports submitted for claims reported in 2009 were reviewed in comparison with WCIS submissions for claims reported in that year as indemnity, medical-only or denied. Claims reported on the Audit Unit Annual Report of Inventory are classified, by type, as indemnity, medical-only, or denied. Individual claims are reported to WCIS as a First Report of Injury (FROI) and are classified as indemnity, medical-only, denied or “other”. Claims classified as “other” are later categorized as indemnity, medical-only, or denied when the administrator submits a Subsequent Report of Injury (SROI) and/or its annual report to WCIS for claims activity for the prior calendar year.

In 2010, only two entities qualified for exemption for the filing of the Audit Unit Annual Report of Inventory. The limited number of exemptions is directly related WCIS’s inability to classify the “other” claims; due in part, to a failure of the claims

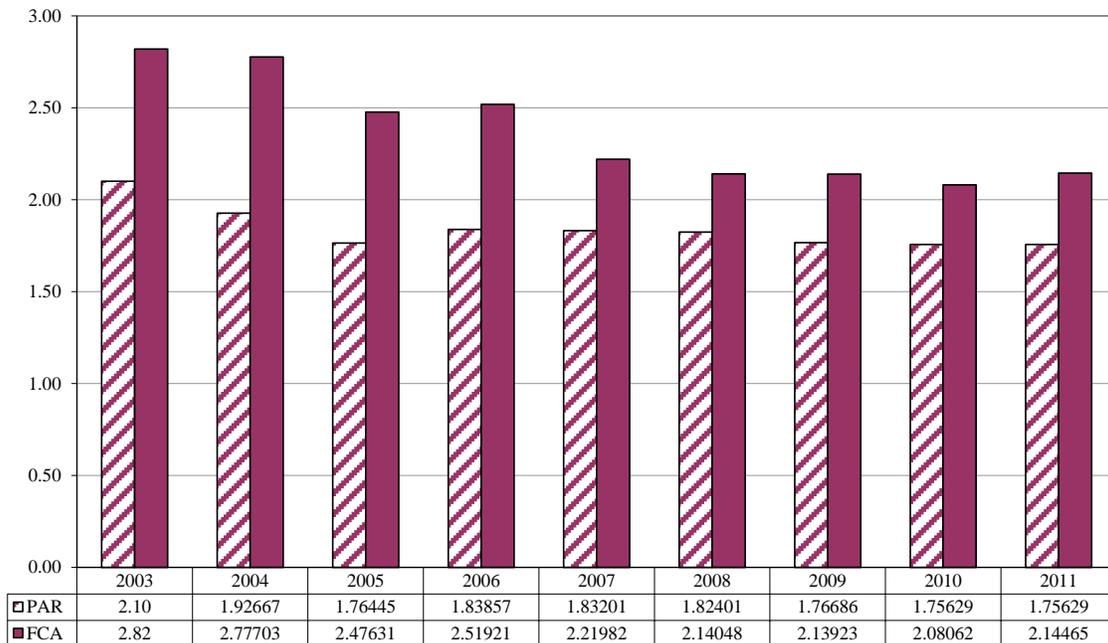
administrators to file the SROI reports, which leaves a large number of claims unclassified.

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

Profile Audit Performance Standards / Full Compliance Audit Standards for 2011

The PAR and FCA performance standards have been updated pursuant to Labor Code section 129(b) and California Code of Regulations, title 8, sections 10107.1(c), (d), and (e). This was accomplished by taking the 2009 audit results and using the performance ratings for the five factors subject to the profile audit review program. The results were then combined with the 2007 and 2008 performance rating scores to develop the 2011 PAR/FCA standards. **The PAR standard for 2011 is unchanged at 1.75629 and the FCA standard is 2.14465.** Profile audit review audits (PAR audits) commencing after January 1, 2011 use the new standards. The Audit Unit continues to work to ensure that injured workers receive their workers' compensation benefits and to act as a deterrent to poor claims handling. The following table provides an historical analysis of the PAR/FCA performance standards set for audits conducted in the years 2003 through 2011.

PAR/FCA Performance Ratings for 2003 -2011



Description of Statewide Exhibits

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

Statewide Exhibit 2 ~ Summary of Penalties for PAR/FCA Audits separates and describes the schedule of administrative penalties in Title 8, California Code of Regulations section 10111.2 into various categories showing totals and amounts of assessable administrative penalties for this statewide audit finding.

Statewide Exhibit 3 ~ Statewide Summary of Notices of Compensation Due gives, by type of indemnity, the amounts unpaid compensation found in the 423 audited claims for which notices of compensation due were issued.

Statewide Exhibit 4 ~ The DWC Administrative Director's 2010 Audit Ranking Report is issued in accordance with Labor Code section 129(e). The report ranks all insurers, self-insured employers, and third-party administrators audited during 2010 according to their performance measured by the profile audit review and full compliance audit performance standards.

Statewide Exhibit 4A is a summary of the final performance ratings for the 52 audits conducted in 2010.

Statewide Exhibit 4B is a summary of the final performance ratings for the 42 audits conducted in 2010 that met or exceeded the 2010 PAR performance standard of 1.75629.

Statewide Exhibit 4C is a summary of the final performance ratings for the ten audits conducted in 2010 that failed to meet or exceed the 2010 PAR performance standard of 1.75629.

Statewide Exhibit 4D is a summary of the final performance ratings for the five audits conducted in 2010 that met or exceeded the 2010 FCA-1 performance standard of 2.08062.

Statewide Exhibit 4E is a summary of the final performance ratings for the five audits conducted in 2010 that failed to meet or exceed the 2010 FCA-1 performance standard of 2.08062.

Statewide Exhibit 4F is a summary of the final performance ratings for the five failed audits conducted in 2010.

Audit Penalty Assessments and Collections

Audit Subject & Location	R / T	INS/ SI/ TPA	Number of Files Audited					# of AP's Cited	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Balance \$ Due	Appeals	
			I	D	C	A	Total						Y	N
			Alaska National Insurance Company / Seattle, WA	R	INS	65	29						0	0
Alternative Service Concepts / Citrus Heights	R	TPA	56	0	0	0	56	38	\$9,325	\$9,325	\$0	\$0		x
Athens Administrators / Concord	R	TPA	58	0	1	0	59	113	\$21,395	\$21,395	\$0	\$0		x
Avizent Risk / Anaheim	R	TPA	129	58	5	0	192	543	\$344,372	\$0	\$344,372	\$0		x
Broadspire, A Crawford Company / Brea	R	TPA	58	0	1	0	59	100	\$34,005	\$34,005	\$0	\$0		x
California Fair Services Authority / Sacramento	R	SI	44	0	0	0	44	62	\$21,250	\$21,250	\$0	\$0		x
Chartis Claims / San Diego	R	TPA	59	0	6	0	65	60	\$30,705	\$30,705	\$0	\$0		x
Church Mutual Insurance Company / Merrill, WI	R	INS	83	0	0	0	83	215	\$44,995	\$17,739	\$27,256	\$0		x
City of San Bernardino / San Bernardino	R	SI	52	0	0	0	52	31	\$12,135	\$12,135	\$0	\$0		x
City of San Diego / San Diego	R	SI	56	0	0	0	56	64	\$22,005	\$22,005	\$0	\$0		x
Clougherty Packing, LLC / Vernon	R	SI	42	0	0	0	42	49	\$19,475	\$19,475	\$0	\$0		x
COMCO Management, Inc. / Sierra Madre	R	TPA	50	0	0	0	50	52	\$13,005	\$13,005	\$0	\$0		x
CorVel Corporation / Sacramento	R	TPA	52	0	0	0	52	80	\$10,105	\$10,105	\$0	\$0		x
County of Sacramento / Sacramento	R	SI	56	0	0	0	56	43	\$4,955	\$4,955	\$0	\$0		x
County of San Diego / San Diego	R	SI	53	0	0	0	53	31	\$8,710	\$8,710	\$0	\$0		x
Crawford & Company / Burlingame	R	TPA	8	0	0	0	8	26	\$5,355	\$1,871	\$3,484	\$0		x
ESIS (An ACE Group Company) / Fremont	R	TPA	59	0	0	0	59	78	\$22,220	\$22,220	\$0	\$0		x
ESIS (An ACE Group Company) / Portland, OR	R	TPA	114	0	0	0	114	216	\$67,895	\$21,765	\$46,130	\$0		x
Ford Motor Company / Manteca	R	SI	33	15	1	0	49	126	\$35,025	\$0	\$35,025	\$0		x
Foster Poultry Farms / Livingston	R	SI	50	0	0	0	50	69	\$12,375	\$12,375	\$0	\$0		x
Gallagher Bassett Ins Svcs, Inc Br #180 / Roseville	R	TPA	58	0	2	0	60	85	\$24,065	\$24,065	\$0	\$0		x
Golden State Risk Management Authority / Willows	R	SI	35	0	0	0	35	37	\$8,775	\$8,775	\$0	\$0		x
Keenan & Associates / Pleasanton	R	TPA	55	0	1	0	56	77	\$17,375	\$17,375	\$0	\$0		x
Keenan & Associates / Rancho Cordova	R	TPA	57	0	0	0	57	69	\$19,725	\$19,725	\$0	\$0		x
Keenan & Associates / Riverside	R	TPA	57	0	0	0	57	34	\$13,735	\$13,735	\$0	\$0		x
Liberty Mutual Insurance / Orange	R	I&T	127	64	19	10	220	701	\$320,211	\$0	\$320,211	\$5,200	x	
Macy's / Redondo Beach	R	SI	56	0	0	0	56	58	\$14,920	\$14,920	\$0	\$0		x
Matrix Absence Management, Inc. / San Jose	R	TPA	52	0	1	0	53	73	\$32,285	\$32,285	\$0	\$0		x
Monterey County Schools / Salinas	R	SI	49	0	0	0	49	31	\$3,000	\$3,000	\$0	\$0		x
National Steel & Shipbuilding / San Diego	R	SI	17	0	0	0	17	22	\$6,945	\$6,945	\$0	\$0		x
Northern Claims Management / Santa Rosa	R	TPA	51	0	0	0	51	33	\$9,480	\$9,480	\$0	\$0		x

Audit Penalty Assessments and Collections

Audit Subject & Location	R / T	INS/ SI/ TPA	Number of Files Audited					# of AP's Cited	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Balance \$ Due	Appeals	
			I	D	C	A	Total						Y	N
			Pinnacle Risk Management / Roseville	R	TPA	82	0						0	0
Schools Insurance Authority / Sacramento	R	SI	54	0	0	0	54	13	\$2,585	\$2,585	\$0	\$0		x
Sedgwick Claims Management Services / Long Beach	R	TPA	57	0	3	0	60	40	\$13,625	\$13,625	\$0	\$0		x
Sedgwick Claims Management Services / Oakland	R	TPA	56	0	2	0	58	58	\$8,045	\$8,045	\$0	\$0		x
Sedgwick Claims Management Services / San Diego	R	TPA	55	0	0	0	55	34	\$13,200	\$13,200	\$0	\$0		x
Sedgwick Claims Management Services / Stockton	R	TPA	39	0	0	0	39	47	\$7,440	\$7,440	\$0	\$0		x
Solar Turbines / San Diego	R	SI	23	0	0	0	23	17	\$5,800	\$5,800	\$0	\$0		x
State Compensation Insurance Fund / San Diego	R	INS	58	0	4	0	62	51	\$36,550	\$36,550	\$0	\$0		x
State Compensation Insurance Fund / San Jose	R	INS	58	0	3	0	61	66	\$23,735	\$23,735	\$0	\$0		x
State Compensation Insurance Fund / Santa Rosa	R	INS	58	0	0	0	58	65	\$18,345	\$18,345	\$0	\$0		x
Tokio Marine & Fire Insurance Company / Pasadena	R	INS	56	0	0	0	56	57	\$13,370	\$13,370	\$0	\$0		x
Travelers Company / Walnut Creek	R	I&T	58	0	0	0	58	40	\$17,395	\$17,395	\$0	\$0	x	
TriStar Risk Management / Fresno	R	TPA	55	0	0	0	55	18	\$3,150	\$3,150	\$0	\$0		x
U S Concrete / San Jose	R	SI	29	0	0	0	29	26	\$7,145	\$7,145	\$0	\$0		x
Unigard Insurance / Roseville	T	INS	1	0	0	0	1	2	\$200	\$200	\$0	\$0		x
Utica Insurance / Richardson, TX	T	INS	14	0	0	0	14	34	\$7,370	\$5,250	\$2,120	\$0		x
Vons Companies, Inc. / Arcadia	R	SI	57	0	0	0	57	75	\$25,980	\$25,980	\$0	\$0		x
York Insurance Services Group, Inc. / Fresno	R	TPA	55	0	0	0	55	45	\$12,950	\$12,950	\$0	\$0		x
York Insurance Services Group, Inc. / Oxnard	R	TPA	123	49	1	0	173	213	\$117,036	\$0	\$117,036	\$83,796	x	
Zenith Insurance / San Diego	R	INS	57	0	0	0	57	44	\$10,425	\$10,425	\$0	\$0		x
Zenith Insurance / Woodland Hills	R	INS	57	0	3	0	60	50	\$19,110	\$19,110	\$0	\$0		x
TOTALS:			2,893	215	53	10	3,171	4,670	\$ 1,684,619	\$ 697,159	\$ 987,460	\$ 93,996	0	0

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

R - Routine	50
T - Target	2
TOTAL	52

INS	Insurer	10
SI	Self-Insured Employer	16
TPA	Third Party Administrator	24
I&T	Insurer & Third Party Administrator	2
TOTAL		52

Statewide Summary of Penalties for PAR/FCA Audits

Cited by Type of Penalty

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	671	\$353,952	\$131,817	\$222,135	\$218,055	√
Late first payment of permanent disability indemnity benefits (PD).	287	\$175,473	\$81,222	\$94,251	\$83,851	√
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	628	\$205,260	\$109,250	\$96,010	\$87,658	√
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	145	\$19,750	\$1,010	\$18,740	\$18,260	√
Late provision of benefit notices other than specific notices for VR and for denial of injury.	326	\$21,194	\$7,430	\$13,764	\$12,100	√
Failure to notify an injured employee of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefit (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	213	\$84,290	\$54,750	\$29,540	\$27,940	√
Failure to comply with requirements to provide notice of the QME/AME process.	1,112	\$153,055	\$116,850	\$36,205	\$34,925	√
Failure to pay any TD or SC in lieu of TD.	256	\$267,820	\$108,600	\$159,220	\$130,640	√
Failure to pay any PD indemnity benefit.	125	\$116,720	\$49,500	\$67,220	\$42,720	√
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	204	\$67,490	\$27,220	\$40,270	\$37,070	√
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	8	\$10,240	\$2,960	\$7,280	\$7,280	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	14	\$10,250	\$6,550	\$3,700	\$3,700	

Statewide Summary of Penalties for PAR/FCA Audits

Cited by Type of Penalty

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Failure to pay or object to medical treatment expense in the manner required by law or regulation.	333	\$110,685	\$0	\$110,685	\$104,945	✓
Failure to pay or object to medical-legal expense in the manner required by law or regulation.	16	\$5,355	\$0	\$5,355	\$4,875	✓
Failure to pay or object to VR expense (injuries through 12/31/03) or issue training or SJDB voucher (injuries on/after 01/01/04) in the manner required by law or regulation.	12	\$1,200	\$0	\$1,200	\$1,200	
Failure to timely assign a QRR to an employee after 90 aggregate days of total TD for injuries prior to 01/01/94.	0	\$0	\$0	\$0	\$0	
Failure to provide VR information after 90 aggregate days of total TD (injuries 1/1/94 thru 12/31/03).	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of non-eligibility for VR.	0	\$0	\$0	\$0	\$0	
Failure to provide notices denying all liability or death benefits as required.	18	\$8,660	\$0	\$8,660	\$8,660	
Failure to timely respond to a request to provide or authorize medical treatment.	1	\$100	\$0	\$100	\$100	
Failure to include specific items or properly designate entries on a claim log.	21	\$1,065	\$0	\$1,065	\$1,065	
Materially incomplete or inaccurate benefit notices including denial for all liability, other than specific vocational rehabilitation notices.	103	\$7,065	\$0	\$7,065	\$6,945	✓
Failure to investigate.	2	\$2,000	\$0	\$2,000	\$2,000	
Late payment of WCAB Orders or Awards or RU Orders for late payment of attorney fees and issues other than late payment of indemnity.	6	\$11,350	\$0	\$11,350	\$11,350	
Penalties for failure to comply with any regulation of the AD not otherwise assessed.	167	\$43,945	\$0	\$43,945	\$43,625	✓
Unsupported denial of all liability for a claim.	2	\$7,700	\$0	\$7,700	\$4,500	✓
TOTAL	4,670	\$1,684,619	\$697,159	\$987,460	\$893,464	

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

**Statewide Summary of
423 Notices of Compensation Due**

Type of Compensation	Amount Found Due	
Temporary Disability	\$	288,488.26
Permanent Disability	\$	278,899.77
V R M A	\$	-
Self-Imposed Increase	\$	78,412.40
Death Benefits	\$	-
Penalty, Interest or Other	\$	1,503.21
Total Compensation Due:	\$	647,303.64

DWC ADMINISTRATIVE DIRECTOR'S 2010 AUDIT RANKING REPORT

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

	Routine and Target Audits conducted pursuant to Labor Code Sections 129(b)(1)(2)(3), and 129.5(c)(1)(2)(3) (Rankings from best to worst performers) AUDIT SUBJECT / LOCATION	Unpaid Compensation All Claim Files # Notices / \$ Value	PAR Standard 1.75629	FCA Stage 1 Standard 2.08062	Final Performance Rating
<p><i>The following audit subjects under the Profile Audit Review (LC 129) met or exceeded the PAR standard (1.75629 or less). All administrative penalties were not assessed pursuant to Labor Code Section 129.5(c)(1). The unpaid compensation found due injured workers within each claim file was ordered paid.</i></p>					
1	TriStar Risk Management / Fresno	1 / \$128.12	0.34784	n/a	0.34784
2	Zenith Insurance / San Diego	8 / \$1,221.37	0.51090	n/a	0.51090
3	Schools Insurance Authority / Sacramento	0 / \$0.00	0.54359	n/a	0.54359
4	Monterey County Schools / Salinas	5 / \$1,814.44	0.57664	n/a	0.57664
5	County of Sacramento / Sacramento	4 / \$1,489.66	0.62688	n/a	0.62688
6	Alternative Service Concepts / Citrus Heights	4 / \$3,131.40	0.63466	n/a	0.63466
7	Northern Claims Management / Santa Rosa	4 / \$6,664.95	0.65596	n/a	0.65596
8	Sedgwick Claims Management Services / San Diego	5 / \$1,949.25	0.68375	n/a	0.68375
9	Macy's, Inc. / Redondo Beach	5 / \$656.30	0.69694	n/a	0.69694
10	Sedgwick Claims Management Services / Long Beach	5 / \$7,838.00	0.73477	n/a	0.73477
11	Zenith Insurance / Woodland Hills	8 / \$5,332.24	0.73547	n/a	0.73547
12	Travelers Insurance Company / Walnut Creek	6 / \$12,697.07	0.74215	n/a	0.74215
13	Solar Turbines / San Diego	2 / \$11,245.65	0.80114	n/a	0.80114
14	Keenan & Associates / Riverside	9 / \$4,931.40	0.80164	n/a	0.80164
15	State Compensation Insurance Fund / San Diego	9 / \$8,040.60	0.85944	n/a	0.85944
16	Tokio Fire & Marine Insurance Company / Pasadena	5 / \$483.05	0.87894	n/a	0.87894
17	U S Concrete / San Jose	3 / \$4,600.26	0.89745	n/a	0.89745
18	York Insurance Services Group / Fresno	7 / \$2,558.45	0.90250	n/a	0.90250
19	Foster Poultry Farms / Livingston	7 / \$1,088.92	0.91295	n/a	0.91295
20	Sedgwick Claims Management Services / Oakland	5 / \$309.17	0.91328	n/a	0.91328

DWC ADMINISTRATIVE DIRECTOR'S 2010 AUDIT RANKING REPORT

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

	Routine and Target Audits conducted pursuant to Labor Code Sections 129(b)(1)(2)(3), and 129.5(c)(1)(2)(3) (Rankings from best to worst performers) AUDIT SUBJECT / LOCATION	Unpaid Compensation All Claim Files # Notices / \$ Value	PAR Standard 1.75629	FCA Stage 1 Standard 2.08062	Final Performance Rating
21	City of San Bernardino / San Bernardino	7 / \$8,088.27	0.91945	n/a	0.91945
22	Sedgwick Claims Management Services / Stockton	3 / \$866.06	0.94497	n/a	0.94497
23	Unigard Insurance / Roseville	0 / \$0.00	1.00000	n/a	1.00000
24	Chartis Claims / San Diego	5 / \$10,498.74	1.02343	n/a	1.02343
25	Matrix Absence Management / San Jose	7 / \$4,952.71	1.04231	n/a	1.04231
26	ESIS (An ACE Group Company) / Fremont	9 / \$4,206.98	1.12672	n/a	1.12672
27	State Compensation Insurance Fund / Santa Rosa	7 / \$4,185.80	1.12672	n/a	1.12672
28	COMCO Management, Inc / Sierra Madre	5 / \$836.81	1.15198	n/a	1.15198
29	Keenan & Associates / Rancho Cordova	5 / \$8,593.66	1.16357	n/a	1.16357
30	Golden State Risk Management Authority / Willows	4 / \$7,771.14	1.16402	n/a	1.16402
31	County of San Diego / San Diego	2 / \$13,854.42	1.24230	n/a	1.24230
32	City of San Diego / San Diego	10 / \$5,601.26	1.35467	n/a	1.35467
33	Athens Administrators / Concord	7 / \$3,387.38	1.39369	n/a	1.39369
34	State Compensation Insurance Fund / San Jose	11 / \$14,563.24	1.40805	n/a	1.40805
35	CorVel Corporation / Sacramento	9 / \$2,147.37	1.42152	n/a	1.42152
36	Vons Companies, Inc / Arcadia	8 / \$13,268.15	1.42646	n/a	1.42646
37	Clougherty Packing / Vernon	12 / \$7,080.17	1.47283	n/a	1.47283
38	Broadspire, A Crawford Company / Brea	7 / \$11,217.82	1.47633	n/a	1.47633
39	Keenan & Associates / Pleasanton	3 / \$4,007.06	1.47748	n/a	1.47748
40	California Fair Services Authority / Sacramento	10 / \$10,033.76	1.63157	n/a	1.63157
41	Gallagher Bassett Insurance Services / Roseville	9 / \$18,305.68	1.70103	n/a	1.70103
42	National Steel & Shipbuilding / San Diego	5 / \$2,665.40	1.74514	n/a	1.74514

DWC ADMINISTRATIVE DIRECTOR'S 2010 AUDIT RANKING REPORT

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

	Routine and Target Audits conducted pursuant to Labor Code Sections 129(b)(1)(2)(3), and 129.5(c)(1)(2)(3) (Rankings from best to worst performers) AUDIT SUBJECT / LOCATION	Unpaid Compensation All Claim Files # Notices / \$ Value	PAR Standard 1.75629	FCA Stage 1 Standard 2.08062	Final Performance Rating
<p><i>Ten audit subjects under the Profile Audit Review (LC 129) failed to meet or exceed the PAR standard (1.75629 or less). The audit proceeded to the Full Compliance Audit Stage 1 [LC 129(b)(2)] and five of the ten met or exceeded the FCA standard (2.08062 or less). Administrative penalties pursuant to Labor Code 129.5(c)(2) were assessed and unpaid compensation found due injured workers within each claim file was ordered paid.</i></p>					
43	ESIS (An ACE Group Company) / Portland, OR	17 / \$8,130.32	1.80057	1.70056	1.70056
44	Utica Insurance / Richardson, TX	0 / \$0.00	1.86247	1.83494	1.83494
45	Church Mutual Insurance Company / Merrill, WI	16 / \$5,312.97	1.95590	1.84173	1.84173
46	Crawford & Company / Burlingame	1 / \$75.57	2.00996	2.00996	2.00996
47	Pinnacle Risk Management / Roseville	15 / \$17,630.41	2.22735	2.06337	2.06337
<p><i>Five audit subjects under the Profile Audit Review (LC 129) failed to meet or exceed the PAR standard (1.75629 or less) and proceeded to the Full Compliance Audit Stage 1 [LC 129(b)(2)] where they failed to meet or exceed the FCA standard (2.08062 or less). For those subjects who have failed the audit, the file review was extended to the Full Compliance Audit Stage 2 [LC 129(b)(2)] for a comprehensive and detailed review of claims handling. Administrative penalties pursuant to Labor Code 129.5(c)(3) were assessed and unpaid compensation found due injured workers within each claim file was ordered paid.</i></p>					
48	York Insurance Services Group, Inc / Oxnard	26 / \$84,458.42	3.39473	2.99496	2.40264
49	Avizent Risk / Anaheim	42 / \$61,344.66	3.70569	2.83251	2.79744
50	Alaska National Insurance Company / Seattle, WA	20 / \$28,805.30	2.35800	2.74264	2.94893
51	Liberty Mutual Insurance / Orange	30 / \$185,504.53	5.26655	3.13806	2.99606
52	Ford Motor Company / Manteca	11 / \$23,729.28	4.53535	4.01539	4.25509

Statewide Final Performance Rating of Randomly Selected Claims

52 Audits

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 412 divide by # claims with payable indem 2,893 = 0.14241

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

Total unpd indem. = \$ 553,368.94 divide by # of claims with obligation to pay indem. 2893
Avg Unpd Ind = \$ 191.28

C. Severity Rate

Avg Unpd Indem \$ 191.28 divide by avg unpd indem 2006-2008 of \$ 174.52 = 1.09603

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.14241 X Severity rate 1.09603 X modifier of 2
= 0.31218

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

# claims with late 1st TD	536	divide by # with TD payments	2,048	
# claims with first SC notice violations	181	divide by # with salary continuation	741	
Totals	717	divide by	Totals 2,789	=
				0.25708

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

# claims with late first PD	208	divide by # with first PD	936	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	0	divide by # with first DB paid	4	
Totals	208	divide by	Totals 940	=
				0.22128

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 346 divide by # with subsequent payments 1,660 = 0.20843

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

# claims with AME/QME notice violations	800	divide by # requiring notices	2,595	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	218	divide by # requiring notices	771	
Totals	1018	Totals	3,366	
				= 0.30244

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2010 1.30140

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

Statewide Final Performance Rating of Randomly Selected Claims

Findings for the 42 Audits that

Met or Exceeded the PAR Performance Rating of 1.75629

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY							
<u>A. Frequency Rate</u>							
# claims with unpd indem	243	divide by # claims with payable indem	2,115	=		0.11489	
<u>B. Average Amount of Unpaid Indemnity per Claim with Obligation to Pay Indemnity</u>							
Total unpd indem. =	\$ 227,201.29	divide by	# of claims with obligation to pay indem.		2,115		
					Avg Unpd Ind =	\$ 107.42	
<u>C. Severity Rate</u>							
Avg Unpd Indem	\$ 107.42	divide by avg unpd indem 2006-2008 of	\$ 174.52	=		0.61554	
<u>D. Factor for Failure to pay Undisputed Accrued Indemnity</u>							
Frequency rate	0.11489	X	Severity rate	0.61554	X	modifier of	2
					=		0.14144
2. FACTOR FOR LATE FIRST PAYMENT OF TEMPORARY DISABILITY / VIOLATION FOR FIRST NOTICE OF SC							
# claims with late 1st TD	317	divide by # with TD payments	1,417				
# claims with first SC notice violations	144	divide by # with salary continuation	626				
Totals	461	divide by	Totals	2,043	=		0.22565
3. FACTOR FOR LATE FIRST PAYMENT OF PERMANENT DISABILITY, VRMA, AND DEATH BENEFITS							
# claims with late first PD	120	divide by # with first PD	665				
# claims with late first VRMA	0	divide by # with first VRMA	0				
# claims with late first DB	0	divide by # with first DB paid	1				
Totals	120	divide by	Totals	666	=		0.18018
4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS							
# claims with late subsequent payments	231	divide by # with subsequent payments	1,177	=			0.19626
5. FACTOR FOR PROVISION OF AME/QME NOTICES, NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION, AND NOTICES FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS							
# claims with AME/QME notice violations	482	divide by # requiring notices	1,913				
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0				
# claims with SJDB notice violations	113	divide by # requiring notices	530				
Totals	595		Totals	2,443	=		0.24355
PROFILE AUDIT REVIEW PERFORMANCE RATING - 2010							0.98709

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

Statewide Final Performance Rating of Randomly Selected Claims

Findings for the 10 Audits that Failed to

Meet or Exceed the PAR Performance Rating of 1.75629

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 96 divide by # claims with payable indem 401 = 0.23940

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

Total unpd indem. = \$ 221,795.00 divide by # of claims with obligation to pay indem. 401
 Avg Unpd Ind = \$ 553.10

C. Severity Rate

Avg Unpd Indem \$ 553.10 divide by avg unpd indem 2006-2008 of \$ 174.52 = 3.16929

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.23940 X Severity rate 3.16929 X modifier of 2
 = 1.51747

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

# claims with late 1st TD	124	divide by # with TD payments	329	
# claims with first SC notice violations	23	divide by # with salary continuation	51	
Totals	147	divide by	Totals 380	=
				0.38684

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

# claims with late first PD	47	divide by # with first PD	137	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	0	divide by # with first DB paid	1	
Totals	47	divide by	Totals 138	=
				0.34058

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 55 divide by # with subsequent payments 244 =
 0.22541

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

# claims with AME/QME notice violations	177	divide by # requiring notices	356	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	64	divide by # requiring notices	119	
Totals	241	Totals	475	=
				0.50737

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2010 2.97767

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

Statewide Final Performance Rating of Randomly Selected Claims

Final Findings for the 5 Failed Audits

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 120 divide by # claims with payable indem 477 = 0.25157

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

Total unpd indem = \$ 295,018.38 divide by # of claims with obligation to pay indem. 477
Avg Unpd Ind = \$ 618.49

C. Severity Rate

Avg Unpd Ind. \$ 618.49 divide by avg unpd indem 2006-2008 of \$ 174.52 = 3.54393

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.25157 X Severity rate 3.54393 X modifier of 2
= 1.78311

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

# claims with late 1st TD	117	divide by # with TD payments	349	
# claims with first SC notice violations	35	divide by # with salary continuation	107	
Totals	152	divide by	Totals 456	=
				0.33333

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

# claims with late first PD	54	divide by # with first PD	178	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims/late first death benefits	0	divide by # with first death ben paid	2	
Totals	54	divide by	Totals 180	=
				0.30000

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subseq payments 71 divide by # with subseq payments 289 = 0.24567

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

# claims with AME/QME notice violations	103	divide by # requiring notices	399	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	58	divide by # requiring notices	143	
Totals	161		Totals 542	
				= 0.29705

FINAL FULL COMPLIANCE AUDIT PERFORMANCE RATING 2.95917

Description of Individual Audit Exhibits

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

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

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

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

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

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: OAK-13-10-R3-1

Subject: Alaska National Insurance Company

Location: Seattle, WA

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 9 divide by # claims with payable indem 40 = 0.22500

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

Total unpd indem. = \$ 16,165.36 divide by # of claims with obligation to pay indem. 40
 Avg Unpd Ind = \$ 404.13

C. Severity Rate

Avg Unpd Indem \$ 404.13 divide by avg unpd indem 2006-2008 of \$ 174.52 = 2.31569

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.22500 X Severity rate 2.31569 X modifier of 2
 = 1.04206

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

# claims with late 1st TD	10	divide by # with TD payments	33	
# claims with first SC notice violations	2	divide by # with salary continuation	4	
Totals	12	divide by	Totals	37
				=
				0.32432

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

# claims with late first PD	4	divide by # with first PD	17	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	4	divide by	Totals	17
				=
				0.23529

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

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

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

# claims with AME/QME notice violations	20	divide by # requiring notices	37	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	20	divide by # requiring notices	21	
Totals	40		Totals	58
				=
				0.68966

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2010

2.35800

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

Full Compliance Audit Performance Rating of Randomly Selected Claims

Audit No: OAK-13-10-R3-1

Subject: Alaska National Insurance Company

Location: Seattle, WA

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 20 divide by # claims with payable indem 65 = 0.30769

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

Total unpd indem = \$ 25,002.77 divide by # of claims with obligation to pay indem. 65
Avg Unpd Ind = \$ 384.66

C. Severity Rate

Avg Unpd Ind. \$ 384.66 divide by avg unpd indem 2006-2008 of \$ 174.52 = 2.20409

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.30769 X Severity rate 2.20409 X modifier 2
= 1.35636

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

# claims with late 1st TD	12	divide by # with TD payments	51	
# claims with first SC notice violations	3	divide by # with salary continuation	7	
Totals	15	divide by	Totals 58	=
				0.25862

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

# claims with late first PD	10	divide by # with first PD	35	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims/late first death benefits	0	divide by # with first death ben paid	0	
Totals	10	divide by	Totals 35	=
				0.28571

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subseq payments 6 divide by # with subseq payments 47 = 0.12766

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

# claims with AME/QME notice violations	37	divide by # requiring notices	61	
# claims with VR potential eligibilty notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	28	divide by # requiring notices	30	
Totals	65		Totals 91	
				= 0.71429

FULL COMPLIANCE AUDIT PERFORMANCE RATING - 2010 2.74264

Full Compliance Audit Performance Rating of indemnity files of 2.08063 or greater is a failing score.

Full Compliance Audit Performance Rating of Randomly Selected Claims

Audit No: OAK-13-10-R3-1

Subject: Alaska National Insurance Company

Location: Seattle, WA

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 20 divide by # claims with payable indem 65 = 0.30769

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

Total unpd indem = \$ 28,805.30 divide by # of claims with obligation to pay indem. 65
 Avg Unpd Ind = \$ 443.16

C. Severity Rate

Avg Unpd Ind. \$ 443.16 divide by avg unpd indem 2006-2008 of \$ 174.52 = 2.53930

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.30769 X Severity rate 2.53930 X modifier 2
 = 1.56265

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

# claims with late 1st TD	12	divide by # with TD payments	51	
# claims with first SC notice violations	<u>3</u>	divide by # with salary continuation	<u>7</u>	
Totals	15	divide by	Totals 58	=

0.25862

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

# claims with late first PD	10	divide by # with first PD	35	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims/late first death benefits	<u>0</u>	divide by # with first death ben paid	<u>0</u>	
Totals	10	divide by	Totals 35	=

0.28571

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subseq payments 6 divide by # with subseq payments 47 =
0.12766

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

# claims with AME/QME notice violations	37	divide by # requiring notices	61	
# claims with VR potential eligibilty notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	<u>28</u>	divide by # requiring notices	<u>30</u>	
Totals	65		Totals 91	

= 0.71429

FINAL FULL COMPLIANCE AUDIT PERFORMANCE RATING 2.94893

Calendar Year: 2010

Individual Exhibit 2

Penalty Assessments and Collections

Page 1 of 2

Files Audited:	94
Indemnity	65
Medical Only	0
Denied	29
Complaints	0
Additional	0

Audit No: OAK-13-10-R3-1

Subject: Alaska National Insurance Company

Location: Seattle, WA

Type: INS

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	26	\$8,700	\$0	\$8,700	\$8,700	
Late first payment of permanent disability indemnity benefits (PD).	14	\$6,890	\$0	\$6,890	\$6,890	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	8	\$1,580	\$0	\$1,580	\$1,580	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	22	\$2,200	\$0	\$2,200	\$2,200	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	12	\$650	\$0	\$650	\$650	
Failure to notify an injured employee of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	27	\$13,100	\$0	\$13,100	\$13,100	
Failure to comply with requirements to provide notice of the QME/AME process.	55	\$2,750	\$0	\$2,750	\$2,750	
Failure to pay any TD or SC in lieu of TD.	9	\$13,000	\$0	\$13,000	\$8,000	√
Failure to pay any PD indemnity benefit.	2	\$800	\$0	\$800	\$800	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	10	\$3,550	\$0	\$3,550	\$3,550	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	1	\$1,600	\$0	\$1,600	\$1,600	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	

Calendar Year: 2010
Penalty Assessments and Collections

Individual Exhibit 2

Files Audited:	94
Indemnity	65
Medical Only	0
Denied	29
Complaints	0
Additional	0

Audit No: OAK-13-10-R3-1

Subject: Alaska National Insurance Company

Location: Seattle, WA

Type: INS

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Failure to pay or object to medical treatment expense in the manner required by law or regulation.	10	\$3,000	\$0	\$3,000	\$3,000	
Failure to pay or object to medical-legal expense in the manner required by law or regulation.	0	\$0	\$0	\$0	\$0	
Failure to pay or object to VR expense (injuries through 12/31/03) or issue training or SJDB voucher (injuries on/after 01/01/04) in the manner required by law or regulation.	12	\$1,200	\$0	\$1,200	\$1,200	
Failure to timely assign a QRR to an employee after 90 aggregate days of total TD for injuries prior to 01/01/94.	0	\$0	\$0	\$0	\$0	
Failure to provide VR information after 90 aggregate days of total TD (injuries 1/1/94 through 12/31/03).	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of non-eligibility for VR.	0	\$0	\$0	\$0	\$0	
Failure to provide notices denying all liability or death benefits as required.	0	\$0	\$0	\$0	\$0	
Failure to timely respond to a request to provide or authorize medical treatment.	0	\$0	\$0	\$0	\$0	
Failure to include specific items or properly designate entries on a claim log.	9	\$650	\$0	\$650	\$650	
Materially incomplete or inaccurate benefit notices including denial for all liability, other than specific vocational rehabilitation notices.	6	\$700	\$0	\$700	\$700	
Failure to investigate.	0	\$0	\$0	\$0	\$0	
Late payment of WCAB Orders or Awards or RU Orders for late payment of attorney fees and issues other than late payment of indemnity.	0	\$0	\$0	\$0	\$0	
Penalties for failure to comply with any regulation of the AD not otherwise assessed.	0	\$0	\$0	\$0	\$0	
Unsupported denial of all liability for a claim.	0	\$0	\$0	\$0	\$0	
TOTAL	223	\$60,370	\$0	\$60,370	\$55,370	

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

Calendar Year: 2010
Notices of Compensation Due

Individual Exhibit 3

Audit No: OAK-13-10-R3-1

Subject: Alaska National Insurance Company

Location: Seattle, WA

Type: INS

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$1,872.78	\$1,143.43		\$262.79			\$3,279.00
2				\$169.71			\$169.71
3				\$103.34			\$103.34
4	\$265.87			\$43.03			\$308.90
5	\$26.95			\$2.70			\$29.65
6	\$340.61			\$34.06			\$374.67
7	\$336.52						\$336.52
8				\$35.84			\$35.84
9				\$746.14			\$746.14
10	\$208.06						\$208.06
11				\$609.32			\$609.32
12	\$9,327.71			\$932.77			\$10,260.48
13				\$117.95			\$117.95
14		\$1,976.35		\$197.63		\$138.19	\$2,312.17
15				\$528.06			\$528.06
16				\$28.86			\$28.86
17	\$7,322.00			\$732.20			\$8,054.20
18				\$41.40			\$41.40
19		\$113.35					\$113.35
20	\$1,147.68						\$1,147.68
TOTAL	\$20,848.18	\$3,233.13	\$0.00	\$4,585.80	\$0.00	\$138.19	\$28,805.30

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: SAC-05-10-R1-5

Subject: Alternative Service Concepts

Location: Citrus Heights

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

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

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

Total unpd indem. = \$ 3,131.40 divide by # of claims with obligation to pay indem. 56
 Avg Unpd Ind = \$ 55.92

C. Severity Rate

Avg Unpd Indem \$ 55.92 divide by avg unpd indem 2006-2008 of \$ 174.52 = 0.32041

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.07143 X Severity rate 0.32041 X modifier of 2
 = **0.04577**

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

# claims with late 1st TD	5	divide by # with TD payments	17	
# claims with first SC notice violations	6	divide by # with salary continuation	38	
Totals	11	divide by	Totals 55	=
				0.20000

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

# claims with late first PD	1	divide by # with first PD	18	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	1	divide by	Totals 18	=
				0.05556

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 2 divide by # with subsequent payments 18 =
0.11111

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

# claims with AME/QME notice violations	14	divide by # requiring notices	54	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	0	divide by # requiring notices	9	
Totals	14		Totals 63	
				=
				0.22222

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2010

0.63466

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

Calendar Year: 2010

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: SAC-05-10-R1-5

Subject: Alternative Service Concepts

Location: Citrus Heights

Type: TPA

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	6	\$5,100	\$5,100	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	1	\$1,200	\$1,200	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	2	\$300	\$300	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	1	\$100	\$100	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	5	\$150	\$150	\$0	\$0	
Failure to notify an injured employee of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	19	\$575	\$575	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	2	\$600	\$600	\$0	\$0	
Failure to pay any PD indemnity benefit.	1	\$800	\$800	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	1	\$500	\$500	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	38	\$9,325	\$9,325	\$0	\$0	

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

Calendar Year: 2010
Notices of Compensation Due

Individual Exhibit 3

Audit No: SAC-05-10-R1-5

Subject: Alternative Service Concepts

Location: Citrus Heights

Type: TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1				\$650.40			\$650.40
2	\$187.40						\$187.40
3		\$1,769.35		\$176.94			\$1,946.29
4	\$347.31						\$347.31
TOTAL	\$534.71	\$1,769.35	\$0.00	\$827.34	\$0.00	\$0.00	\$3,131.40

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: OAK-15-10-R1-5

Subject: Athens Administrators

Location: Concord

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

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

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

Total unpd indem. = \$ 3,387.38 divide by # of claims with obligation to pay indem. 58
Avg Unpd Ind = \$ 58.40

C. Severity Rate

Avg Unpd Indem \$ 58.40 divide by avg unpd indem 2006-2008 of \$ 174.52 = 0.33465

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.12069 X Severity rate 0.33465 X modifier of 2
= 0.08078

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

# claims with late 1st TD	10	divide by # with TD payments	46	
# claims with first SC notice violations	4	divide by # with salary continuation	7	
Totals	14	divide by	Totals 53	=
				0.26415

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

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

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 4 divide by # with subsequent payments 34 = 0.11765

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

# claims with AME/QME notice violations	41	divide by # requiring notices	56	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	8	divide by # requiring notices	12	
Totals	49		Totals 68	
				= 0.72059

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2010

1.39369

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

Calendar Year: 2010

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: OAK-15-10-R1-5

Subject: Athens Administrators

Location: Concord

Type: TPA

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	13	\$4,040	\$4,040	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	6	\$1,770	\$1,770	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	8	\$1,660	\$1,660	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	4	\$125	\$125	\$0	\$0	
Failure to notify an injured employee of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	8	\$3,200	\$3,200	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	65	\$7,750	\$7,750	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	3	\$800	\$800	\$0	\$0	
Failure to pay any PD indemnity benefit.	3	\$1,200	\$1,200	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	3	\$850	\$850	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	113	\$21,395	\$21,395	\$0	\$0	

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

Calendar Year: 2010
Notices of Compensation Due

Individual Exhibit 3

Audit No: OAK-15-10-R1-5

Subject: Athens Administrators

Location: Concord

Type: TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$106.84						\$106.84
2		\$683.10					\$683.10
3	\$251.90	\$693.24		\$94.51			\$1,039.65
4		\$1,117.80		\$111.78			\$1,229.58
5				\$51.75			\$51.75
6	\$75.85						\$75.85
7				\$200.61			\$200.61
TOTAL	\$434.59	\$2,494.14	\$0.00	\$458.65	\$0.00	\$0.00	\$3,387.38

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: LAO-14-10-R3-5

Subject: Avizent Risk

Location: Anaheim

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 18 divide by # claims with payable indem 57 = 0.31579

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

Total unpd indem. = \$ 34,867.45 divide by # of claims with obligation to pay indem. 57
Avg Unpd Ind = \$ 611.71

C. Severity Rate

Avg Unpd Indem \$ 611.71 divide by avg unpd indem 2006-2008 of \$ 174.52 = 3.50510

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.31579 X Severity rate 3.50510 X modifier of 2
= 2.21375

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

# claims with late 1st TD	27	divide by # with TD payments	56	
# claims with first SC notice violations	0	divide by # with salary continuation	1	
Totals	27	divide by	Totals 57	=

0.47368

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

# claims with late first PD	7	divide by # with first PD	15	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	7	divide by	Totals 15	=

0.46667

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

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

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

# claims with AME/QME notice violations	11	divide by # requiring notices	46	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	4	divide by # requiring notices	20	
Totals	15		Totals 66	=

0.22727

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2010

3.70569

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

Full Compliance Audit Performance Rating of Randomly Selected Claims

Audit No: LAO-14-10-R3-5

Subject: Avizent Risk

Location: Anaheim

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 39 divide by # claims with payable indem 129 = 0.30233

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

Total unpd indem = \$ 59,001.36 divide by # of claims with obligation to pay indem. 129
Avg Unpd Ind = \$ 457.37

C. Severity Rate

Avg Unpd Ind. \$ 457.37 divide by avg unpd indem 2006-2008 of \$ 174.52 = 2.62076

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.30233 X Severity rate 2.62076 X modifier of 2
= 1.58465

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

# claims with late 1st TD	59	divide by # with TD payments	126	
# claims with first SC notice violations	0	divide by # with salary continuation	3	
Totals	59	divide by	Totals 129	=
				0.45736

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

# claims with late first PD	10	divide by # with first PD	29	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims/late first death benefits	0	divide by # with first death ben paid	0	
Totals	10	divide by	Totals 29	=
				0.34483

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subseq payments 20 divide by # with subseq payments 81 = 0.24691

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

# claims with AME/QME notice violations	26	divide by # requiring notices	109	
# claims with VR potential eligibilty notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	6	divide by # requiring notices	52	
Totals	32		Totals 161	
				= 0.19876

FULL COMPLIANCE AUDIT PERFORMANCE RATING - 2010

Full Compliance Audit Performance Rating of indemnity files of 2.08063 or greater is a failing score.

2.83251

Full Compliance Audit Performance Rating of Randomly Selected Claims

Audit No: LAO-14-10-R3-5

Subject: Avizent Risk

Location: Anaheim

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 38 divide by # claims with payable indem 129 = 0.29457

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

Total unpd indem = \$ 58,500.83 divide by # of claims with obligation to pay indem. 129
 Avg Unpd Ind = \$ 453.49

C. Severity Rate

Avg Unpd Ind. \$ 453.49 divide by avg unpd indem 2006-2008 of \$ 174.52 = 2.59853

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.29457 X Severity rate 2.59853 X modifier of 2
 = 1.53091

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

# claims with late 1st TD	59	divide by # with TD payments	126	
# claims with first SC notice violations	0	divide by # with salary continuation	3	
Totals	59	divide by	Totals 129	=
				0.45736

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

# claims with late first PD	10	divide by # with first PD	30	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims/late first death benefits	0	divide by # with first death ben paid	0	
Totals	10	divide by	Totals 30	=
				0.33333

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subseq payments 20 divide by # with subseq payments 81 =
 0.24691

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

# claims with AME/QME notice violations	31	divide by # requiring notices	112	
# claims with VR potential eligibilty notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	7	divide by # requiring notices	54	
Totals	38	Totals	166	=
				0.22892

FINAL FULL COMPLIANCE AUDIT PERFORMANCE RATING **2.79744**

Penalty Assessments and Collections

Files Audited:	192
Indemnity	129
Medical Only	0
Denied	58
Complaints	5
Additional	0

Audit No: LAO-14-10-R3-5

Subject: Avizent Risk

Location: Anaheim

Type: TPA

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	80	\$89,055	\$0	\$89,055	\$0	
Late first payment of permanent disability indemnity benefits (PD).	19	\$20,322	\$0	\$20,322	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	50	\$40,615	\$0	\$40,615	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	27	\$4,860	\$0	\$4,860	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	39	\$4,500	\$0	\$4,500	\$0	
Failure to notify an injured employee of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	7	\$3,420	\$0	\$3,420	\$0	
Failure to comply with requirements to provide notice of the QME/AME process.	38	\$13,275	\$0	\$13,275	\$0	
Failure to pay any TD or SC in lieu of TD.	29	\$54,180	\$0	\$54,180	\$0	
Failure to pay any PD indemnity benefit.	6	\$5,760	\$0	\$5,760	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	33	\$18,540	\$0	\$18,540	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	2	\$5,040	\$0	\$5,040	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	6	\$2,700	\$0	\$2,700	\$0	

Calendar Year: 2010
Penalty Assessments and Collections

Individual Exhibit 2

Files Audited:	192
Indemnity	129
Medical Only	0
Denied	58
Complaints	5
Additional	0

Audit No: LAO-14-10-R3-5

Subject: Avizent Risk

Location: Anaheim

Type: TPA

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Failure to pay or object to medical treatment expense in the manner required by law or regulation.	114	\$46,105	\$0	\$46,105	\$0	
Failure to pay or object to medical-legal expense in the manner required by law or regulation.	5	\$2,340	\$0	\$2,340	\$0	
Failure to pay or object to VR expense (injuries through 12/31/03) or issue training or SJDB voucher (injuries on/after 01/01/04) in the manner required by law or regulation.	0	\$0	\$0	\$0	\$0	
Failure to timely assign a QRR to an employee after 90 aggregate days of total TD for injuries prior to 01/01/94.	0	\$0	\$0	\$0	\$0	
Failure to provide VR information after 90 aggregate days of total TD (injuries 1/1/94 through 12/31/03).	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of non- eligibility for VR.	0	\$0	\$0	\$0	\$0	
Failure to provide notices denying all liability or death benefits as required.	8	\$4,860	\$0	\$4,860	\$0	
Failure to timely respond to a request to provide or authorize medical treatment.	0	\$0	\$0	\$0	\$0	
Failure to include specific items or properly designate entries on a claim log.	0	\$0	\$0	\$0	\$0	
Materially incomplete or inaccurate benefit notices including denial for all liability, other than specific vocational rehabilitation notices.	9	\$1,530	\$0	\$1,530	\$0	
Failure to investigate.	0	\$0	\$0	\$0	\$0	
Late payment of WCAB Orders or Awards or RU Orders for late payment of attorney fees and issues other than late payment of indemnity.	3	\$9,900	\$0	\$9,900	\$0	
Penalties for failure to comply with any regulation of the AD not otherwise assessed.	67	\$12,870	\$0	\$12,870	\$0	
Unsupported denial of all liability for a claim.	1	\$4,500	\$0	\$4,500	\$0	
TOTAL	543	\$344,372	\$0	\$344,372	\$0	

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

Calendar Year: 2010
Notices of Compensation Due

Audit No: LAO-14-10-R3-5

Subject: Avizent Risk

Location: Anaheim

Type: TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$1,121.56					\$29.39	\$1,150.95
2	\$617.18			\$493.92			\$1,111.10
3	\$3,597.29						\$3,597.29
4	\$202.52			\$55.61			\$258.13
5	\$307.38			\$30.74			\$338.12
6	\$9,159.70						\$9,159.70
7				\$570.39		\$132.13	\$702.52
8	\$799.42			\$1,196.16		\$223.01	\$2,218.59
9	\$68.00						\$68.00
10	\$305.39			\$23.03			\$328.42
11	\$1,449.57	\$1,741.43		\$299.20			\$3,490.20
12				\$276.00			\$276.00
13	\$872.00			\$67.93			\$939.93
14	\$199.59			\$0.18			\$199.77
15	\$139.12			\$49.45			\$188.57
16	\$3,208.29	\$793.50		\$400.18			\$4,401.97
17	\$611.89						\$611.89
18				\$175.95			\$175.95
19	\$3,162.50			\$362.25			\$3,524.75
20		\$574.39		\$142.62			\$717.01
21	\$18,650.67			\$1,932.54			\$20,583.21
SUBTOTAL	\$44,472.07	\$3,109.32	\$0.00	\$6,076.15	\$0.00	\$384.53	\$54,042.07

Calendar Year: 2010
Notices of Compensation Due

Individual Exhibit 3
Page 2 of 2

Audit No: LAO-14-10-R3-5

Subject: Avizent Risk

Location: Anaheim

Type: TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
22				\$36.57			\$36.57
23				\$175.95		\$10.86	\$186.81
24	\$97.39						\$97.39
25				\$67.04			\$67.04
26	\$14.69			\$119.15			\$133.84
27	\$345.46			\$315.42			\$660.88
28		\$1,256.28		\$125.63			\$1,381.91
29	\$129.54						\$129.54
30		\$27.35					\$27.35
31		\$430.71		\$247.33		\$21.12	\$699.16
32				\$168.38			\$168.38
33				\$30.51			\$30.51
34	\$42.47						\$42.47
35	\$822.14	\$49.29		\$64.75			\$936.18
36	\$429.48			\$61.06			\$490.54
37	\$87.65			\$380.29			\$467.94
38	\$55.96			\$5.60			\$61.56
39	\$782.82						\$782.82
40				\$676.36			\$676.36
41	\$40.47			\$11.58			\$52.05
42						\$173.29	\$173.29
Page 2 SUBTOTAL	\$2,848.07	\$1,763.63	\$0.00	\$2,485.62	\$0.00	\$205.27	\$7,302.59
Page 1 SUBTOTAL	\$44,472.07	\$3,109.32	\$0.00	\$6,076.15	\$0.00	\$384.53	\$54,042.07
TOTAL	\$47,320.14	\$4,872.95	\$0.00	\$8,561.77	\$0.00	\$589.80	\$61,344.66

Profile Audit Review Performance Rating of Randomly Selected Claims

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

Subject: Broadspire, A Crawford Company

Location: Brea

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

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

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

Total unpd indem. = \$ 11,217.82 divide by # of claims with obligation to pay indem. 58
Avg Unpd Ind = \$ 193.41

C. Severity Rate

Avg Unpd Indem \$ 193.41 divide by avg unpd indem 2006-2008 of \$ 174.52 = 1.10824

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.12069 X Severity rate 1.10824 X modifier of 2
= 0.26751

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

# claims with late 1st TD	21	divide by # with TD payments	49	
# claims with first SC notice violations	2	divide by # with salary continuation	2	
Totals	23	divide by	Totals 51	=
				0.45098

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

# claims with late first PD	8	divide by # with first PD	28	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	8	divide by	Totals 28	=
				0.28571

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 15 divide by # with subsequent payments 43 = 0.34884

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

# claims with AME/QME notice violations	3	divide by # requiring notices	48	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	6	divide by # requiring notices	25	
Totals	9		Totals 73	=
				0.12329

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2010

1.47633

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

Calendar Year: 2010

Individual Exhibit 2

Penalty Assessments and Collections

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

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

Subject: Broadspire, A Crawford Company

Location: Brea

Type: TPA

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	22	\$9,300	\$9,300	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	9	\$8,170	\$8,170	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	46	\$8,385	\$8,385	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	2	\$100	\$100	\$0	\$0	
Failure to notify an injured employee of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	6	\$1,900	\$1,900	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	3	\$1,200	\$1,200	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	5	\$1,600	\$1,600	\$0	\$0	
Failure to pay any PD indemnity benefit.	3	\$2,800	\$2,800	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	4	\$550	\$550	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	100	\$34,005	\$34,005	\$0	\$0	

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

Calendar Year: 2010
Notices of Compensation Due

Individual Exhibit 3

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

Subject: Broadspire, A Crawford Company

Location: Brea

Type: TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$666.33	\$9,035.71					\$9,702.04
2	\$36.34						\$36.34
3		\$23.83		\$100.54			\$124.37
4	\$136.85			\$95.81			\$232.66
5	\$60.06			\$10.05			\$70.11
6		\$631.94					\$631.94
7	\$420.36						\$420.36
TOTAL	\$1,319.94	\$9,691.48	\$0.00	\$206.40	\$0.00	\$0.00	\$11,217.82

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: SAC-15-10-R1-6

Subject: California Fair Services Authority

Location: Sacramento

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 10 divide by # claims with payable indem 44 = 0.22727

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

Total unpd indem. = \$ 10,033.76 divide by # of claims with obligation to pay indem. 44
 Avg Unpd Ind = \$ 228.04

C. Severity Rate

Avg Unpd Indem \$ 228.04 divide by avg unpd indem 2006-2008 of \$ 174.52 = 1.30667

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.22727 X Severity rate 1.30667 X modifier of 2
 = 0.59394

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

# claims with late 1st TD	8	divide by # with TD payments	28	
# claims with first SC notice violations	3	divide by # with salary continuation	15	
Totals	11	divide by	Totals	43
				=
				0.25581

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

# claims with late first PD	2	divide by # with first PD	11	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	2	divide by	Totals	11
				=
				0.18182

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 2 divide by # with subsequent payments 20 =
0.10000

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

# claims with AME/QME notice violations	27	divide by # requiring notices	44	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	2	divide by # requiring notices	14	
Totals	29		Totals	58
				=
				0.50000

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2010

1.63157

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

Calendar Year: 2010

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	44
Indemnity	44
Medical Only	0
Denied	0
Complaints	0
Additional	0

Audit No: SAC-15-10-R1-6

Subject: California Fair Services Authority

Location: Sacramento

Type: SI

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	7	\$1,620	\$1,620	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	4	\$3,120	\$3,120	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	1	\$250	\$250	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	3	\$155	\$155	\$0	\$0	
Failure to notify an injured employee of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	1	\$100	\$100	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	36	\$4,255	\$4,255	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	8	\$10,200	\$10,200	\$0	\$0	
Failure to pay any PD indemnity benefit.	1	\$1,500	\$1,500	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	1	\$50	\$50	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	62	\$21,250	\$21,250	\$0	\$0	

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

Calendar Year: 2010
Notices of Compensation Due

Individual Exhibit 3

Audit No: SAC-15-10-R1-6

Subject: California Fair Services Authority

Location: Sacramento

Type: SI

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$258.66			\$21.36			\$280.02
2		\$3,521.40					\$3,521.40
3				\$128.65			\$128.65
4	\$41.73						\$41.73
5	\$1,327.45						\$1,327.45
6	\$126.48						\$126.48
7	\$1,227.78			\$103.46			\$1,331.24
8	\$1,823.14			\$182.31			\$2,005.45
9	\$1,049.01			\$82.64			\$1,131.65
10	\$134.88			\$4.81			\$139.69
TOTAL	\$5,989.13	\$3,521.40	\$0.00	\$523.23	\$0.00	\$0.00	\$10,033.76

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: LAO-07-10-R1-5

Subject: Chartis Claims, Inc.

Location: San Diego

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 4 divide by # claims with payable indem 59 = 0.06780

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

Total unpd indem. = \$ 9,799.23 divide by # of claims with obligation to pay indem. 59
Avg Unpd Ind = \$ 166.09

C. Severity Rate

Avg Unpd Indem \$ 166.09 divide by avg unpd indem 2006-2008 of \$ 174.52 = 0.95169

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.06780 X Severity rate 0.95169 X modifier of 2
= 0.12904

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

# claims with late 1st TD	13	divide by # with TD payments	58	
# claims with first SC notice violations	0	divide by # with salary continuation	1	
Totals	13	divide by	Totals 59	=
				0.22034

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

# claims with late first PD	4	divide by # with first PD	13	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	4	divide by	Totals 13	=
				0.30769

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, NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION, AND NOTICES FOR THE RIGHT TO SUPPLEMENTAL JOB DISPLACEMENT BENEFITS

# claims with AME/QME notice violations	4	divide by # requiring notices	52	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	1	divide by # requiring notices	10	
Totals	5		Totals 62	
				= 0.08065

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2010

1.02343

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

Calendar Year: 2010

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: LAO-07-10-R1-5

Subject: Chartis Claims, Inc.

Location: San Diego

Type: TPA

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	16	\$3,140	\$3,140	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	6	\$3,070	\$3,070	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	18	\$12,245	\$12,245	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	1	\$500	\$500	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	4	\$750	\$750	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	5	\$9,000	\$9,000	\$0	\$0	
Failure to pay any PD indemnity benefit.	2	\$800	\$800	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	8	\$1,200	\$1,200	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	60	\$30,705	\$30,705	\$0	\$0	

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

Calendar Year: 2010
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-07-10-R1-5

Subject: Chartis Claims, Inc.

Location: San Diego

Type: TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$2,607.36						\$2,607.36
2		\$3,140.78		\$498.08			\$3,638.86
3	\$3,417.72						\$3,417.72
4	\$135.29						\$135.29
5	\$699.51						\$699.51
TOTAL	\$6,859.88	\$3,140.78	\$0.00	\$498.08	\$0.00	\$0.00	\$10,498.74

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: OAK-11-10-R2-1

Subject: Church Mutual Insurance Company

Location: Merrill, WI

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. = \$ 2,092.71 divide by # of claims with obligation to pay indem. 46
Avg Unpd Ind = \$ 45.49

C. Severity Rate

Avg Unpd Indem \$ 45.49 divide by avg unpd indem 2006-2008 of \$ 174.52 = 0.26068

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.23913 X Severity rate 0.26068 X modifier of 2
= 0.12467

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

# claims with late 1st TD	14	divide by # with TD payments	43	
# claims with first SC notice violations	0	divide by # with salary continuation	3	
Totals	14	divide by	Totals 46	=
				0.30435

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

# claims with late first PD	8	divide by # with first PD	16	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	8	divide by	Totals 16	=
				0.50000

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 6 divide by # with subsequent payments 31 = 0.19355

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

# claims with AME/QME notice violations	38	divide by # requiring notices	44	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	7	divide by # requiring notices	10	
Totals	45		Totals 54	
				= 0.83333

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2010

1.95590

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

Full Compliance Audit Performance Rating of Randomly Selected Claims

Audit No: OAK-11-10-R2-1

Subject: Church Mutual Insurance Company

Location: Merrill, WI

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 16 divide by # claims with payable indem 83 = 0.19277

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

Total unpd indem = \$ 5,312.97 divide by # of claims with obligation to pay indem. 83
 Avg Unpd Ind = \$ 64.01

C. Severity Rate

Avg Unpd Ind. \$ 64.01 divide by avg unpd indem 2006-2008 of \$ 174.52 = 0.36679

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.19277 X Severity rate 0.36679 X modifier of 2
 = 0.14141

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

# claims with late 1st TD	25	divide by # with TD payments	75	
# claims with first SC notice violations	<u>2</u>	divide by # with salary continuation	<u>8</u>	
Totals	27	divide by	Totals 83	=
				<u>0.32530</u>

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

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

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subseq payments 12 divide by # with subseq payments 57 = 0.21053

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

# claims with AME/QME notice violations	66	divide by # requiring notices	80	
# claims with VR potential eligibilty notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	<u>15</u>	divide by # requiring notices	<u>22</u>	
Totals	81		Totals 102	
				=
				<u>0.79412</u>

FULL COMPLIANCE AUDIT PERFORMANCE RATING - 2010

Full Compliance Audit Performance Rating of indemnity files of 2.08063 or greater is a failing score.

1.84173

Calendar Year: 2010

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	83
Indemnity	83
Medical Only	0
Denied	0
Complaints	0
Additional	0

Audit No: OAK-11-10-R2-1

Subject: Church Mutual Insurance Company

Location: Merrill, WI

Type: INS

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	27	\$9,830	\$1,966	\$7,864	\$7,864	
Late first payment of permanent disability indemnity benefits (PD).	15	\$7,480	\$1,496	\$5,984	\$5,984	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	25	\$5,810	\$1,162	\$4,648	\$4,648	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	2	\$200	\$200	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	13	\$5,100	\$5,100	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	111	\$5,625	\$5,625	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	12	\$7,600	\$1,520	\$6,080	\$6,080	
Failure to pay any PD indemnity benefit.	1	\$400	\$80	\$320	\$320	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	8	\$2,150	\$430	\$1,720	\$1,720	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	1	\$800	\$160	\$640	\$640	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	215	\$44,995	\$17,739	\$27,256	\$27,256	

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

Calendar Year: 2010
Notices of Compensation Due

Individual Exhibit 3

Audit No: OAK-11-10-R2-1

Subject: Church Mutual Insurance Company

Location: Merrill, WI

Type: INS

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$64.87			\$97.29			\$162.16
2				\$1,098.13			\$1,098.13
3	\$25.66						\$25.66
4		\$34.50		\$3.45			\$37.95
5	\$676.23			\$67.62			\$743.85
6	\$91.39			\$6.39			\$97.78
7	\$71.99						\$71.99
8				\$178.02			\$178.02
9	\$208.27			\$25.63			\$233.90
10				\$102.15			\$102.15
11	\$63.70						\$63.70
12	\$49.70			\$4.24			\$53.94
13	\$219.21			\$11.00			\$230.21
14	\$250.34			\$25.03			\$275.37
15	\$42.98						\$42.98
16	\$1,743.36			\$151.82			\$1,895.18
TOTAL	\$3,507.70	\$34.50	\$0.00	\$1,770.77	\$0.00	\$0.00	\$5,312.97

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: LAO-01-10-R1-6

Subject: City of San Bernardino

Location: San Bernardino

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 7 divide by # claims with payable indem 52 = 0.13462

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

Total unpd indem. = \$ 8,088.27 divide by # of claims with obligation to pay indem. 52
Avg Unpd Ind = \$ 155.54

C. Severity Rate

Avg Unpd Indem \$ 155.54 divide by avg unpd indem 2006-2008 of \$ 174.52 = 0.89127

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.13462 X Severity rate 0.89127 X modifier of 2
= 0.23996

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

# claims with late 1st TD	2	divide by # with TD payments	21	
# claims with first SC notice violations	4	divide by # with salary continuation	32	
Totals	6	divide by	Totals 53	=
				0.11321

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

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

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 3 divide by # with subsequent payments 16 = 0.18750

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

# claims with AME/QME notice violations	6	divide by # requiring notices	47	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	1	divide by # requiring notices	19	
Totals	7		Totals 66	
				= 0.10606

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2010

0.91945

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

Calendar Year: 2010

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	52
Indemnity	52
Medical Only	0
Denied	0
Complaints	0
Additional	0

Audit No: LAO-01-10-R1-6

Subject: City of San Bernardino

Location: San Bernardino

Type: SI

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	2	\$1,000	\$1,000	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	3	\$820	\$820	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	5	\$1,060	\$1,060	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	4	\$155	\$155	\$0	\$0	
Failure to notify an injured employee of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	1	\$500	\$500	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	7	\$2,800	\$2,800	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	2	\$800	\$800	\$0	\$0	
Failure to pay any PD indemnity benefit.	2	\$1,200	\$1,200	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	2	\$1,000	\$1,000	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	3	\$2,800	\$2,800	\$0	\$0	
TOTAL	31	\$12,135	\$12,135	\$0	\$0	

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

Calendar Year: 2010
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-01-10-R1-6

Subject: City of San Bernardino

Location: San Bernardino Type: SI

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1		\$596.35		\$59.64			\$655.99
2		\$3,052.38		\$276.17			\$3,328.55
3	\$350.77			\$9.23			\$360.00
4				\$207.00			\$207.00
5	\$76.76	\$2,233.43		\$356.96		\$81.39	\$2,748.54
6	\$661.24						\$661.24
7						\$126.95	\$126.95
TOTAL	\$1,088.77	\$5,882.16	\$0.00	\$909.00	\$0.00	\$208.34	\$8,088.27

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: LAO-15-10-R1-6

Subject: City of San Diego

Location: San Diego

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

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

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

Total unpd indem. = \$ 5,601.26 divide by # of claims with obligation to pay indem. 56
 Avg Unpd Ind = \$ 100.02

C. Severity Rate

Avg Unpd Indem \$ 100.02 divide by avg unpd indem 2006-2008 of \$ 174.52 = 0.57313

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.17857 X Severity rate 0.57313 X modifier of 2
 = 0.20469

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

# claims with late 1st TD	0	divide by # with TD payments	0	
# claims with first SC notice violations	13	divide by # with salary continuation	49	
Totals	13	divide by	Totals	49 =
				0.26531

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

# claims with late first PD	13	divide by # with first PD	21	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	13	divide by	Totals	21 =
				0.61905

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 1 divide by # with subsequent payments 8 =
0.12500

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

# claims with AME/QME notice violations	8	divide by # requiring notices	52	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	1	divide by # requiring notices	12	
Totals	9		Totals	64 =
				0.14063

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2010

1.35467

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

Calendar Year: 2010

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: LAO-15-10-R1-6

Subject: City of San Diego

Location: San Diego

Type: SI

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	0	\$0	\$0	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	18	\$8,300	\$8,300	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	1	\$200	\$200	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	3	\$300	\$300	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	10	\$655	\$655	\$0	\$0	
Failure to notify an injured employee of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	1	\$500	\$500	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	8	\$2,900	\$2,900	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	0	\$0	\$0	\$0	\$0	
Failure to pay any PD indemnity benefit.	9	\$3,600	\$3,600	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	10	\$4,000	\$4,000	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	1	\$800	\$800	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	3	\$750	\$750	\$0	\$0	
TOTAL	64	\$22,005	\$22,005	\$0	\$0	

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

Calendar Year: 2010
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-15-10-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				\$987.28		\$12.25	\$999.53
2		\$177.41		\$17.74			\$195.15
3		\$207.00		\$138.00			\$345.00
4		\$103.50					\$103.50
5		\$58.65		\$10.36		\$4.71	\$73.72
6		\$441.60		\$138.00			\$579.60
7		\$511.20					\$511.20
8		\$828.00		\$552.00		\$121.96	\$1,501.96
9		\$724.50		\$10.87			\$735.37
10				\$552.00		\$4.23	\$556.23
TOTAL	\$0.00	\$3,051.86	\$0.00	\$2,406.25	\$0.00	\$143.15	\$5,601.26

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: LAO-09-10-R1-2

Subject: Clougherty Packing, LLC

Location: Vernon

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 12 divide by # claims with payable indem 42 = 0.28571

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

Total unpd indem. = \$ 7,080.17 divide by # of claims with obligation to pay indem. 42
Avg Unpd Ind = \$ 168.58

C. Severity Rate

Avg Unpd Indem \$ 168.58 divide by avg unpd indem 2006-2008 of \$ 174.52 = 0.96594

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.28571 X Severity rate 0.96594 X modifier of 2
= 0.55196

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

# claims with late 1st TD	12	divide by # with TD payments	37	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	12	divide by	Totals 37	=
				0.32432

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

# claims with late first PD	4	divide by # with first PD	17	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	4	divide by	Totals 17	=
				0.23529

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 9 divide by # with subsequent payments 32 = 0.28125

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

# claims with AME/QME notice violations	2	divide by # requiring notices	35	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	2	divide by # requiring notices	15	
Totals	4		Totals 50	
				= 0.08000

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2010 1.47283

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

Calendar Year: 2010

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: LAO-09-10-R1-2

Subject: Clougherty Packing, LLC

Location: Vernon

Type: SI

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	12	\$3,640	\$3,640	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	6	\$4,760	\$4,760	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	13	\$5,150	\$5,150	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	3	\$1,000	\$1,000	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	2	\$125	\$125	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	7	\$2,400	\$2,400	\$0	\$0	
Failure to pay any PD indemnity benefit.	6	\$2,400	\$2,400	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	0	\$0	\$0	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	49	\$19,475	\$19,475	\$0	\$0	

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

Calendar Year: 2010
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-09-10-R1-2

Subject: Clougherty Packing, LLC

Location: Vernon

Type: SI

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$626.53			\$60.29			\$686.82
2	\$175.59			\$16.73			\$192.32
3	\$72.70			\$7.27			\$79.97
4	\$1,090.98			\$108.10			\$1,199.08
5	\$187.28			\$112.94			\$300.22
6		\$429.03		\$42.90			\$471.93
7		\$448.50		\$44.85			\$493.35
8	\$62.53	\$458.36		\$51.51			\$572.40
9		\$1,090.85					\$1,090.85
10	\$170.84			\$1.76			\$172.60
11		\$1,615.61		\$161.56			\$1,777.17
12		\$39.51		\$3.95			\$43.46
TOTAL	\$2,386.45	\$4,081.86	\$0.00	\$611.86	\$0.00	\$0.00	\$7,080.17

Calendar Year: 2010

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	50
Indemnity	50
Medical Only	0
Denied	0
Complaints	0
Additional	0

Audit No: VNO-01-10-R1-5

Subject: COMCO Management, Inc.

Location: Sierra Madre

Type: TPA

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	1	\$100	\$100	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	2	\$890	\$890	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	4	\$1,460	\$1,460	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	5	\$205	\$205	\$0	\$0	
Failure to notify an injured employee of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	15	\$7,500	\$7,500	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	20	\$1,050	\$1,050	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	1	\$200	\$200	\$0	\$0	
Failure to pay any PD indemnity benefit.	4	\$1,600	\$1,600	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	0	\$0	\$0	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	52	\$13,005	\$13,005	\$0	\$0	

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

Calendar Year: 2010
Notices of Compensation Due

Individual Exhibit 3

Audit No: VNO-01-10-R1-5

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		\$162.64		\$16.26			\$178.90
2		\$74.86		\$7.49			\$82.35
3	\$129.99						\$129.99
4		\$23.06		\$2.31			\$25.37
5		\$382.00		\$38.20			\$420.20
TOTAL	\$129.99	\$642.56	\$0.00	\$64.26	\$0.00	\$0.00	\$836.81

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: SAC-01-10-R1-5

Subject: CorVel Corporation

Location: Sacramento

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

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

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

Total unpd indem. = \$ 2,147.37 divide by # of claims with obligation to pay indem. 52
Avg Unpd Ind = \$ 41.30

C. Severity Rate

Avg Unpd Indem \$ 41.30 divide by avg unpd indem 2006-2008 of \$ 174.52 = 0.23662

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.17308 X Severity rate 0.23662 X modifier of 2
= 0.08191

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

# claims with late 1st TD	8	divide by # with TD payments	24	
# claims with first SC notice violations	11	divide by # with salary continuation	21	
Totals	19	divide by	Totals 45	=
				0.42222

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

# claims with late first PD	4	divide by # with first PD	16	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	4	divide by	Totals 16	=
				0.25000

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 7 divide by # with subsequent payments 22 = 0.31818

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

# claims with AME/QME notice violations	22	divide by # requiring notices	50	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	0	divide by # requiring notices	13	
Totals	22		Totals 63	
				= 0.34921

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2010

1.42152

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

Calendar Year: 2010

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	52
Indemnity	52
Medical Only	0
Denied	0
Complaints	0
Additional	0

Audit No: SAC-01-10-R1-5

Subject: CorVel Corporation

Location: Sacramento

Type: TPA

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	8	\$1,450	\$1,450	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	6	\$1,100	\$1,100	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	11	\$2,080	\$2,080	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	13	\$475	\$475	\$0	\$0	
Failure to notify an injured employee of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	32	\$1,550	\$1,550	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	4	\$1,200	\$1,200	\$0	\$0	
Failure to pay any PD indemnity benefit.	3	\$1,200	\$1,200	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	3	\$1,050	\$1,050	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	80	\$10,105	\$10,105	\$0	\$0	

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

Calendar Year: 2010
Notices of Compensation Due

Individual Exhibit 3

Audit No: SAC-01-10-R1-5

Subject: CorVel Corporation

Location: Sacramento

Type: TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$256.68						\$256.68
2		\$98.19		\$15.73			\$113.92
3		\$207.00		\$20.70			\$227.70
4	\$279.43						\$279.43
5	\$114.22						\$114.22
6	\$419.37						\$419.37
7				\$305.57			\$305.57
8				\$202.78			\$202.78
9		\$207.00		\$20.70			\$227.70
TOTAL	\$1,069.70	\$512.19	\$0.00	\$565.48	\$0.00	\$0.00	\$2,147.37

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: SAC-13-10-R1-6

Subject: County of Sacramento

Location: Sacramento

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

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

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

Total unpd indem. = \$ 1,489.66 divide by # of claims with obligation to pay indem. 56
Avg Unpd Ind = \$ 26.60

C. Severity Rate

Avg Unpd Indem \$ 26.60 divide by avg unpd indem 2006-2008 of \$ 174.52 = 0.15242

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.07143 X Severity rate 0.15242 X modifier of 2
= 0.02177

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

# claims with late 1st TD	4	divide by # with TD payments	44	
# claims with first SC notice violations	3	divide by # with salary continuation	14	
Totals	7	divide by	Totals 58	=
				0.12069

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

# claims with late first PD	1	divide by # with first PD	10	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	1	divide by	Totals 10	=
				0.10000

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 2 divide by # with subsequent payments 27 = 0.07407

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

# claims with AME/QME notice violations	18	divide by # requiring notices	55	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	0	divide by # requiring notices	3	
Totals	18		Totals 58	
				= 0.31034

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2010

0.62688

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

Calendar Year: 2010

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: SAC-13-10-R1-6

Subject: County of Sacramento

Location: Sacramento

Type: SI

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	4	\$600	\$600	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	1	\$1,200	\$1,200	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	3	\$500	\$500	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	3	\$180	\$180	\$0	\$0	
Failure to notify an injured employee of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	28	\$1,475	\$1,475	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	3	\$600	\$600	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	0	\$0	\$0	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	1	\$400	\$400	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	43	\$4,955	\$4,955	\$0	\$0	

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

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: LAO-08-10-R1-6

Subject: County of San Diego

Location: San Diego

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 2 divide by # claims with payable indem 53 = 0.03774

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

Total unpd indem. = \$ 13,854.42 divide by # of claims with obligation to pay indem. 53
Avg Unpd Ind = \$ 261.40

C. Severity Rate

Avg Unpd Indem \$ 261.40 divide by avg unpd indem 2006-2008 of \$ 174.52 = 1.49785

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.03774 X Severity rate 1.49785 X modifier of 2
= 0.11305

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

# claims with late 1st TD	0	divide by # with TD payments	3	
# claims with first SC notice violations	7	divide by # with salary continuation	46	
Totals	7	divide by	Totals 49	=
				0.14286

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

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

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 8 divide by # with subsequent payments 14 = 0.57143

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

# claims with AME/QME notice violations	3	divide by # requiring notices	40	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	1	divide by # requiring notices	9	
Totals	4		Totals 49	=
				0.08163

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2010

1.24230

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

Calendar Year: 2010

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: LAO-08-10-R1-6

Subject: County of San Diego

Location: San Diego

Type: SI

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	0	\$0	\$0	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	6	\$1,760	\$1,760	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	12	\$2,325	\$2,325	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	7	\$175	\$175	\$0	\$0	
Failure to notify an injured employee of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	1	\$500	\$500	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	3	\$800	\$800	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	0	\$0	\$0	\$0	\$0	
Failure to pay any PD indemnity benefit.	1	\$3,000	\$3,000	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	1	\$150	\$150	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	31	\$8,710	\$8,710	\$0	\$0	

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

Calendar Year: 2010
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-08-10-R1-6

Subject: County 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				\$41.56			\$41.56
2		\$13,812.86					\$13,812.86
TOTAL	\$0.00	\$13,812.86	\$0.00	\$41.56	\$0.00	\$0.00	\$13,854.42

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: OAK-16-10-R2-5

Subject: Crawford & Company

Location: Burlingame

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 1 divide by # claims with payable indem 8 = 0.12500

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

Total unpd indem. = \$ 75.57 divide by # of claims with obligation to pay indem. 8
 Avg Unpd Ind = \$ 9.45

C. Severity Rate

Avg Unpd Indem \$ 9.45 divide by avg unpd indem 2006-2008 of \$ 174.52 = 0.05413

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.12500 X Severity rate 0.05413 X modifier of 2
 = 0.01353

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

# claims with late 1st TD	4	divide by # with TD payments	7	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	4	divide by	Totals	7
				=
				0.57143

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

# claims with late first PD	3	divide by # with first PD	5	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	3	divide by	Totals	5
				=
				0.60000

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 1 divide by # with subsequent payments 5 =
0.20000

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

# claims with AME/QME notice violations	4	divide by # requiring notices	7	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	1	divide by # requiring notices	1	
Totals	5		Totals	8
				=
				0.62500

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2010

2.00996

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

Calendar Year: 2010

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: OAK-16-10-R2-5

Subject: Crawford & Company

Location: Burlingame

Type: TPA

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	9	\$1,320	\$264	\$1,056	\$1,056	
Late first payment of permanent disability indemnity benefits (PD).	6	\$2,465	\$493	\$1,972	\$1,972	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	1	\$320	\$64	\$256	\$256	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	1	\$500	\$500	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	7	\$500	\$500	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	0	\$0	\$0	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	2	\$250	\$50	\$200	\$200	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	26	\$5,355	\$1,871	\$3,484	\$3,484	

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

Calendar Year: 2010
Notices of Compensation Due

Individual Exhibit 3

Audit No: OAK-16-10-R2-5

Subject: Crawford & Company

Location: Burlingame

Type: TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1				\$75.57			\$75.57
TOTAL	\$0.00	\$0.00	\$0.00	\$75.57	\$0.00	\$0.00	\$75.57

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: OAK-06-10-R1-5

Subject: ESIS (An ACE Group Company)

Location: Fremont

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 9 divide by # claims with payable indem 59 = 0.15254

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

Total unpd indem. = \$ 4,206.98 divide by # of claims with obligation to pay indem. 59
Avg Unpd Ind = \$ 71.30

C. Severity Rate

Avg Unpd Indem \$ 71.30 divide by avg unpd indem 2006-2008 of \$ 174.52 = 0.40858

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.15254 X Severity rate 0.40858 X modifier of 2
= 0.12465

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

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

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

# claims with late first PD	4	divide by # with first PD	15	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	4	divide by	Totals 15	=
				0.26667

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 8 divide by # with subsequent payments 42 = 0.19048

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

# claims with AME/QME notice violations	19	divide by # requiring notices	53	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	5	divide by # requiring notices	18	
Totals	24		Totals 71	=
				0.33803

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2010

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

1.12672

Calendar Year: 2010

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: OAK-06-10-R1-5

Subject: ESIS (An ACE Group Company)

Location: Fremont

Type: TPA

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	13	\$4,530	\$4,530	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	11	\$4,360	\$4,360	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	12	\$4,220	\$4,220	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	6	\$2,200	\$2,200	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	21	\$3,110	\$3,110	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	7	\$2,200	\$2,200	\$0	\$0	
Failure to pay any PD indemnity benefit.	2	\$800	\$800	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	6	\$800	\$800	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	78	\$22,220	\$22,220	\$0	\$0	

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

Calendar Year: 2010
Notices of Compensation Due

Individual Exhibit 3

Audit No: OAK-06-10-R1-5

Subject: ESIS (An ACE Group Company)

Location: Fremont

Type: TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$1,519.81	\$931.50					\$2,451.31
2	\$86.86			\$4.02			\$90.88
3	\$60.31						\$60.31
4				\$97.22			\$97.22
5	\$45.71			\$37.33			\$83.04
6	\$35.30			\$149.06			\$184.36
7	\$69.60						\$69.60
8		\$946.29		\$100.40			\$1,046.69
9	\$123.57						\$123.57
TOTAL	\$1,941.16	\$1,877.79	\$0.00	\$388.03	\$0.00	\$0.00	\$4,206.98

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: OAK-12-10-R2-5

Subject: ESIS (An ACE Group Company)

Location: Portland, OR

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

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

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

Total unpd indem. = \$ 5,525.23 divide by # of claims with obligation to pay indem. 54
Avg Unpd Ind = \$ 102.32

C. Severity Rate

Avg Unpd Indem \$ 102.32 divide by avg unpd indem 2006-2008 of \$ 174.52 = 0.58629

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.20370 X Severity rate 0.58629 X modifier of 2
= 0.23886

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

# claims with late 1st TD	22	divide by # with TD payments	54	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	22	divide by	Totals 54	=
				0.40741

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

# claims with late first PD	5	divide by # with first PD	10	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	5	divide by	Totals 10	=
				0.50000

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 5 divide by # with subsequent payments 34 = 0.14706

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

# claims with AME/QME notice violations	29	divide by # requiring notices	53	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	6	divide by # requiring notices	16	
Totals	35		Totals 69	
				= 0.50725

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2010

1.80057

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

Full Compliance Audit Performance Rating of Randomly Selected Claims

Audit No: OAK-12-10-R2-5

Subject: ESIS (An ACE Group Company)

Location: Portland, OR

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 17 divide by # claims with payable indem 114 = 0.14912

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

Total unpd indem = \$ 8,130.32 divide by # of claims with obligation to pay indem. 114
 Avg Unpd Ind = \$ 71.32

C. Severity Rate

Avg Unpd Ind. \$ 71.32 divide by avg unpd indem 2006-2008 of \$ 174.52 = 0.40866

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.14912 X Severity rate 0.40866 X modifier of 2
 = 0.12188

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

# claims with late 1st TD	43	divide by # with TD payments	113	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	43	divide by	Totals 113	=
				0.38053

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

# claims with late first PD	14	divide by # with first PD	32	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims/late first death benefits	0	divide by # with first death ben paid	0	
Totals	14	divide by	Totals 32	=
				0.43750

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subseq payments 18 divide by # with subseq payments 76 =
 0.23684

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

# claims with AME/QME notice violations	64	divide by # requiring notices	111	
# claims with VR potential eligibilty notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	13	divide by # requiring notices	36	
Totals	77	Totals	147	=
				0.52381

FULL COMPLIANCE AUDIT PERFORMANCE RATING - 2010 **1.70056**

Full Compliance Audit Performance Rating of indemnity files of 2.08063 or greater is a failing score.

Calendar Year: 2010

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	114
Indemnity	114
Medical Only	0
Denied	0
Complaints	0
Additional	0

Audit No: OAK-12-10-R2-5

Subject: ESIS (An ACE Group Company)

Location: Portland, OR

Type: TPA

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	55	\$21,740	\$0	\$21,740	\$21,740	
Late first payment of permanent disability indemnity benefits (PD).	21	\$9,440	\$0	\$9,440	\$9,440	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	24	\$5,450	\$0	\$5,450	\$5,450	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	13	\$2,800	\$2,800	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	80	\$18,965	\$18,965	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	13	\$5,400	\$0	\$5,400	\$5,400	
Failure to pay any PD indemnity benefit.	2	\$1,200	\$0	\$1,200	\$1,200	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	7	\$1,900	\$0	\$1,900	\$1,900	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	1	\$1,000	\$0	\$1,000	\$1,000	
TOTAL	216	\$67,895	\$21,765	\$46,130	\$46,130	

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

Calendar Year: 2010
Notices of Compensation Due

Individual Exhibit 3

Audit No: OAK-12-10-R2-5

Subject: ESIS (An ACE Group Company)

Location: Portland, OR

Type: TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$609.06						\$609.06
2		\$1,713.50					\$1,713.50
3	\$50.54						\$50.54
4	\$673.34			\$113.05			\$786.39
5	\$1,128.34	\$102.83					\$1,231.17
6	\$96.52						\$96.52
7				\$1,252.52		\$406.46	\$1,658.98
8	\$310.49			\$300.99			\$611.48
9				\$84.46			\$84.46
10				\$132.94			\$132.94
11	\$241.36	\$256.29					\$497.65
12	\$64.46						\$64.46
13				\$123.04			\$123.04
14	\$38.96						\$38.96
15	\$56.27						\$56.27
16	\$72.81						\$72.81
17	\$302.09						\$302.09
TOTAL	\$3,644.24	\$2,072.62	\$0.00	\$2,007.00	\$0.00	\$406.46	\$8,130.32

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: SAC-10-10-R3-2

Subject: Ford Motor Company

Location: Manteca

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 8 divide by # claims with payable indem 25 = 0.32000

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

Total unpd indem. = \$ 21,110.08 divide by # of claims with obligation to pay indem. 25
 Avg Unpd Ind = \$ 844.40

C. Severity Rate

Avg Unpd Indem \$ 844.40 divide by avg unpd indem 2006-2008 of \$ 174.52 = 4.83843

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.32000 X Severity rate 4.83843 X modifier of 2
 = **3.09660**

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

# claims with late 1st TD	10	divide by # with TD payments	23	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	10	divide by	Totals	23
				=
				0.43478

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

# claims with late first PD	1	divide by # with first PD	9	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	1	divide by	Totals	9
				=
				0.11111

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 5 divide by # with subsequent payments 14 =
0.35714

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

# claims with AME/QME notice violations	12	divide by # requiring notices	25	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	3	divide by # requiring notices	3	
Totals	15		Totals	28
				=
				0.53571

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2010

4.53535

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

Full Compliance Audit Performance Rating of Randomly Selected Claims

Audit No: SAC-10-10-R3-2

Subject: Ford Motor Company

Location: Manteca

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 = \$ 22,337.78 divide by # of claims with obligation to pay indem. 33
 Avg Unpd Ind = \$ 676.90

C. Severity Rate

Avg Unpd Ind. \$ 676.90 divide by avg unpd indem 2006-2008 of \$ 174.52 = 3.87865

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.33333 X Severity rate 3.87865 X modifier of 2
 = 2.58577

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

# claims with late 1st TD	13	divide by # with TD payments	31	
# claims with first SC notice violations	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	1	divide by # with first PD	9	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims/late first death benefits	0	divide by # with first death ben paid	0	
Totals	1	divide by	Totals 9	=
				0.11111

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

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

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

# claims with AME/QME notice violations	13	divide by # requiring notices	31	
# claims with VR potential eligibilty notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	3	divide by # requiring notices	3	
Totals	16	Totals	34	
				=
				0.47059

FULL COMPLIANCE AUDIT PERFORMANCE RATING - 2010

4.01539

Full Compliance Audit Performance Rating of indemnity files of 2.08063 or greater is a failing score.

Full Compliance Audit Performance Rating of Randomly Selected Claims

Audit No: SAC-10-10-R3-2

Subject: Ford Motor Company

Location: Manteca

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 = \$ 23,729.28 divide by # of claims with obligation to pay indem. 33
 Avg Unpd Ind = \$ 719.07

C. Severity Rate

Avg Unpd Ind. \$ 719.07 divide by avg unpd indem 2006-2008 of \$ 174.52 = 4.12027

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.33333 X Severity rate 4.12027 X modifier of 2
 = 2.74685

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

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

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

# claims with late first PD	2	divide by # with first PD	9	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims/late first death benefits	<u>0</u>	divide by # with first death ben paid	<u>0</u>	
Totals	2	divide by	Totals 9	=
				<u>0.22222</u>

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subseq payments 8 divide by # with subseq payments 21 = 0.38095

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

# claims with AME/QME notice violations	14	divide by # requiring notices	32	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	<u>3</u>	divide by # requiring notices	<u>3</u>	
Totals	17		Totals 35	
				=
				<u>0.48571</u>

FINAL FULL COMPLIANCE AUDIT PERFORMANCE RATING - 2010 **4.25509**

Calendar Year: 2010

Individual Exhibit 2

Penalty Assessments and Collections

Page 1 of 2

Files Audited:	49
Indemnity	33
Medical Only	0
Denied	15
Complaints	1
Additional	0

Audit No: SAC-10-10-R3-2

Subject: Ford Motor Company

Location: Manteca

Type: SI

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	16	\$6,740	\$0	\$6,740	\$6,740	
Late first payment of permanent disability indemnity benefits (PD).	2	\$2,800	\$0	\$2,800	\$2,800	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	15	\$1,650	\$0	\$1,650	\$1,650	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	5	\$500	\$0	\$500	\$500	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	8	\$485	\$0	\$485	\$485	
Failure to notify an injured employee of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	3	\$1,500	\$0	\$1,500	\$1,500	
Failure to comply with requirements to provide notice of the QME/AME process.	16	\$4,850	\$0	\$4,850	\$4,850	
Failure to pay any TD or SC in lieu of TD.	5	\$1,600	\$0	\$1,600	\$1,600	
Failure to pay any PD indemnity benefit.	4	\$4,700	\$0	\$4,700	\$4,700	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	9	\$1,450	\$0	\$1,450	\$1,450	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	

Calendar Year: 2010
Penalty Assessments and Collections

Individual Exhibit 2

Files Audited:	49
Indemnity	33
Medical Only	0
Denied	15
Complaints	1
Additional	0

Audit No: SAC-10-10-R3-2

Subject: Ford Motor Company

Location: Manteca

Type: SI

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Failure to pay or object to medical treatment expense in the manner required by law or regulation.	20	\$5,900	\$0	\$5,900	\$5,900	
Failure to pay or object to medical-legal expense in the manner required by law or regulation.	0	\$0	\$0	\$0	\$0	
Failure to pay or object to VR expense (injuries through 12/31/03) or issue training or SJDB voucher (injuries on/after 01/01/04) in the manner required by law or regulation.	0	\$0	\$0	\$0	\$0	
Failure to timely assign a QRR to an employee after 90 aggregate days of total TD for injuries prior to 01/01/94.	0	\$0	\$0	\$0	\$0	
Failure to provide VR information after 90 aggregate days of total TD (injuries 1/1/94 through 12/31/03).	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of non-eligibility for VR.	0	\$0	\$0	\$0	\$0	
Failure to provide notices denying all liability or death benefits as required.	1	\$200	\$0	\$200	\$200	
Failure to timely respond to a request to provide or authorize medical treatment.	0	\$0	\$0	\$0	\$0	
Failure to include specific items or properly designate entries on a claim log.	2	\$50	\$0	\$50	\$50	
Materially incomplete or inaccurate benefit notices including denial for all liability, other than specific vocational rehabilitation notices.	4	\$100	\$0	\$100	\$100	
Failure to investigate.	1	\$1,000	\$0	\$1,000	\$1,000	
Late payment of WCAB Orders or Awards or RU Orders for late payment of attorney fees and issues other than late payment of indemnity.	0	\$0	\$0	\$0	\$0	
Penalties for failure to comply with any regulation of the AD not otherwise assessed.	15	\$1,500	\$0	\$1,500	\$1,500	
Unsupported denial of all liability for a claim.	0	\$0	\$0	\$0	\$0	
TOTAL	126	\$35,025	\$0	\$35,025	\$35,025	

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

Calendar Year: 2010
Notices of Compensation Due

Individual Exhibit 3

Audit No: SAC-10-10-R3-2

Subject: Ford Motor Company

Location: Manteca

Type: SI

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$122.58						\$122.58
2		\$8,574.33		\$1,025.43			\$9,599.76
3				\$91.63			\$91.63
4		\$1,380.00					\$1,380.00
5	\$641.34			\$74.89			\$716.23
6		\$4,692.00		\$26.18			\$4,718.18
7		\$3,461.44		\$2,092.66			\$5,554.10
8				\$319.10			\$319.10
9	\$49.94			\$4.99			\$54.93
10	\$115.71			\$11.57			\$127.28
11	\$1,045.49						\$1,045.49
TOTAL	\$1,975.06	\$18,107.77	\$0.00	\$3,646.45	\$0.00	\$0.00	\$23,729.28

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: SAC-11-10-R1-2

Subject: Foster Poultry Farms

Location: Livingston

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 5 divide by # claims with payable indem 50 = 0.10000

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

Total unpd indem. = \$ 1,088.92 divide by # of claims with obligation to pay indem. 50
 Avg Unpd Ind = \$ 21.78

C. Severity Rate

Avg Unpd Indem \$ 21.78 divide by avg unpd indem 2006-2008 of \$ 174.52 = 0.12479

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.10000 X Severity rate 0.12479 X modifier of 2
 = 0.02496

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

# claims with late 1st TD	6	divide by # with TD payments	33	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	6	divide by	Totals	33
				=
				0.18182

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

# claims with late first PD	0	divide by # with first PD	41	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	0	divide by	Totals	41
				=
				0.00000

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 2 divide by # with subsequent payments 44 =
0.04545

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

# claims with AME/QME notice violations	32	divide by # requiring notices	43	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	5	divide by # requiring notices	13	
Totals	37		Totals	56
				=
				0.66071

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2010

0.91295

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

Calendar Year: 2010

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	50
Indemnity	50
Medical Only	0
Denied	0
Complaints	0
Additional	0

Audit No: SAC-11-10-R1-2

Subject: Foster Poultry Farms

Location: Livingston

Type: SI

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	7	\$5,350	\$5,350	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	0	\$0	\$0	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	2	\$400	\$400	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	5	\$1,900	\$1,900	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	50	\$2,525	\$2,525	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	3	\$1,400	\$1,400	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	2	\$800	\$800	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	69	\$12,375	\$12,375	\$0	\$0	

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

Calendar Year: 2010
Notices of Compensation Due

Individual Exhibit 3

Audit No: SAC-11-10-R1-2

Subject: Foster Poultry Farms

Location: Livingston

Type: SI

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$566.00			\$51.75			\$617.75
2	\$25.29			\$1.07			\$26.36
3	\$128.46						\$128.46
4		\$241.78		\$24.18			\$265.96
5		\$45.81		\$4.58			\$50.39
TOTAL	\$719.75	\$287.59	\$0.00	\$81.58	\$0.00	\$0.00	\$1,088.92

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: SAC-03-10-R1-5

Subject: Gallagher Basset Services, Inc. #180

Location: Roseville

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

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

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

Total unpd indem. = \$ 18,305.68 divide by # of claims with obligation to pay indem. 58
 Avg Unpd Ind = \$ 315.62

C. Severity Rate

Avg Unpd Indem \$ 315.62 divide by avg unpd indem 2006-2008 of \$ 174.52 = 1.80848

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.15517 X Severity rate 1.80848 X modifier of 2
 = 0.56125

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

# claims with late 1st TD	15	divide by # with TD payments	56	
# claims with first SC notice violations	0	divide by # with salary continuation	1	
Totals	15	divide by	Totals	57 =
				0.26316

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

# claims with late first PD	6	divide by # with first PD	18	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	6	divide by	Totals	18 =
				0.33333

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

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

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

# claims with AME/QME notice violations	34	divide by # requiring notices	56	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	6	divide by # requiring notices	21	
Totals	40		Totals	77 =
				0.51948

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2010

1.70103

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

Calendar Year: 2010

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: SAC-03-10-R1-5

Subject: Gallagher Bassett Services, Inc. #180

Location: Roseville

Type: TPA

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	15	\$3,780	\$3,780	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	6	\$1,490	\$1,490	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	1	\$800	\$800	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	6	\$1,800	\$1,800	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	46	\$3,295	\$3,295	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	5	\$6,600	\$6,600	\$0	\$0	
Failure to pay any PD indemnity benefit.	5	\$5,800	\$5,800	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	1	\$500	\$500	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	85	\$24,065	\$24,065	\$0	\$0	

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

Calendar Year: 2010
Notices of Compensation Due

Individual Exhibit 3

Audit No: SAC-03-10-R1-5

Subject: Gallagher Bassett Services, Inc. #180

Location: Roseville

Type: TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1		\$3,292.82					\$3,292.82
2	\$41.86						\$41.86
3				\$695.75			\$695.75
4	\$498.84						\$498.84
5	\$32.32			\$3.23			\$35.55
6		\$93.64		\$9.36			\$103.00
7	\$637.94						\$637.94
8		\$80.92					\$80.92
9	\$4,845.00	\$6,900.00		\$1,174.00			\$12,919.00
TOTAL	\$6,055.96	\$10,367.38	\$0.00	\$1,882.34	\$0.00	\$0.00	\$18,305.68

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: SAC-04-10-R1-6

Subject: Golden State Risk Management Authority

Location: Willows

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 4 divide by # claims with payable indem 35 = 0.11429

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

Total unpd indem. = \$ 7,771.14 divide by # of claims with obligation to pay indem. 35
Avg Unpd Ind = \$ 222.03

C. Severity Rate

Avg Unpd Indem \$ 222.03 divide by avg unpd indem 2006-2008 of \$ 174.52 = 1.27225

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.11429 X Severity rate 1.27225 X modifier of 2
= 0.29080

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

# claims with late 1st TD	6	divide by # with TD payments	23	
# claims with first SC notice violations	5	divide by # with salary continuation	13	
Totals	11	divide by	Totals 36	=
				0.30556

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

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

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 4 divide by # with subsequent payments 19 = 0.21053

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

# claims with AME/QME notice violations	7	divide by # requiring notices	30	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	1	divide by # requiring notices	12	
Totals	8		Totals 42	
				= 0.19048

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2010

1.16402

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

Calendar Year: 2010

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	35
Indemnity	35
Medical Only	0
Denied	0
Complaints	0
Additional	0

Audit No: SAC-04-10-R1-6

Subject: Golden State Risk Management Authority

Location: Willows

Type: SI

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	7	\$1,110	\$1,110	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	0	\$0	\$0	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	11	\$3,440	\$3,440	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	5	\$150	\$150	\$0	\$0	
Failure to notify an injured employee of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	1	\$500	\$500	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	9	\$675	\$675	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	2	\$600	\$600	\$0	\$0	
Failure to pay any PD indemnity benefit.	2	\$2,300	\$2,300	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	0	\$0	\$0	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	37	\$8,775	\$8,775	\$0	\$0	

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

Calendar Year: 2010
Notices of Compensation Due

Individual Exhibit 3

Audit No: SAC-04-10-R1-6

Subject: Golden State Risk Management Authority

Location: Willows

Type: SI

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1		\$4,761.00		\$476.10			\$5,237.10
2	\$89.41			\$8.94			\$98.35
3		\$2,037.14					\$2,037.14
4		\$362.32		\$36.23			\$398.55
TOTAL	\$89.41	\$7,160.46	\$0.00	\$521.27	\$0.00	\$0.00	\$7,771.14

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: OAK-08-10-R1-5

Subject: Keenan & Associates

Location: Pleasanton

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 3 divide by # claims with payable indem 55 = 0.05455

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

Total unpd indem. = \$ 4,007.06 divide by # of claims with obligation to pay indem. 55
 Avg Unpd Ind = \$ 72.86

C. Severity Rate

Avg Unpd Indem \$ 72.86 divide by avg unpd indem 2006-2008 of \$ 174.52 = 0.41746

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.05455 X Severity rate 0.41746 X modifier of 2
 = 0.04554

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

# claims with late 1st TD	2	divide by # with TD payments	10	
# claims with first SC notice violations	24	divide by # with salary continuation	50	
Totals	26	divide by	Totals 60	=
				0.43333

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

# claims with late first PD	6	divide by # with first PD	15	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	6	divide by	Totals 15	=
				0.40000

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 4 divide by # with subsequent payments 13 =
0.30769

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

# claims with AME/QME notice violations	16	divide by # requiring notices	50	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	0	divide by # requiring notices	5	
Totals	16		Totals 55	
				=
				0.29091

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2010

1.47748

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

Calendar Year: 2010

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	56
Indemnity	55
Medical Only	0
Denied	0
Complaints	1
Additional	0

Audit No: OAK-08-10-R1-5

Subject: Keenan & Associates

Location: Pleasanton

Type: TPA

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	3	\$1,100	\$1,100	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	8	\$5,280	\$5,280	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	8	\$3,000	\$3,000	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	1	\$100	\$100	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	28	\$1,415	\$1,415	\$0	\$0	
Failure to notify an injured employee of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	23	\$4,330	\$4,330	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	0	\$0	\$0	\$0	\$0	
Failure to pay any PD indemnity benefit.	2	\$800	\$800	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	4	\$1,350	\$1,350	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	77	\$17,375	\$17,375	\$0	\$0	

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

Calendar Year: 2010
Notices of Compensation Due

Individual Exhibit 3

Audit No: OAK-08-10-R1-5

Subject: Keenan & Associates

Location: Pleasanton

Type: TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1				\$101.66			\$101.66
2		\$1,054.72		\$1,381.97			\$2,436.69
3		\$690.00		\$778.71			\$1,468.71
TOTAL	\$0.00	\$1,744.72	\$0.00	\$2,262.34	\$0.00	\$0.00	\$4,007.06

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: SAC-09-10-R1-5

Subject: Keenan & Associates

Location: Rancho Cordova

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 5 divide by # claims with payable indem 57 = 0.08772

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

Total unpd indem. = \$ 8,593.66 divide by # of claims with obligation to pay indem. 57
Avg Unpd Ind = \$ 150.77

C. Severity Rate

Avg Unpd Indem \$ 150.77 divide by avg unpd indem 2006-2008 of \$ 174.52 = 0.86389

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.08772 X Severity rate 0.86389 X modifier of 2
= 0.15156

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

# claims with late 1st TD	3	divide by # with TD payments	12	
# claims with first SC notice violations	15	divide by # with salary continuation	46	
Totals	18	divide by	Totals 58	=
				0.31034

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

# claims with late first PD	4	divide by # with first PD	25	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	4	divide by	Totals 25	=
				0.16000

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 5 divide by # with subsequent payments 24 = 0.20833

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

# claims with AME/QME notice violations	20	divide by # requiring notices	54	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	4	divide by # requiring notices	18	
Totals	24		Totals 72	=
				0.33333

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2010

1.16357

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

Calendar Year: 2010

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: SAC-09-10-R1-5

Subject: Keenan & Associates

Location: Rancho Cordova

Type: TPA

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	4	\$4,625	\$4,625	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	5	\$2,660	\$2,660	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	7	\$1,640	\$1,640	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	18	\$865	\$865	\$0	\$0	
Failure to notify an injured employee of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	4	\$1,300	\$1,300	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	24	\$785	\$785	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	1	\$5,000	\$5,000	\$0	\$0	
Failure to pay any PD indemnity benefit.	2	\$1,600	\$1,600	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	4	\$1,250	\$1,250	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	69	\$19,725	\$19,725	\$0	\$0	

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

Calendar Year: 2010
Notices of Compensation Due

Individual Exhibit 3

Audit No: SAC-09-10-R1-5

Subject: Keenan & Associates

Location: Rancho Cordova

Type: TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$2,961.15			\$818.14			\$3,779.29
2				\$59.30			\$59.30
3		\$3,778.57					\$3,778.57
4		\$742.67					\$742.67
5				\$233.83			\$233.83
TOTAL	\$2,961.15	\$4,521.24	\$0.00	\$1,111.27	\$0.00	\$0.00	\$8,593.66

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: LAO-05-10-R1-5

Subject: Keenan & Associates

Location: Riverside

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

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

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

Total unpd indem. = \$ 4,931.40 divide by # of claims with obligation to pay indem. 57
 Avg Unpd Ind = \$ 86.52

C. Severity Rate

Avg Unpd Indem \$ 86.52 divide by avg unpd indem 2006-2008 of \$ 174.52 = 0.49574

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.15789 X Severity rate 0.49574 X modifier of 2
 = **0.15655**

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

# claims with late 1st TD	0	divide by # with TD payments	18	
# claims with first SC notice violations	8	divide by # with salary continuation	42	
Totals	8	divide by	Totals 60	=
				0.13333

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

# claims with late first PD	4	divide by # with first PD	16	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	4	divide by	Totals 16	=
				0.25000

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 5 divide by # with subsequent payments 22 =
0.22727

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

# claims with AME/QME notice violations	2	divide by # requiring notices	50	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	0	divide by # requiring notices	8	
Totals	2		Totals 58	
				=
				0.03448

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2010

0.80164

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

Calendar Year: 2010

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: LAO-05-10-R1-5

Subject: Keenan & Associates

Location: Riverside

Type: TPA

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	0	\$0	\$0	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	3	\$600	\$600	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	6	\$2,540	\$2,540	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	9	\$545	\$545	\$0	\$0	
Failure to notify an injured employee of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	2	\$200	\$200	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	7	\$8,000	\$8,000	\$0	\$0	
Failure to pay any PD indemnity benefit.	2	\$800	\$800	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	5	\$1,050	\$1,050	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	34	\$13,735	\$13,735	\$0	\$0	

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

Calendar Year: 2010
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-05-10-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	\$761.29			\$22.74			\$784.03
2	\$212.76						\$212.76
3	\$76.39						\$76.39
4	\$417.34						\$417.34
5	\$552.40						\$552.40
6				\$474.84			\$474.84
7	\$1,360.71						\$1,360.71
8	\$952.08						\$952.08
9		\$61.29		\$39.56			\$100.85
TOTAL	\$4,332.97	\$61.29	\$0.00	\$537.14	\$0.00	\$0.00	\$4,931.40

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: LAO-18-10-R3-3

Subject: Liberty Mutual Insurance Group and Helmsman Management Services

Location: Orange

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 13 divide by # claims with payable indem 57 = 0.22807

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

Total unpd indem. = \$ 88,720.53 divide by # of claims with obligation to pay indem. 57
Avg Unpd Ind = #####

C. Severity Rate

Avg Unpd Indem \$ 1,556.50 divide by avg unpd indem 2006-2008 of \$ 174.52 = 8.91875

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.22807 X Severity rate 8.91875 X modifier of 2
= 4.06820

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

# claims with late 1st TD	14	divide by # with TD payments	52	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	14	divide by	Totals 52	=
				0.26923

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

# claims with late first PD	9	divide by # with first PD	29	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	0	divide by # with first DB paid	1	
Totals	9	divide by	Totals 30	=
				0.30000

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 12 divide by # with subsequent payments 39 = 0.30769

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

# claims with AME/QME notice violations	11	divide by # requiring notices	43	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	7	divide by # requiring notices	13	
Totals	18		Totals 56	
				= 0.32143

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2010

5.26655

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

Full Compliance Audit Performance Rating of Randomly Selected Claims

Audit No: LAO-18-10-R3-3

Subject: Liberty Mutual Insurance Group and Helmsman Management Services

Location: Orange

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 27 divide by # claims with payable indem 127 = 0.21260

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

Total unpd indem = \$ 104,589.84 divide by # of claims with obligation to pay indem. 127
 Avg Unpd Ind = \$ 823.54

C. Severity Rate

Avg Unpd Ind. \$ 823.54 divide by avg unpd indem 2006-2008 of \$ 174.52 = 4.71890

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.21260 X Severity rate 4.71890 X modifier of 2
 = 2.00646

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

# claims with late 1st TD	29	divide by # with TD payments	119	
# claims with first SC notice violations	<u>0</u>	divide by # with salary continuation	<u>0</u>	
Totals	29	divide by	Totals 119	=
				<u>0.24370</u>

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

# claims with late first PD	21	divide by # with first PD	63	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims/late first death benefits	<u>0</u>	divide by # with first death ben paid	<u>2</u>	
Totals	21	divide by	Totals 65	=
				<u>0.32308</u>

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subseq payments 29 divide by # with subseq payments 98 = 0.29592

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

# claims with AME/QME notice violations	16	divide by # requiring notices	92	
# claims with VR potential eligibilty notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	<u>16</u>	divide by # requiring notices	<u>27</u>	
Totals	32		Totals 119	
				=
				<u>0.26891</u>

FULL COMPLIANCE AUDIT PERFORMANCE RATING - 2010

Full Compliance Audit Performance Rating of indemnity files of 2.08063 or greater is a failing score.

3.13806

Full Compliance Audit Performance Rating of Randomly Selected Claims

Audit No: LAO-18-10-R3-3

Subject: Liberty Mutual Insurance Group and Helmsman Management Services

Location: Orange

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 26 divide by # claims with payable indem 127 = 0.20472

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

Total unpd indem = \$ 101,380.81 divide by # of claims with obligation to pay indem. 127
 Avg Unpd Ind = \$ 798.27

C. Severity Rate

Avg Unpd Ind. \$ 798.27 divide by avg unpd indem 2006-2008 of \$ 174.52 = 4.57411

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.20472 X Severity rate 4.57411 X modifier of 2
 = 1.87286

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

# claims with late 1st TD	28	divide by # with TD payments	119	
# claims with first SC notice violations	<u>0</u>	divide by # with salary continuation	<u>0</u>	
Totals	28	divide by	Totals 119	=
				<u>0.23529</u>

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

# claims with late first PD	21	divide by # with first PD	63	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims/late first death benefits	<u>0</u>	divide by # with first death ben paid	<u>2</u>	
Totals	21	divide by	Totals 65	=
				<u>0.32308</u>

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subseq payments 29 divide by # with subseq payments 98 = 0.29592

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

# claims with AME/QME notice violations	16	divide by # requiring notices	92	
# claims with VR potential eligibilty notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	<u>16</u>	divide by # requiring notices	<u>27</u>	
Totals	32		Totals 119	
				=
				<u>0.26891</u>

FINAL FULL COMPLIANCE AUDIT PERFORMANCE RATING **2.99606**

Penalty Assessments and Collections

Files Audited:	<u>220</u>
Indemnity	<u>127</u>
Medical Only	<u>0</u>
Denied	<u>64</u>
Complaints	<u>19</u>
Additional	<u>10</u>

Audit No: LAO-18-10-R3-3

Subject: Liberty Mutual Insurance Group and Helmsman Management Services

Location: Orange

Type: INS / TPA

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	50	\$70,232	\$0	\$70,232	\$70,232	
Late first payment of permanent disability indemnity benefits (PD).	31	\$26,539	\$0	\$26,539	\$26,539	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	73	\$28,207	\$0	\$28,207	\$28,207	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	67	\$9,260	\$0	\$9,260	\$9,260	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	66	\$3,513	\$0	\$3,513	\$3,513	
Failure to notify an injured employee of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	16	\$8,960	\$0	\$8,960	\$8,960	
Failure to comply with requirements to provide notice of the QME/AME process.	23	\$11,410	\$0	\$11,410	\$11,410	
Failure to pay any TD or SC in lieu of TD.	22	\$49,440	\$0	\$49,440	\$46,340	√
Failure to pay any PD indemnity benefit.	12	\$23,800	\$0	\$23,800	\$21,700	√
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	18	\$7,350	\$0	\$7,350	\$7,350	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	

Calendar Year: 2010
Penalty Assessments and Collections

Individual Exhibit 2

Files Audited:	220
Indemnity	127
Medical Only	0
Denied	64
Complaints	19
Additional	10

Audit No: LAO-18-10-R3-3

Subject: Liberty Mutual Insurance Group and Helmsman Management Services

Location: Orange

Type: INS / TPA

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Failure to pay or object to medical treatment expense in the manner required by law or regulation.	143	\$41,800	\$0	\$41,800	\$41,800	
Failure to pay or object to medical-legal expense in the manner required by law or regulation.	8	\$1,755	\$0	\$1,755	\$1,755	
Failure to pay or object to VR expense (injuries through 12/31/03) or issue training or SJDB voucher (injuries on/after 01/01/04) in the manner required by law or regulation.	0	\$0	\$0	\$0	\$0	
Failure to timely assign a QRR to an employee after 90 aggregate days of total TD for injuries prior to 01/01/94.	0	\$0	\$0	\$0	\$0	
Failure to provide VR information after 90 aggregate days of total TD (injuries 1/1/94 through 12/31/03).	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of non-eligibility for VR.	0	\$0	\$0	\$0	\$0	
Failure to provide notices denying all liability or death benefits as required.	7	\$3,040	\$0	\$3,040	\$3,040	
Failure to timely respond to a request to provide or authorize medical treatment.	1	\$100	\$0	\$100	\$100	
Failure to include specific items or properly designate entries on a claim log.	10	\$365	\$0	\$365	\$365	
Materially incomplete or inaccurate benefit notices including denial for all liability, other than specific vocational rehabilitation notices.	79	\$4,535	\$0	\$4,535	\$4,535	
Failure to investigate.	1	\$1,000	\$0	\$1,000	\$1,000	
Late payment of WCAB Orders or Awards or RU Orders for late payment of attorney fees and issues other than late payment of indemnity.	3	\$1,450	\$0	\$1,450	\$1,450	
Penalties for failure to comply with any regulation of the AD not otherwise assessed.	71	\$27,455	\$0	\$27,455	\$27,455	
Unsupported denial of all liability for a claim.	0	\$0	\$0	\$0	\$0	
TOTAL	701	\$320,211	\$0	\$320,211	\$315,011	

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

Calendar Year: 2010
Notices of Compensation Due

Audit No: LAO-18-10-R3-3

Subject: Liberty Mutual Insurance Group and Helmsman Management Services

Location: Orange

Type: INS / TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1		\$794.60		\$317.22			\$1,111.82
2	\$5,850.31	\$11,040.00		\$1,531.57			\$18,421.88
3	\$867.57	\$1,173.00		\$438.66			\$2,479.23
4		\$6,123.76		\$766.14			\$6,889.90
5	\$81.05			\$202.17			\$283.22
6				\$906.85			\$906.85
7	\$146.49			\$3.86			\$150.35
8	\$442.37						\$442.37
9	\$999.69			\$84.71			\$1,084.40
10	\$5,213.22	\$12,994.17		\$1,912.74			\$20,120.13
11	\$37.92			\$0.47			\$38.39
12	\$222.43			\$22.24			\$244.67
13	\$242.56			\$24.26			\$266.82
14	\$2,220.18			\$5,144.13			\$7,364.31
15	\$100.86			\$2.76			\$103.62
16				\$356.54			\$356.54
17		\$4,918.71		\$491.87			\$5,410.58
18	\$4,538.49	\$460.00		\$499.85			\$5,498.34
19	\$4,798.82	\$2,119.29		\$691.81			\$7,609.92
20	\$201.28						\$201.28
21	\$487.33						\$487.33
SUBTOTAL	\$26,450.57	\$39,623.53	\$0.00	\$13,397.85	\$0.00	\$0.00	\$79,471.95

Calendar Year: 2010
Notices of Compensation Due

Audit No: LAO-18-10-R3-3

Subject: Liberty Mutual Insurance Group and Helmsman Management Services

Location: Orange

Type: INS / TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
22	\$267.88						\$267.88
23	\$124.47						\$124.47
24		\$3,450.00					\$3,450.00
25	\$8,619.27	\$22,963.79		\$3,718.34			\$35,301.40
26	\$139.81						\$139.81
27	\$52,851.14			\$5,285.11			\$58,136.25
28	\$399.16			\$39.92		\$8.86	\$447.94
29	\$6,214.56						\$6,214.56
30		\$1,950.27					\$1,950.27
Page 2 SUBTOTAL	\$68,616.29	\$28,364.06	\$0.00	\$9,043.37	\$0.00	\$8.86	\$106,032.58
Page 1 SUBTOTAL	\$26,450.57	\$39,623.53	\$0.00	\$13,397.85	\$0.00	\$0.00	\$79,471.95
TOTAL	\$95,066.86	\$67,987.59	\$0.00	\$22,441.22	\$0.00	\$8.86	\$185,504.53

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: LAO-19-10-R1-2

Subject: Macy's, Inc.

Location: Redondo Beach

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 5 divide by # claims with payable indem 56 = 0.08929

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

Total unpd indem. = \$ 656.30 divide by # of claims with obligation to pay indem. 56
Avg Unpd Ind = \$ 11.72

C. Severity Rate

Avg Unpd Indem \$ 11.72 divide by avg unpd indem 2006-2008 of \$ 174.52 = 0.06715

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.08929 X Severity rate 0.06715 X modifier of 2
= 0.01199

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

# claims with late 1st TD	10	divide by # with TD payments	51	
# claims with first SC notice violations	1	divide by # with salary continuation	1	
Totals	11	divide by	Totals 52	=
				0.21154

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

# claims with late first PD	2	divide by # with first PD	20	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	2	divide by	Totals 20	=
				0.10000

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 13 divide by # with subsequent payments 41 = 0.31707

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

# claims with AME/QME notice violations	1	divide by # requiring notices	50	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	3	divide by # requiring notices	21	
Totals	4		Totals 71	
				= 0.05634

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2010

0.69694

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

Calendar Year: 2010

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: LAO-19-10-R1-2

Subject: Macy's, Inc.

Location: Redondo Beach

Type: SI

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	10	\$3,040	\$3,040	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	3	\$600	\$600	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	33	\$7,230	\$7,230	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	1	\$50	\$50	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	3	\$1,100	\$1,100	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	2	\$900	\$900	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	5	\$1,600	\$1,600	\$0	\$0	
Failure to pay any PD indemnity benefit.	1	\$400	\$400	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	0	\$0	\$0	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	58	\$14,920	\$14,920	\$0	\$0	

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

Calendar Year: 2010
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-19-10-R1-2

Subject: Macy's Inc.

Location: Redondo Beach

Type: SI

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1		\$162.95		\$16.14			\$179.09
2	\$81.62						\$81.62
3	\$260.28						\$260.28
4	\$102.67						\$102.67
5	\$29.92			\$2.72			\$32.64
TOTAL	\$474.49	\$162.95	\$0.00	\$18.86	\$0.00	\$0.00	\$656.30

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: OAK-05-10-R1-5

Subject: Matrix Absence Management, Inc.

Location: San Jose

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 7 divide by # claims with payable indem 52 = 0.13462

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

Total unpd indem. = \$ 4,952.71 divide by # of claims with obligation to pay indem. 52
 Avg Unpd Ind = \$ 95.24

C. Severity Rate

Avg Unpd Indem \$ 95.24 divide by avg unpd indem 2006-2008 of \$ 174.52 = 0.54575

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.13462 X Severity rate 0.54575 X modifier of 2
 = 0.14693

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

# claims with late 1st TD	13	divide by # with TD payments	47	
# claims with first SC notice violations	0	divide by # with salary continuation	1	
Totals	13	divide by	Totals 48	=

0.27083

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

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

0.08000

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 10 divide by # with subsequent payments 42 =
0.23810

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

# claims with AME/QME notice violations	16	divide by # requiring notices	52	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	3	divide by # requiring notices	10	
Totals	19		Totals 62	=

0.30645

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2010

1.04231

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

Calendar Year: 2010

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	53
Indemnity	52
Medical Only	0
Denied	0
Complaints	1
Additional	0

Audit No: OAK-05-10-R1-5

Subject: Matrix Absence Management, Inc.

Location: San Jose

Type: TPA

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	17	\$12,220	\$12,220	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	2	\$570	\$570	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	19	\$6,965	\$6,965	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	3	\$1,100	\$1,100	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	20	\$4,230	\$4,230	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	5	\$6,000	\$6,000	\$0	\$0	
Failure to pay any PD indemnity benefit.	1	\$400	\$400	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	6	\$800	\$800	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	73	\$32,285	\$32,285	\$0	\$0	

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

Calendar Year: 2010
Notices of Compensation Due

Individual Exhibit 3

Audit No: OAK-05-10-R1-5

Subject: Matrix Absence Management, Inc.

Location: San Jose

Type: TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1				\$39.10			\$39.10
2				\$209.45			\$209.45
3	\$378.10						\$378.10
4	\$2,064.43						\$2,064.43
5	\$57.18						\$57.18
6	\$125.94			\$12.59			\$138.53
7	\$273.54	\$1,606.71		\$185.67			\$2,065.92
TOTAL	\$2,899.19	\$1,606.71	\$0.00	\$446.81	\$0.00	\$0.00	\$4,952.71

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: OAK-01-10-R1-6

Subject: Monterey County Schools

Location: Salinas

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 5 divide by # claims with payable indem 49 = 0.10204

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

Total unpd indem. = \$ 1,814.44 divide by # of claims with obligation to pay indem. 49
 Avg Unpd Ind = \$ 37.03

C. Severity Rate

Avg Unpd Indem \$ 37.03 divide by avg unpd indem 2006-2008 of \$ 174.52 = 0.21218

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.10204 X Severity rate 0.21218 X modifier of 2
 = **0.04330**

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

# claims with late 1st TD	1	divide by # with TD payments	9	
# claims with first SC notice violations	9	divide by # with salary continuation	41	
Totals	10	divide by	Totals 50	=
				0.20000

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

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

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 2 divide by # with subsequent payments 15 =
0.13333

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

# claims with AME/QME notice violations	12	divide by # requiring notices	47	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	0	divide by # requiring notices	13	
Totals	12		Totals 60	
				=
				0.20000

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2010

0.57664

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

Calendar Year: 2010

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: OAK-01-10-R1-6

Subject: Monterey County Schools

Location: Salinas

Type: SI

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	1	\$200	\$200	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	0	\$0	\$0	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	3	\$500	\$500	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	9	\$250	\$250	\$0	\$0	
Failure to notify an injured employee of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	12	\$350	\$350	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	2	\$400	\$400	\$0	\$0	
Failure to pay any PD indemnity benefit.	3	\$1,200	\$1,200	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	1	\$100	\$100	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	31	\$3,000	\$3,000	\$0	\$0	

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

Calendar Year: 2010
Notices of Compensation Due

Individual Exhibit 3

Audit No: OAK-01-10-R1-6

Subject: Monterey County Schools

Location: Salinas

Type: SI

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1		\$377.85					\$377.85
2				\$43.54			\$43.54
3		\$207.00		\$20.70			\$227.70
4		\$670.28		\$67.03			\$737.31
5	\$147.12	\$280.92					\$428.04
TOTAL	\$147.12	\$1,536.05	\$0.00	\$131.27	\$0.00	\$0.00	\$1,814.44

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: LAO-10-10-R1-2

Subject: National Steel and Shipbuilding Company

Location: San Diego

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 5 divide by # claims with payable indem 17 = 0.29412

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

Total unpd indem. = \$ 2,665.40 divide by # of claims with obligation to pay indem. 17
Avg Unpd Ind = \$ 156.79

C. Severity Rate

Avg Unpd Indem \$ 156.79 divide by avg unpd indem 2006-2008 of \$ 174.52 = 0.89840

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.29412 X Severity rate 0.89840 X modifier of 2
= 0.52847

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

# claims with late 1st TD	2	divide by # with TD payments	15	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	2	divide by	Totals 15	=
				0.13333

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

# claims with late first PD	2	divide by # with first PD	6	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	2	divide by	Totals 6	=
				0.33333

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 5 divide by # with subsequent payments 12 = 0.41667

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

# claims with AME/QME notice violations	3	divide by # requiring notices	14	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	3	divide by # requiring notices	4	
Totals	6		Totals 18	=
				0.33333

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2010

1.74514

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

Calendar Year: 2010

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: LAO-10-10-R1-2

Subject: National Steel and Shipbuilding Company

Location: San Diego

Type: SI

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	2	\$350	\$350	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	2	\$400	\$400	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	6	\$945	\$945	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	3	\$1,500	\$1,500	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	3	\$1,500	\$1,500	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	3	\$1,200	\$1,200	\$0	\$0	
Failure to pay any PD indemnity benefit.	1	\$400	\$400	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	2	\$650	\$650	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	22	\$6,945	\$6,945	\$0	\$0	

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

Calendar Year: 2010
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-10-10-R1-2

Subject: National Steel and Shipbuilding Company

Location: San Diego

Type: SI

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$972.05			\$95.87			\$1,067.92
2	\$603.53	\$571.72		\$115.44			\$1,290.69
3				\$109.88			\$109.88
4				\$138.00			\$138.00
5	\$58.91						\$58.91
TOTAL	\$1,634.49	\$571.72	\$0.00	\$459.19	\$0.00	\$0.00	\$2,665.40

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: OAK-03-10-R1-5

Subject: Northern Claims Management

Location: Santa Rosa

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 4 divide by # claims with payable indem 51 = 0.07843

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

Total unpd indem. = \$ 6,664.95 divide by # of claims with obligation to pay indem. 51
Avg Unpd Ind = \$ 130.69

C. Severity Rate

Avg Unpd Indem \$ 130.69 divide by avg unpd indem 2006-2008 of \$ 174.52 = 0.74883

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.07843 X Severity rate 0.74883 X modifier of 2
= 0.11746

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

# claims with late 1st TD	1	divide by # with TD payments	7	
# claims with first SC notice violations	6	divide by # with salary continuation	43	
Totals	7	divide by	Totals 50	=
				0.14000

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

# claims with late first PD	1	divide by # with first PD	21	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	1	divide by	Totals 21	=
				0.04762

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 0 divide by # with subsequent payments 14 = 0.00000

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

# claims with AME/QME notice violations	14	divide by # requiring notices	45	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	6	divide by # requiring notices	12	
Totals	20		Totals 57	
				= 0.35088

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2010

0.65596

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

Calendar Year: 2010

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: OAK-03-10-R1-5

Subject: Northern Claims Management

Location: Santa Rosa

Type: TPA

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	1	\$1,200	\$1,200	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	0	\$0	\$0	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	0	\$0	\$0	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	6	\$280	\$280	\$0	\$0	
Failure to notify an injured employee of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	6	\$3,000	\$3,000	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	14	\$400	\$400	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	2	\$2,100	\$2,100	\$0	\$0	
Failure to pay any PD indemnity benefit.	1	\$400	\$400	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	1	\$500	\$500	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	2	\$1,600	\$1,600	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	33	\$9,480	\$9,480	\$0	\$0	

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

Calendar Year: 2010
Notices of Compensation Due

Individual Exhibit 3

Audit No: OAK-03-10-R1-5

Subject: Northern Claims Management

Location: Santa Rosa

Type: TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1		\$207.00		\$20.70			\$227.70
2		\$1,227.21		\$122.72			\$1,349.93
3		\$414.00		\$41.40			\$455.40
4	\$4,013.19			\$618.73			\$4,631.92
TOTAL	\$4,013.19	\$1,848.21	\$0.00	\$803.55	\$0.00	\$0.00	\$6,664.95

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: SAC-14-10-R2-5

Subject: Pinnacle Risk Management

Location: Roseville

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 10 divide by # claims with payable indem 46 = 0.21739

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

Total unpd indem. = \$ 10,118.62 divide by # of claims with obligation to pay indem. 46
 Avg Unpd Ind = \$ 219.97

C. Severity Rate

Avg Unpd Indem \$ 219.97 divide by avg unpd indem 2006-2008 of \$ 174.52 = 1.26043

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.21739 X Severity rate 1.26043 X modifier of 2
 = 0.54801

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

# claims with late 1st TD	18	divide by # with TD payments	41	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
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	4	divide by # with first PD	14	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	4	divide by	Totals	14
				=
				0.28571

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

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

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

# claims with AME/QME notice violations	42	divide by # requiring notices	43	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	8	divide by # requiring notices	19	
Totals	50		Totals	62
				=
				0.80645

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2010

2.22735

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

Full Compliance Audit Performance Rating of Randomly Selected Claims

Audit No: SAC-14-10-R2-5

Subject: Pinnacle Risk Management

Location: Roseville

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

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

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

Total unpd indem = \$ 17,630.41 divide by # of claims with obligation to pay indem. 82
 Avg Unpd Ind = \$ 215.01

C. Severity Rate

Avg Unpd Ind. \$ 215.01 divide by avg unpd indem 2006-2008 of \$ 174.52 = 1.23198

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.18293 X Severity rate 1.23198 X modifier of 2
 = 0.45072

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

# claims with late 1st TD	27	divide by # with TD payments	74	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	27	divide by	Totals 74	=
				0.36486

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

# claims with late first PD	7	divide by # with first PD	27	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims/late first death benefits	0	divide by # with first death ben paid	1	
Totals	7	divide by	Totals 28	=
				0.25000

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subseq payments 11 divide by # with subseq payments 50 =
0.22000

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

# claims with AME/QME notice violations	72	divide by # requiring notices	75	
# claims with VR potential eligibilty notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	12	divide by # requiring notices	33	
Totals	84	Totals	108	
				= 0.77778

FULL COMPLIANCE AUDIT PERFORMANCE RATING - 2010

2.06337

Full Compliance Audit Performance Rating of indemnity files of 2.08063 or greater is a failing score.

Calendar Year: 2010

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	82
Indemnity	82
Medical Only	0
Denied	0
Complaints	0
Additional	0

Audit No: SAC-14-10-R2-5

Subject: Pinnacle Risk Management

Location: Roseville

Type: TPA

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	38	\$14,485	\$2,897	\$11,588	\$11,588	
Late first payment of permanent disability indemnity benefits (PD).	8	\$7,940	\$1,588	\$6,352	\$6,352	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	17	\$2,945	\$589	\$2,356	\$2,356	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	12	\$1,900	\$1,900	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	142	\$9,750	\$9,750	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	6	\$7,900	\$1,580	\$6,320	\$6,320	
Failure to pay any PD indemnity benefit.	4	\$3,100	\$620	\$2,480	\$2,480	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	9	\$2,950	\$590	\$2,360	\$2,360	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	236	\$50,970	\$19,514	\$31,456	\$31,456	

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

Calendar Year: 2010
Notices of Compensation Due

Individual Exhibit 3

Audit No: SAC-14-10-R2-5

Subject: Pinnacle Risk Management

Location: Roseville

Type: TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1				\$49.08			\$49.08
2	\$1,570.47			\$130.58			\$1,701.05
3	\$219.02						\$219.02
4	\$838.85			\$83.88			\$922.73
5				\$54.48			\$54.48
6		\$3,482.86		\$348.29			\$3,831.15
7				\$51.43			\$51.43
8		\$2,738.33		\$991.60			\$3,729.93
9		\$103.50		\$10.35			\$113.85
10	\$4,415.26			\$429.68			\$4,844.94
11	\$124.72			\$135.94			\$260.66
12				\$69.00			\$69.00
13				\$174.14			\$174.14
14		\$1,085.92		\$301.32			\$1,387.24
15	\$221.71						\$221.71
TOTAL	\$7,390.03	\$7,410.61	\$0.00	\$2,829.77	\$0.00	\$0.00	\$17,630.41

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: SAC-07-10-R1-6

Subject: Schools Insurance Authority

Location: Sacramento

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 0 divide by # claims with payable indem 54 = 0.00000

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

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

C. Severity Rate

Avg Unpd Indem \$ - divide by avg unpd indem 2006-2008 of \$ 174.52 = 0.00000

D. Factor for Failure to pay Undisputed Accrued Indemnity

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

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

# claims with late 1st TD	1	divide by # with TD payments	13	
# claims with first SC notice violations	3	divide by # with salary continuation	47	
Totals	4	divide by	Totals 60	=
				0.06667

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

# claims with late first PD	2	divide by # with first PD	10	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	2	divide by	Totals 10	=
				0.20000

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 2 divide by # with subsequent payments 10 =
0.20000

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

# claims with AME/QME notice violations	5	divide by # requiring notices	52	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	0	divide by # requiring notices	13	
Totals	5		Totals 65	
				=
				0.07692

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2010

0.54359

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

Calendar Year: 2010

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: SAC-07-10-R1-6

Subject: Schools Insurance Authority

Location: Sacramento

Type: SI

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	1	\$200	\$200	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	2	\$420	\$420	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	2	\$260	\$260	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	3	\$180	\$180	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	5	\$1,525	\$1,525	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	0	\$0	\$0	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	0	\$0	\$0	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	13	\$2,585	\$2,585	\$0	\$0	

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

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: LAO-16-10-R1-5

Subject: Sedgwick Claims Management Services

Location: Long Beach

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 5 divide by # claims with payable indem 57 = 0.08772

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

Total unpd indem. = \$ 7,838.00 divide by # of claims with obligation to pay indem. 57
Avg Unpd Ind = \$ 137.51

C. Severity Rate

Avg Unpd Indem \$ 137.51 divide by avg unpd indem 2006-2008 of \$ 174.52 = 0.78793

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.08772 X Severity rate 0.78793 X modifier of 2
= 0.13823

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

# claims with late 1st TD	8	divide by # with TD payments	54	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	8	divide by	Totals 54	=

0.14815

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

# claims with late first PD	4	divide by # with first PD	23	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	4	divide by	Totals 23	=

0.17391

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 7 divide by # with subsequent payments 44 =
0.15909

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

# claims with AME/QME notice violations	4	divide by # requiring notices	48	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	2	divide by # requiring notices	4	
Totals	6		Totals 52	=

0.11538

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2010

0.73477

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

Calendar Year: 2010

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	60
Indemnity	57
Medical Only	0
Denied	0
Complaints	3
Additional	0

Audit No: LAO-16-10-R1-5

Subject: Sedgwick Claims Management Services

Location: Long Beach

Type: TPA

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	10	\$2,870	\$2,870	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	7	\$3,710	\$3,710	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	11	\$2,745	\$2,745	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	2	\$200	\$200	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	4	\$1,100	\$1,100	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	4	\$1,400	\$1,400	\$0	\$0	
Failure to pay any PD indemnity benefit.	1	\$1,500	\$1,500	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	1	\$100	\$100	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	40	\$13,625	\$13,625	\$0	\$0	

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

Calendar Year: 2010
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-16-10-R1-5

Subject: Sedgwick Claims Management Services

Location: Long Beach

Type: TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$347.56			\$31.84			\$379.40
2	\$1,230.17			\$85.58			\$1,315.75
3		\$5,410.35		\$541.04			\$5,951.39
4	\$94.05						\$94.05
5	\$97.41						\$97.41
TOTAL	\$1,769.19	\$5,410.35	\$0.00	\$658.46	\$0.00	\$0.00	\$7,838.00

Calendar Year: 2010

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	58
Indemnity	56
Medical Only	0
Denied	0
Complaints	2
Additional	0

Audit No: OAK-07-10-R1-5

Subject: Sedgwick Claims Management Services

Location: Oakland

Type: TPA

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	14	\$2,250	\$2,250	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	2	\$520	\$520	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	3	\$400	\$400	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	33	\$3,825	\$3,825	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	5	\$1,000	\$1,000	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	1	\$50	\$50	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	58	\$8,045	\$8,045	\$0	\$0	

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

Calendar Year: 2010
Notices of Compensation Due

Individual Exhibit 3

Audit No: OAK-07-10-R1-5

Subject: Sedgwick Claims Management Services

Location: Oakland

Type: TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1				\$41.01			\$41.01
2	\$43.03						\$43.03
3	\$50.43						\$50.43
4	\$100.95			\$4.04			\$104.99
5	\$69.71						\$69.71
TOTAL	\$264.12	\$0.00	\$0.00	\$45.05	\$0.00	\$0.00	\$309.17

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: LAO-11-10-R1-5

Subject: Sedgwick Claims Management Services

Location: San Diego

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 5 divide by # claims with payable indem 55 = 0.09091

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

Total unpd indem. = \$ 1,949.25 divide by # of claims with obligation to pay indem. 55
Avg Unpd Ind = \$ 35.44

C. Severity Rate

Avg Unpd Indem \$ 35.44 divide by avg unpd indem 2006-2008 of \$ 174.52 = 0.20308

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.09091 X Severity rate 0.20308 X modifier of 2
= 0.03692

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

# claims with late 1st TD	12	divide by # with TD payments	54	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	12	divide by	Totals 54	=
				0.22222

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

# claims with late first PD	3	divide by # with first PD	12	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	3	divide by	Totals 12	=
				0.25000

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 5 divide by # with subsequent payments 35 = 0.14286

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

# claims with AME/QME notice violations	2	divide by # requiring notices	51	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	0	divide by # requiring notices	12	
Totals	2		Totals 63	
				= 0.03175

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2010

0.68375

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

Calendar Year: 2010

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: LAO-11-10-R1-5

Subject: Sedgwick Claims Management Services

Location: San Diego

Type: TPA

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	13	\$6,680	\$6,680	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	3	\$2,720	\$2,720	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	8	\$900	\$900	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	2	\$700	\$700	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	3	\$1,600	\$1,600	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	5	\$600	\$600	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	34	\$13,200	\$13,200	\$0	\$0	

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

Calendar Year: 2010
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-11-10-R1-5

Subject: Sedgwick Claims Management Services

Location: San Diego

Type: TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1				\$176.33			\$176.33
2	\$614.94			\$231.02			\$845.96
3	\$732.64			\$91.63			\$824.27
4	\$56.69						\$56.69
5				\$46.00			\$46.00
TOTAL	\$1,404.27	\$0.00	\$0.00	\$544.98	\$0.00	\$0.00	\$1,949.25

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: SAC-06-10-R1-5

Subject: Sedgwick Claims Management Services

Location: Stockton

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 3 divide by # claims with payable indem 39 = 0.07692

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

Total unpd indem. = \$ 866.06 divide by # of claims with obligation to pay indem. 39
Avg Unpd Ind = \$ 22.21

C. Severity Rate

Avg Unpd Indem \$ 22.21 divide by avg unpd indem 2006-2008 of \$ 174.52 = 0.12724

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.07692 X Severity rate 0.12724 X modifier of 2
= 0.01958

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

# claims with late 1st TD	10	divide by # with TD payments	39	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	10	divide by	Totals 39	=
				0.25641

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

# claims with late first PD	3	divide by # with first PD	16	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	3	divide by	Totals 16	=
				0.18750

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 6 divide by # with subsequent payments 27 = 0.22222

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

# claims with AME/QME notice violations	11	divide by # requiring notices	39	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	3	divide by # requiring notices	15	
Totals	14		Totals 54	
				= 0.25926

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2010

0.94497

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

Calendar Year: 2010

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	39
Indemnity	39
Medical Only	0
Denied	0
Complaints	0
Additional	0

Audit No: SAC-06-10-R1-5

Subject: Sedgwick Claims Management Services

Location: Stockton

Type: TPA

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	11	\$2,120	\$2,120	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	3	\$1,060	\$1,060	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	9	\$1,280	\$1,280	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	3	\$1,300	\$1,300	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	17	\$480	\$480	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	0	\$0	\$0	\$0	\$0	
Failure to pay any PD indemnity benefit.	1	\$400	\$400	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	3	\$800	\$800	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	47	\$7,440	\$7,440	\$0	\$0	

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

Calendar Year: 2010
Notices of Compensation Due

Individual Exhibit 3

Audit No: SAC-06-10-R1-5

Subject: Sedgwick Claims Management Services

Location: Stockton

Type: TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1		\$408.39		\$118.00			\$526.39
2				\$183.27			\$183.27
3				\$156.40			\$156.40
TOTAL	\$0.00	\$408.39	\$0.00	\$457.67	\$0.00	\$0.00	\$866.06

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: LAO-13-10-R1-2

Subject: Solar Turbines, Inc.

Location: San Diego

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 2 divide by # claims with payable indem 23 = 0.08696

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

Total unpd indem. = \$ 11,245.65 divide by # of claims with obligation to pay indem. 23
 Avg Unpd Ind = \$ 488.94

C. Severity Rate

Avg Unpd Indem \$ 488.94 divide by avg unpd indem 2006-2008 of \$ 174.52 = 2.80163

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.08696 X Severity rate 2.80163 X modifier of 2
 = **0.48724**

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

# claims with late 1st TD	1	divide by # with TD payments	21	
# claims with first SC notice violations	0	divide by # with salary continuation	3	
Totals	1	divide by	Totals 24	=
				0.04167

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

# claims with late first PD	1	divide by # with first PD	11	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	1	divide by	Totals 11	=
				0.09091

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 3 divide by # with subsequent payments 21 =
0.14286

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

# claims with AME/QME notice violations	1	divide by # requiring notices	19	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	0	divide by # requiring notices	7	
Totals	1		Totals 26	=
				0.03846

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2010

0.80114

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

Calendar Year: 2010

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	23
Indemnity	23
Medical Only	0
Denied	0
Complaints	0
Additional	0

Audit No: LAO-13-10-R1-2

Subject: Solar Turbines, Inc.

Location: San Diego

Type: SI

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	1	\$100	\$100	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	2	\$350	\$350	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	7	\$1,300	\$1,300	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	1	\$500	\$500	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	1	\$200	\$200	\$0	\$0	
Failure to pay any PD indemnity benefit.	2	\$2,400	\$2,400	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	3	\$950	\$950	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	17	\$5,800	\$5,800	\$0	\$0	

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

Calendar Year: 2010
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-13-10-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	\$6.55	\$9,431.94		\$943.85			\$10,382.34
2		\$208.31		\$655.00			\$863.31
TOTAL	\$6.55	\$9,640.25	\$0.00	\$1,598.85	\$0.00	\$0.00	\$11,245.65

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: LAO-03-10-R1-1

Subject: State Compensation Insurance Fund

Location: San Diego

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 8 divide by # claims with payable indem 58 = 0.13793

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

Total unpd indem. = \$ 3,629.22 divide by # of claims with obligation to pay indem. 58
 Avg Unpd Ind = \$ 62.57

C. Severity Rate

Avg Unpd Indem \$ 62.57 divide by avg unpd indem 2006-2008 of \$ 174.52 = 0.35854

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.13793 X Severity rate 0.35854 X modifier of 2
 = **0.09891**

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

# claims with late 1st TD	11	divide by # with TD payments	56	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	11	divide by	Totals 56	=

0.19643

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

# claims with late first PD	3	divide by # with first PD	13	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	3	divide by	Totals 13	=

0.23077

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 11 divide by # with subsequent payments 48 =
0.22917

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

# claims with AME/QME notice violations	3	divide by # requiring notices	41	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	2	divide by # requiring notices	7	
Totals	5		Totals 48	=

0.10417

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2010

0.85944

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

Calendar Year: 2010

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	62
Indemnity	58
Medical Only	0
Denied	0
Complaints	4
Additional	0

Audit No: LAO-03-10-R1-1

Subject: State Compensation Insurance Fund

Location: San Diego

Type: INS

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	12	\$7,630	\$7,630	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	3	\$1,700	\$1,700	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	17	\$11,720	\$11,720	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	2	\$1,000	\$1,000	\$0	\$0	
Failure to notify an injured employee of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	3	\$1,000	\$1,000	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	7	\$12,000	\$12,000	\$0	\$0	
Failure to pay any PD indemnity benefit.	2	\$800	\$800	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	5	\$700	\$700	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	51	\$36,550	\$36,550	\$0	\$0	

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

Calendar Year: 2010
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-03-10-R1-1

Subject: State Compensation Insurance Fund

Location: San Diego

Type: INS

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1				\$125.71			\$125.71
2	\$620.81			\$55.10			\$675.91
3	\$660.24	\$649.20		\$153.98			\$1,463.42
4	\$660.00						\$660.00
5	\$4,043.34			\$368.04			\$4,411.38
6		\$103.50		\$10.35			\$113.85
7				\$69.00			\$69.00
8	\$372.12			\$37.21			\$409.33
9				\$112.00			\$112.00
TOTAL	\$6,356.51	\$752.70	\$0.00	\$931.39	\$0.00	\$0.00	\$8,040.60

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: OAK-04-10-R1-3

Subject: State Compensation Insurance Fund

Location: San Jose

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 11 divide by # claims with payable indem 58 = 0.18966

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

Total unpd indem. = \$ 14,563.24 divide by # of claims with obligation to pay indem. 58
Avg Unpd Ind = \$ 251.09

C. Severity Rate

Avg Unpd Indem \$ 251.09 divide by avg unpd indem 2006-2008 of \$ 174.52 = 1.43875

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.18966 X Severity rate 1.43875 X modifier of 2
= 0.54573

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

# claims with late 1st TD	17	divide by # with TD payments	55	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	17	divide by	Totals 55	=
				0.30909

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

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

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

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

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

# claims with AME/QME notice violations	15	divide by # requiring notices	49	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	1	divide by # requiring notices	8	
Totals	16		Totals 57	
				= 0.28070

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2010

1.40805

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

Calendar Year: 2010

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	61
Indemnity	58
Medical Only	0
Denied	0
Complaints	3
Additional	0

Audit No: OAK-04-10-R1-3

Subject: State Compensation Insurance Fund

Location: San Jose

Type: INS/TPA

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	20	\$7,580	\$7,580	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	2	\$720	\$720	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	10	\$1,510	\$1,510	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	1	\$100	\$100	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	20	\$5,075	\$5,075	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	10	\$6,900	\$6,900	\$0	\$0	
Failure to pay any PD indemnity benefit.	1	\$1,500	\$1,500	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	2	\$350	\$350	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	66	\$23,735	\$23,735	\$0	\$0	

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

Calendar Year: 2010
Notices of Compensation Due

Individual Exhibit 3

Audit No: OAK-04-10-R1-3

Subject: State Compensation Insurance Fund

Location: San Jose

Type: INS/TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1		\$4,819.05		\$481.91			\$5,300.96
2	\$219.13			\$21.91			\$241.04
3	\$1,034.38			\$93.76			\$1,128.14
4	\$1,182.27			\$55.73			\$1,238.00
5	\$852.47						\$852.47
6	\$1,759.47			\$175.95			\$1,935.42
7	\$293.48						\$293.48
8	\$506.91			\$185.09			\$692.00
9	\$1,104.00			\$110.40			\$1,214.40
10	\$1,508.27			\$113.70			\$1,621.97
11				\$45.36			\$45.36
TOTAL	\$8,460.38	\$4,819.05	\$0.00	\$1,283.81	\$0.00	\$0.00	\$14,563.24

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: OAK-14-10-R1-1

Subject: State Compensation Insurance Fund

Location: Santa Rosa

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

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

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

Total unpd indem. = \$ 4,185.80 divide by # of claims with obligation to pay indem. 58
Avg Unpd Ind = \$ 72.17

C. Severity Rate

Avg Unpd Indem \$ 72.17 divide by avg unpd indem 2006-2008 of \$ 174.52 = 0.41353

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.12069 X Severity rate 0.41353 X modifier of 2
= 0.09982

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

# claims with late 1st TD	18	divide by # with TD payments	56	
# claims with first SC notice violations	1	divide by # with salary continuation	1	
Totals	19	divide by	Totals 57	=
				0.33333

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

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

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 5 divide by # with subsequent payments 34 = 0.14706

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

# claims with AME/QME notice violations	15	divide by # requiring notices	57	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	1	divide by # requiring notices	9	
Totals	16		Totals 66	
				= 0.24242

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2010

1.13513

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

Calendar Year: 2010

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: OAK-14-10-R1-1

Subject: State Compensation Insurance Fund

Location: Santa Rosa

Type: INS

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	20	\$6,070	\$6,070	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	6	\$1,450	\$1,450	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	10	\$2,595	\$2,595	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	1	\$80	\$80	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	17	\$3,600	\$3,600	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	7	\$3,000	\$3,000	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	4	\$1,550	\$1,550	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	65	\$18,345	\$18,345	\$0	\$0	

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

Calendar Year: 2010
Notices of Compensation Due

Individual Exhibit 3

Audit No: OAK-14-10-R1-1

Subject: State Compensation Insurance Fund

Location: Santa Rosa

Type: INS

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$105.72						\$105.72
2	\$1,142.85			\$1,150.43			\$2,293.28
3	\$118.22			\$257.68			\$375.90
4	\$148.57						\$148.57
5	\$642.42			\$61.28			\$703.70
6	\$462.55			\$35.98			\$498.53
7	\$54.64			\$5.46			\$60.10
TOTAL	\$2,674.97	\$0.00	\$0.00	\$1,510.83	\$0.00	\$0.00	\$4,185.80

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: LAO-12-10-R1-1

Subject: Tokio Marine & Nichido Fire Insurance Company, Ltd.

Location: Pasadena

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 5 divide by # claims with payable indem 56 = 0.08929

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

Total unpd indem. = \$ 483.05 divide by # of claims with obligation to pay indem. 56
Avg Unpd Ind = \$ 8.63

C. Severity Rate

Avg Unpd Indem \$ 8.63 divide by avg unpd indem 2006-2008 of \$ 174.52 = 0.04943

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.08929 X Severity rate 0.04943 X modifier of 2
= 0.00883

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

# claims with late 1st TD	5	divide by # with TD payments	49	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	5	divide by	Totals 49	=
				0.10204

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

# claims with late first PD	4	divide by # with first PD	18	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	0	divide by # with first DB paid	1	
Totals	4	divide by	Totals 19	=
				0.21053

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 13 divide by # with subsequent payments 45 = 0.28889

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

# claims with AME/QME notice violations	11	divide by # requiring notices	49	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	7	divide by # requiring notices	18	
Totals	18		Totals 67	=
				0.26866

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2010

0.87894

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

Calendar Year: 2010

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: LAO-12-10-R1-1

Subject: Tokio Marine & Nichodo Fire Insurance Company, Ltd.

Location: Pasadena

Type: INS

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	5	\$1,800	\$1,800	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	5	\$1,260	\$1,260	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	21	\$3,635	\$3,635	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	7	\$2,700	\$2,700	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	13	\$2,225	\$2,225	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	4	\$1,200	\$1,200	\$0	\$0	
Failure to pay any PD indemnity benefit.	1	\$400	\$400	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	1	\$150	\$150	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	57	\$13,370	\$13,370	\$0	\$0	

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

Calendar Year: 2010
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-12-10-R1-1

Subject: Tokio Marine & Nichido Fire Insurance Company, Ltd.

Location: Pasadena

Type: INS

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$113.61			\$0.50			\$114.11
2	\$79.27			\$28.22			\$107.49
3	\$126.91			\$6.57			\$133.48
4	\$29.40						\$29.40
5		\$98.57					\$98.57
TOTAL	\$349.19	\$98.57	\$0.00	\$35.29	\$0.00	\$0.00	\$483.05

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: OAK-10-10-R1-3

Subject: Travelers Company

Location: Walnut Creek

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 6 divide by # claims with payable indem 58 = 0.10345

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

Total unpd indem. = \$ 12,697.07 divide by # of claims with obligation to pay indem. 58
 Avg Unpd Ind = \$ 218.92

C. Severity Rate

Avg Unpd Indem \$ 218.92 divide by avg unpd indem 2006-2008 of \$ 174.52 = 1.25438

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.10345 X Severity rate 1.25438 X modifier of 2
 = **0.25953**

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

# claims with late 1st TD	13	divide by # with TD payments	53	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	13	divide by	Totals 53	=
				0.24528

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

# claims with late first PD	0	divide by # with first PD	20	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	0	divide by	Totals 20	=
				0.00000

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 5 divide by # with subsequent payments 41 =
0.12195

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

# claims with AME/QME notice violations	4	divide by # requiring notices	57	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	5	divide by # requiring notices	21	
Totals	9		Totals 78	=
				0.11538

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2010

0.74215

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

Calendar Year: 2010

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: OAK-10-10-R1-3

Subject: Travelers Company

Location: Walnut Creek

Type: INS / TPA

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	16	\$3,070	\$3,070	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	0	\$0	\$0	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	7	\$1,600	\$1,600	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	5	\$2,100	\$2,100	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	4	\$625	\$625	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	4	\$6,000	\$6,000	\$0	\$0	
Failure to pay any PD indemnity benefit.	1	\$800	\$800	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	2	\$200	\$200	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	1	\$3,000	\$3,000	\$0	\$0	
TOTAL	40	\$17,395	\$17,395	\$0	\$0	

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

Calendar Year: 2010
Notices of Compensation Due

Individual Exhibit 3

Audit No: OAK-10-10-R1-3

Subject: Travelers Company

Location: Walnut Creek

Type: INS / TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$44.07	\$1,611.19		\$225.23			\$1,880.49
2	\$2,111.44						\$2,111.44
3	\$172.24			\$17.22			\$189.46
4		\$7,935.00					\$7,935.00
5				\$37.78			\$37.78
6	\$542.90						\$542.90
TOTAL	\$2,870.65	\$9,546.19	\$0.00	\$280.23	\$0.00	\$0.00	\$12,697.07

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: SAC-02-10-R1-5

Subject: TriStar Risk Management

Location: Fresno

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 1 divide by # claims with payable indem 55 = 0.01818

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

Total unpd indem. = \$ 128.12 divide by # of claims with obligation to pay indem. 55
Avg Unpd Ind = \$ 2.33

C. Severity Rate

Avg Unpd Indem \$ 2.33 divide by avg unpd indem 2006-2008 of \$ 174.52 = 0.01335

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.01818 X Severity rate 0.01335 X modifier of 2
= 0.00049

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

# claims with late 1st TD	4	divide by # with TD payments	28	
# claims with first SC notice violations	8	divide by # with salary continuation	31	
Totals	12	divide by	Totals 59	=
				0.20339

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

# claims with late first PD	0	divide by # with first PD	6	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	0	divide by	Totals 6	=
				0.00000

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 2 divide by # with subsequent payments 17 = 0.11765

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

# claims with AME/QME notice violations	1	divide by # requiring notices	54	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	1	divide by # requiring notices	22	
Totals	2		Totals 76	
				= 0.02632

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2010

0.34784

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

Calendar Year: 2010

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: SAC-02-10-R1-5

Subject: TriStar Risk Management

Location: Fresno

Type: TPA

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	4	\$1,900	\$1,900	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	0	\$0	\$0	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	3	\$500	\$500	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	8	\$350	\$350	\$0	\$0	
Failure to notify an injured employee of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	1	\$100	\$100	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	1	\$100	\$100	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	1	\$200	\$200	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	0	\$0	\$0	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	18	\$3,150	\$3,150	\$0	\$0	

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

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: OAK-02-10-R1-2

Subject: U. S. Concrete

Location: San Jose

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 3 divide by # claims with payable indem 29 = 0.10345

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

Total unpd indem. = \$ 4,600.26 divide by # of claims with obligation to pay indem. 29
 Avg Unpd Ind = \$ 158.63

C. Severity Rate

Avg Unpd Indem \$ 158.63 divide by avg unpd indem 2006-2008 of \$ 174.52 = 0.90895

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.10345 X Severity rate 0.90895 X modifier of 2
 = **0.18806**

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

# claims with late 1st TD	2	divide by # with TD payments	28	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	2	divide by	Totals 28	=

0.07143

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

# claims with late first PD	1	divide by # with first PD	9	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	1	divide by	Totals 9	=

0.11111

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

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

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

# claims with AME/QME notice violations	12	divide by # requiring notices	27	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	0	divide by # requiring notices	7	
Totals	12		Totals 34	

= **0.35294**

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2010

0.89745

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

Calendar Year: 2010

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	29
Indemnity	29
Medical Only	0
Denied	0
Complaints	0
Additional	0

Audit No: OAK-02-10-R1-2

Subject: U. S. Concrete

Location: San Jose

Type: SI

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	2	\$570	\$570	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	1	\$1,200	\$1,200	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	6	\$800	\$800	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	14	\$2,725	\$2,725	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	1	\$1,000	\$1,000	\$0	\$0	
Failure to pay any PD indemnity benefit.	1	\$800	\$800	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	1	\$50	\$50	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	26	\$7,145	\$7,145	\$0	\$0	

Administrative penalties assessed pursuant to Labor Code Section 129.5(Assessment

Calendar Year: 2010
Notices of Compensation Due

Individual Exhibit 3

Audit No: OAK-02-10-R1-2

Subject: U. S. Concrete

Location: San Jose

Type: SI

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1		\$2,541.50					\$2,541.50
2				\$82.83			\$82.83
3	\$1,975.93						\$1,975.93
TOTAL	\$1,975.93	\$2,541.50	\$0.00	\$82.83	\$0.00	\$0.00	\$4,600.26

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: SAC-08-10-T1-1

Subject: Unigard Insurance Group

Location: Roseville

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 0 divide by # claims with payable indem 1 = 0.00000

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

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

C. Severity Rate

Avg Unpd Indem \$ - divide by avg unpd indem 2006-2008 of \$ 174.52 = 0.00000

D. Factor for Failure to pay Undisputed Accrued Indemnity

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

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

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

0.00000

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

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

0.00000

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

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

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

# claims with AME/QME notice violations	1	divide by # requiring notices	1	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	1	divide by # requiring notices	1	
Totals	2		Totals	2

= 1.00000

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2010

1.00000

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

Calendar Year: 2010

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: SAC-08-10-T1-1

Subject: Unigard Insurance Group

Location: Roseville

Type: INS

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	0	\$0	\$0	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	0	\$0	\$0	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	0	\$0	\$0	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	1	\$100	\$100	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	1	\$100	\$100	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	0	\$0	\$0	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	0	\$0	\$0	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	2	\$200	\$200	\$0	\$0	

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

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: OAK-09-10-T2-1

Subject: Utica National Insurance Group

Location: Richardson, TX

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 0 divide by # claims with payable indem 12 = 0.00000

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

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

C. Severity Rate

Avg Unpd Indem \$ - divide by avg unpd indem 2006-2008 of \$ 174.52 = 0.00000

D. Factor for Failure to pay Undisputed Accrued Indemnity

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

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

# claims with late 1st TD	3	divide by # with TD payments	11	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	3	divide by	Totals	11
				=
				0.27273

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

# claims with late first PD	0	divide by # with first PD	2	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	0	divide by	Totals	2
				=
				0.00000

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 4 divide by # with subsequent payments 6 =
0.66667

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

# claims with AME/QME notice violations	7	divide by # requiring notices	8	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	5	divide by # requiring notices	5	
Totals	12		Totals	13
				=
				0.92308

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2010

1.86247

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

Full Compliance Audit Performance Rating of Randomly Selected Claims

Audit No: OAK-09-10-T2-1

Subject: Utica National Insurance Group

Location: Richardson, TX

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 0 divide by # claims with payable indem 14 = 0.00000

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

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

C. Severity Rate

Avg Unpd Ind. \$ - divide by avg unpd indem 2006-2008 of \$ 174.52 = 0.00000

D. Factor for Failure to pay Undisputed Accrued Indemnity

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

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

# claims with late 1st TD	3	divide by # with TD payments	13	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	3	divide by	Totals 13	=
				0.23077

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

# claims with late first PD	0	divide by # with first PD	2	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims/late first death benefits	0	divide by # with first death ben paid	0	
Totals	0	divide by	Totals 2	=
				0.00000

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subseq payments 4 divide by # with subseq payments 6 = 0.66667

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

# claims with AME/QME notice violations	9	divide by # requiring notices	10	
# claims with VR potential eligibilty notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	6	divide by # requiring notices	6	
Totals	15		Totals 16	=
				0.93750

FULL COMPLIANCE AUDIT PERFORMANCE RATING - 2010

Full Compliance Audit Performance Rating of indemnity files of 2.08063 or greater is a failing score.

1.83494

Calendar Year: 2010

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	14
Indemnity	14
Medical Only	0
Denied	0
Complaints	0
Additional	0

Audit No: OAK-09-10-T2-1

Subject: Utica National Insurance Group

Location: Richardson, TX

Type: INS

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	6	\$1,080	\$0	\$1,080	\$1,080	
Late first payment of permanent disability indemnity benefits (PD).	0	\$0	\$0	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	8	\$1,040	\$0	\$1,040	\$1,040	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	6	\$3,000	\$3,000	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	14	\$2,250	\$2,250	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	0	\$0	\$0	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	0	\$0	\$0	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	34	\$7,370	\$5,250	\$2,120	\$2,120	

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

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: LAO-20-10-R1-2

Subject: Vons Companies, Inc.

Location: Arcadia

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

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

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

Total unpd indem. = \$ 13,268.15 divide by # of claims with obligation to pay indem. 57
 Avg Unpd Ind = \$ 232.77

C. Severity Rate

Avg Unpd Indem \$ 232.77 divide by avg unpd indem 2006-2008 of \$ 174.52 = 1.33380

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.14035 X Severity rate 1.33380 X modifier of 2
 = 0.37440

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

# claims with late 1st TD	18	divide by # with TD payments	52	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	18	divide by	Totals	52
				=
				0.34615

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

# claims with late first PD	5	divide by # with first PD	24	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	5	divide by	Totals	24
				=
				0.20833

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 16 divide by # with subsequent payments 47 =
0.34043

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

# claims with AME/QME notice violations	4	divide by # requiring notices	50	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	7	divide by # requiring notices	20	
Totals	11		Totals	70
				=
				0.15714

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2010

1.42646

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

Calendar Year: 2010

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: LAO-20-10-R1-2

Subject: Vons Companies, Inc.

Location: Arcadia

Type: SI

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	23	\$9,855	\$9,855	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	6	\$2,125	\$2,125	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	23	\$4,850	\$4,850	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	7	\$1,650	\$1,650	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	4	\$1,400	\$1,400	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	4	\$2,200	\$2,200	\$0	\$0	
Failure to pay any PD indemnity benefit.	3	\$2,800	\$2,800	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	5	\$1,100	\$1,100	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	75	\$25,980	\$25,980	\$0	\$0	

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

Calendar Year: 2010
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-20-10-R1-2

Subject: Vons Companies, Inc.

Location: Arcadia

Type: SI

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1		\$974.22					\$974.22
2	\$1,361.92			\$188.98			\$1,550.90
3	\$158.05			\$15.80			\$173.85
4		\$946.56		\$396.92			\$1,343.48
5	\$1,383.63						\$1,383.63
6		\$7,669.97					\$7,669.97
7				\$107.25			\$107.25
8				\$64.85			\$64.85
TOTAL	\$2,903.60	\$9,590.75	\$0.00	\$773.80	\$0.00	\$0.00	\$13,268.15

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: SAC-12-10-R1-5

Subject: York Insurance Services Group, Inc.

Location: Fresno

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

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

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

Total unpd indem. = \$ 2,558.45 divide by # of claims with obligation to pay indem. 55
 Avg Unpd Ind = \$ 46.52

C. Severity Rate

Avg Unpd Indem \$ 46.52 divide by avg unpd indem 2006-2008 of \$ 174.52 = 0.26654

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.12727 X Severity rate 0.26654 X modifier of 2
 = **0.06785**

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

# claims with late 1st TD	2	divide by # with TD payments	22	
# claims with first SC notice violations	6	divide by # with salary continuation	32	
Totals	8	divide by	Totals	54
				=
				0.14815

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

# claims with late first PD	3	divide by # with first PD	12	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	3	divide by	Totals	12
				=
				0.25000

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 3 divide by # with subsequent payments 18 =
0.16667

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

# claims with AME/QME notice violations	15	divide by # requiring notices	53	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	2	divide by # requiring notices	10	
Totals	17		Totals	63
				=
				0.26984

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2010

0.90250

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

Calendar Year: 2010

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: SAC-12-10-R1-5

Subject: York Insurance Services Group, Inc.

Location: Fresno

Type: TPA

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	3	\$400	\$400	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	4	\$3,540	\$3,540	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	3	\$1,360	\$1,360	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	6	\$200	\$200	\$0	\$0	
Failure to notify an injured employee of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	2	\$300	\$300	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	17	\$3,750	\$3,750	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	2	\$400	\$400	\$0	\$0	
Failure to pay any PD indemnity benefit.	4	\$1,600	\$1,600	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	4	\$1,400	\$1,400	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	45	\$12,950	\$12,950	\$0	\$0	

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

Calendar Year: 2010
Notices of Compensation Due

Individual Exhibit 3

Audit No: SAC-12-10-R1-5

Subject: York Insurance Services Group, Inc.

Location: Fresno

Type: TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1		\$765.90		\$176.29			\$942.19
2	\$106.87			\$0.59			\$107.46
3				\$534.64			\$534.64
4		\$207.00		\$20.70			\$227.70
5		\$40.39		\$86.18		\$5.84	\$132.41
6	\$111.37			\$11.14			\$122.51
7		\$446.85		\$44.69			\$491.54
TOTAL	\$218.24	\$1,460.14	\$0.00	\$874.23	\$0.00	\$5.84	\$2,558.45

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: VNO-01-10-R3-5

Subject: York Insurance Services Group, Inc.

Location: Oxnard

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 15 divide by # claims with payable indem 56 = 0.26786

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

Total unpd indem. = \$ 43,119.29 divide by # of claims with obligation to pay indem. 56
Avg Unpd Ind = \$ 769.99

C. Severity Rate

Avg Unpd Indem \$ 769.99 divide by avg unpd indem 2006-2008 of \$ 174.52 = 4.41203

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.26786 X Severity rate 4.41203 X modifier of 2
= 2.36359

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

# claims with late 1st TD	2	divide by # with TD payments	9	
# claims with first SC notice violations	21	divide by # with salary continuation	43	
Totals	23	divide by	Totals 52	=
				0.44231

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

# claims with late first PD	6	divide by # with first PD	20	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	6	divide by	Totals 20	=
				0.30000

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 4 divide by # with subsequent payments 21 = 0.19048

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

# claims with AME/QME notice violations	3	divide by # requiring notices	50	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	3	divide by # requiring notices	11	
Totals	6		Totals 61	
				= 0.09836

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2010

3.39473

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

Full Compliance Audit Performance Rating of Randomly Selected Claims

Audit No: VNO-02-10-R3-5

Subject: York Insurance Services Group, Inc.

Location: Oxnard

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 31 divide by # claims with payable indem 123 = 0.25203

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

Total unpd indem = \$ 85,093.55 divide by # of claims with obligation to pay indem. 123
 Avg Unpd Ind = \$ 691.82

C. Severity Rate

Avg Unpd Ind. \$ 691.82 divide by avg unpd indem 2006-2008 of \$ 174.52 = 3.96412

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.25203 X Severity rate 3.96412 X modifier of 2
 = 1.99817

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

# claims with late 1st TD	5	divide by # with TD payments	22	
# claims with first SC notice violations	33	divide by # with salary continuation	95	
Totals	38	divide by	Totals 117	=
				0.32479

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

# claims with late first PD	13	divide by # with first PD	41	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims/late first death benefits	0	divide by # with first death ben paid	0	
Totals	13	divide by	Totals 41	=
				0.31707

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

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

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

# claims with AME/QME notice violations	5	divide by # requiring notices	99	
# claims with VR potential eligibilty notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	7	divide by # requiring notices	30	
Totals	12		Totals 129	
				=
				0.09302

FULL COMPLIANCE AUDIT PERFORMANCE RATING - 2010

2.99496

Full Compliance Audit Performance Rating of indemnity files of 2.08063 or greater is a failing score.

Full Compliance Audit Performance Rating of Randomly Selected Claims

Audit No: VNO-02-10-R3-5

Subject: York Insurance Services Group, Inc.

Location: Oxnard

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 25 divide by # claims with payable indem 123 = 0.20325

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

Total unpd indem = \$ 82,602.16 divide by # of claims with obligation to pay indem. 123
 Avg Unpd Ind = \$ 671.56

C. Severity Rate

Avg Unpd Ind. \$ 671.56 divide by avg unpd indem 2006-2008 of \$ 174.52 = 3.84805

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.20325 X Severity rate 3.84805 X modifier of 2
 = 1.56425

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

# claims with late 1st TD	5	divide by # with TD payments	22	
# claims with first SC notice violations	32	divide by # with salary continuation	97	
Totals	37	divide by	Totals	119
				=
				0.31092

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

# claims with late first PD	11	divide by # with first PD	41	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims/late first death benefits	0	divide by # with first death ben paid	0	
Totals	11	divide by	Totals	41
				=
				0.26829

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subseq payments 8 divide by # with subseq payments 42 =
0.19048

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

# claims with AME/QME notice violations	5	divide by # requiring notices	102	
# claims with VR potential eligibilty notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	4	divide by # requiring notices	29	
Totals	9	Totals	131	
				=
				0.06870

FINAL FULL COMPLIANCE AUDIT PERFORMANCE RATING

2.40264

Files Audited:	173
Indemnity	123
Medical Only	0
Denied	49
Complaints	1
Additional	0

Audit No: VNO-02-10-R3-5

Subject: York Insurance Services Group, Inc.

Location: Oxnard

Type: TPA

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	7	\$4,080	\$0	\$4,080	\$0	√
Late first payment of permanent disability indemnity benefits (PD).	12	\$13,952	\$0	\$13,952	\$3,552	√
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	11	\$10,208	\$0	\$10,208	\$1,856	√
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	12	\$1,920	\$0	\$1,920	\$1,440	√
Late provision of benefit notices other than specific notices for VR and for denial of injury.	54	\$4,616	\$0	\$4,616	\$2,952	√
Failure to notify an injured employee of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	4	\$2,560	\$0	\$2,560	\$960	√
Failure to comply with requirements to provide notice of the QME/AME process.	8	\$3,920	\$0	\$3,920	\$2,640	√
Failure to pay any TD or SC in lieu of TD.	12	\$23,200	\$0	\$23,200	\$2,720	√
Failure to pay any PD indemnity benefit.	18	\$28,160	\$0	\$28,160	\$5,760	√
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	4	\$3,200	\$0	\$3,200	\$0	√
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	

Calendar Year: 2010
Penalty Assessments and Collections

Files Audited:	<u>173</u>
Indemnity	<u>123</u>
Medical Only	<u>0</u>
Denied	<u>49</u>
Complaints	<u>1</u>
Additional	<u>0</u>

Audit No: VNO-02-10-R3-5

Subject: York Insurance Services Group, Inc.

Location: Oxnard

Type: TPA

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Failure to pay or object to medical treatment expense in the manner required by law or regulation.	46	\$13,880	\$0	\$13,880	\$8,140	√
Failure to pay or object to medical-legal expense in the manner required by law or regulation.	3	\$1,260	\$0	\$1,260	\$780	√
Failure to pay or object to VR expense (injuries through 12/31/03) or issue training or SJDB voucher (injuries on/after 01/01/04) in the manner required by law or regulation.	0	\$0	\$0	\$0	\$0	
Failure to timely assign a QRR to an employee after 90 aggregate days of total TD for injuries prior to 01/01/94.	0	\$0	\$0	\$0	\$0	
Failure to provide VR information after 90 aggregate days of total TD (injuries 1/1/94 through 12/31/03).	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of non-eligibility for VR.	0	\$0	\$0	\$0	\$0	
Failure to provide notices denying all liability or death benefits as required.	2	\$560	\$0	\$560	\$560	
Failure to timely respond to a request to provide or authorize medical treatment.	0	\$0	\$0	\$0	\$0	
Failure to include specific items or properly designate entries on a claim log.	0	\$0	\$0	\$0	\$0	
Materially incomplete or inaccurate benefit notices including denial for all liability, other than specific vocational rehabilitation notices.	5	\$200	\$0	\$200	\$80	√
Failure to investigate.	0	\$0	\$0	\$0	\$0	
Late payment of WCAB Orders or Awards or RU Orders for late payment of attorney fees and issues other than late payment of indemnity.	0	\$0	\$0	\$0	\$0	
Penalties for failure to comply with any regulation of the AD not otherwise assessed.	14	\$2,120	\$0	\$2,120	\$1,800	√
Unsupported denial of all liability for a claim.	1	\$3,200	\$0	\$3,200	\$0	√
TOTAL	213	\$117,036	\$0	\$117,036	\$33,240	

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

Calendar Year: 2010
Notices of Compensation Due

Audit No: VNO-02-10-R3-5

Subject: York Insurance Services Group, Inc.

Location: Oxnard

Type: TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$10,818.10			\$1,081.81			\$11,899.91
2	\$410.58						\$410.58
3		\$891.25					\$891.25
4	\$34.84						\$34.84
5		\$226.71		\$22.67			\$249.38
6		\$730.01		\$429.73			\$1,159.74
7	\$160.85	\$723.27		\$72.33			\$956.45
8		\$9,939.29					\$9,939.29
9		\$4,692.00		\$469.20			\$5,161.20
10	\$602.91						\$602.91
11		\$808.29					\$808.29
12		\$2,327.93		\$1,507.65			\$3,835.58
13		\$7,286.48		\$728.65			\$8,015.13
14	\$29.08						\$29.08
15	\$1,047.48	\$2,070.00					\$3,117.48
16		\$1,683.11		\$276.00			\$1,959.11
17		\$6,210.00		\$621.00			\$6,831.00
18	\$1,687.51			\$168.75			\$1,856.26
19		\$423.85		\$42.39			\$466.24
20		\$4,830.00		\$483.00			\$5,313.00
21	\$645.77						\$645.77
SUBTOTAL	\$15,437.12	\$42,842.19	\$0.00	\$5,903.18	\$0.00	\$0.00	\$64,182.49

Calendar Year: 2010
Notices of Compensation Due

Audit No: VNO-02-10-R3-5

Subject: York Insurance Services Group, Inc.

Location: Oxnard

Type: TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
22	\$13.55			\$621.00			\$634.55
23	\$5,943.59	\$9,465.98					\$15,409.57
24	\$100.10						\$100.10
25		\$820.97		\$82.10			\$903.07
26		\$3,228.64					\$3,228.64
Page 2 SUBTOTAL	\$6,057.24	\$13,515.59	\$0.00	\$703.10	\$0.00	\$0.00	\$20,275.93
Page 1 SUBTOTAL	\$15,437.12	\$42,842.19	\$0.00	\$5,903.18	\$0.00	\$0.00	\$64,182.49
TOTAL	\$21,494.36	\$56,357.78	\$0.00	\$6,606.28	\$0.00	\$0.00	\$84,458.42

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: LAO-02-10-R1-1

Subject: Zenith Insurance Company

Location: San Diego

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

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

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

Total unpd indem. = \$ 1,221.37 divide by # of claims with obligation to pay indem. 57
 Avg Unpd Ind = \$ 21.43

C. Severity Rate

Avg Unpd Indem \$ 21.43 divide by avg unpd indem 2006-2008 of \$ 174.52 = 0.12278

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.14035 X Severity rate 0.12278 X modifier of 2
 = **0.03446**

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

# claims with late 1st TD	10	divide by # with TD payments	54	
# claims with first SC notice violations	0	divide by # with salary continuation	3	
Totals	10	divide by	Totals 57	=

0.17544

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

# claims with late first PD	0	divide by # with first PD	16	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	0	divide by	Totals 16	=

0.00000

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 6 divide by # with subsequent payments 36 =
0.16667

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

# claims with AME/QME notice violations	2	divide by # requiring notices	48	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	7	divide by # requiring notices	19	
Totals	9		Totals 67	=

0.13433

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2010

0.51090

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

Calendar Year: 2010

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: LAO-02-10-R1-1

Subject: Zenith Insurance Company

Location: San Diego

Type: INS

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	13	\$2,600	\$2,600	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	0	\$0	\$0	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	14	\$2,225	\$2,225	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	7	\$2,700	\$2,700	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	2	\$600	\$600	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	6	\$1,400	\$1,400	\$0	\$0	
Failure to pay any PD indemnity benefit.	1	\$400	\$400	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	1	\$500	\$500	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	44	\$10,425	\$10,425	\$0	\$0	

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

Calendar Year: 2010
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-02-10-R1-1

Subject: Zenith Insurance Company

Location: San Diego

Type: INS

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1		\$292.78		\$29.28			\$322.06
2	\$48.42						\$48.42
3	\$53.38			\$3.11			\$56.49
4	\$65.41						\$65.41
5	\$387.02			\$38.70			\$425.72
6				\$117.30		\$2.57	\$119.87
7	\$37.14			\$3.43			\$40.57
8	\$142.83						\$142.83
TOTAL	\$734.20	\$292.78	\$0.00	\$191.82	\$0.00	\$2.57	\$1,221.37

Profile Audit Review Performance Rating of Randomly Selected Claims

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

Subject: Zenith Insurance Company

Location: Woodland Hills

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

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

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

Total unpd indem. = \$ 5,332.24 divide by # of claims with obligation to pay indem. 57
 Avg Unpd Ind = \$ 93.55

C. Severity Rate

Avg Unpd Indem \$ 93.55 divide by avg unpd indem 2006-2008 of \$ 174.52 = 0.53603

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.14035 X Severity rate 0.53603 X modifier of 2
 = **0.15046**

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

# claims with late 1st TD	17	divide by # with TD payments	54	
# claims with first SC notice violations	0	divide by # with salary continuation	1	
Totals	17	divide by	Totals 55	=

0.30909

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

# claims with late first PD	0	divide by # with first PD	22	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	0	divide by	Totals 22	=

0.00000

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 5 divide by # with subsequent payments 42 =
0.11905

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

# claims with AME/QME notice violations	7	divide by # requiring notices	37	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
# claims with SJDB notice violations	1	divide by # requiring notices	14	
Totals	8		Totals 51	=

0.15686

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2010

0.73547

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

Calendar Year: 2010

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	60
Indemnity	57
Medical Only	0
Denied	0
Complaints	3
Additional	0

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

Subject: Zenith Insurance Company

Location: Woodland Hills

Type: INS

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	18	\$3,500	\$3,500	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	5	\$4,750	\$4,750	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	10	\$2,460	\$2,460	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for VR or denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee of potential eligibility for VR as required for injuries through 12/31/03 or for Supplemental Job Displacement Benefits (SJDB) for injuries on/after 01/01/04 in the manner required by law or regulation.	1	\$100	\$100	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	7	\$2,900	\$2,900	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	7	\$4,500	\$4,500	\$0	\$0	
Failure to pay any PD indemnity benefit.	1	\$400	\$400	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	1	\$500	\$500	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	50	\$19,110	\$19,110	\$0	\$0	

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

Calendar Year: 2010
Notices of Compensation Due

Individual Exhibit 3

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

Subject: Zenith Insurance Company

Location: Woodland Hills

Type: INS

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$477.09			\$46.09			\$523.18
2	\$28.00			\$2.80			\$30.80
3	\$25.57			\$2.02			\$27.59
4				\$505.62			\$505.62
5	\$1,193.01			\$119.30			\$1,312.31
6	\$68.37	\$39.16		\$10.63			\$118.16
7	\$793.08						\$793.08
8	\$1,845.19			\$176.31			\$2,021.50
TOTAL	\$4,430.31	\$39.16	\$0.00	\$862.77	\$0.00	\$0.00	\$5,332.24