



2012 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**

2012 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 23rd annual workers' compensation report summarizing the results of audits conducted by the DWC Audit Unit.

2012 Audit Results

Profile Audit Review (PAR) standard – 1.74514 / Full Compliance Audit (FCA) standard – 2.00996

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 and compliance with the regulations of the Administrative Director for provision of notice for a qualified or agreed medical evaluation are also measurable factors for performance.

The DWC Audit Unit completed a total of 64 profile audit reviews (PAR audits). Of the PAR audits, 61 were routinely selected and three were target audits, which were conducted based upon failure of a prior audit. The total number of PAR audit subjects included 15 insurance companies, 14 self-administered / self-insured employers, 30 third-party administrators (TPA), and five 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 the three calendar years prior to audit commencement. In addition, if any complaints were received regarding possible violations of the Labor Code or regulations of the Administrative Director, each respective claim file related to a complaint may have been part of the audit pursuant to California Code of Regulations, title 8, sections 10107.1 (c)(2), (d)(2), and (e)(2).

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

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

In 2012, within the PAR/FCA audits, compliance officers audited 3,445 claim files, of which 3,387 were randomly selected claims in which some form of indemnity benefits was paid. One audit included one randomly selected claim in which the employer or insurer denied all liability. Targeted claims audited included 53 files based on complaints received by the DWC. Four claims were designated as "additional" files. "Additional" files include:

- Claims audited as a companion file to a randomly selected file.
- 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 current audit regulations (California Code of Regulations, title 8, sections 10100.2 through 10115.2) became effective on May 20, 2009. The audit regulations are crafted to produce more efficient audits of workers' compensation claims administrators and also establish new procedures and penalty provisions for statutory and regulatory obligations.

The audit regulations will be subject to further amendment to address the statutory changes brought about with the adoption of Senate Bill (SB) 863. As of January 1, 2013, the amended Labor Code section 4650(b)(2) came into effect and now provides that, under specific circumstances set by statute, permanent disability indemnity (PD) will not be payable to an injured employee until it is awarded by the Workers' Compensation Appeals Board. Audit Unit oversight for payment of permanent disability is diminished for exposure for not only PD but associated payments of self-imposed increase (SII) for violations cited for unpaid PD, late first payment of PD, and untimely subsequent PD payments.

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. Presently, 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 (TD) payments and/or failure to comply with the regulations for the provision of first notices of salary continuation in lieu of TD payment;

- The percentages of claims with late first payments of permanent disability and/or death benefits;
- The percentages of claims with late subsequent indemnity payments; and,
- The percentages of claims with violations involving failure to comply with the regulations for provision of notices to advise injured workers of: the process for selecting Agreed Medical Examiners and/or Qualified Medical Examiners; and/or the right to supplemental job displacement benefit (SJDB) for claims with dates of injury on or after January 1, 2004. The enforcement for provision of the SJDB notice was suspended as of January 1, 2012, when the statutory basis for the provision of the notice [Labor Code section 4658.5(c)] was repealed.

As calculated pursuant to California Code of Regulations, title 8, section 10107.1 (c)(3), low performance ratings reflect good claims handling 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 administrative 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 2012 audit that falls within the range of the 80% best scores of all audits conducted from 2008 through 2010 will meet or exceed the PAR performance standard for 2012 which is 1.74514.

Performance Ratings of Audit Subjects

The performance for the 64 audit subjects in 2012 is broken down as follows:

- Fifty-nine audit subjects (92.2%) met or exceeded the PAR 2012 performance standard thereby having all penalty citations not assessed in accordance with Labor Code section 129.5(c) and California Code of Regulations, title 8, section 10107.1(c)(4). These audit subjects were ordered to pay all unpaid compensation.
- Five audit subjects (7.8%) 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). Four of these audit subjects (6.3%) then met or exceeded the FCA-1 2012 standard. For these four 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).
- One of the 64 audit subjects (1.6%) that failed the PAR audit also failed to meet or exceed the FCA performance standard thereby demonstrating poor performance and this claims administrator will be subject to a return target audit

within two years. This audit expanded into an Full Compliance Audit (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. This audit subject was 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 2012 Audit Results Ranking Report** (Statewide Exhibit 4) is part of this annual report and the complete list of the performance ratings for the 64 audit subjects can be reviewed in order, from the best to worst performer.

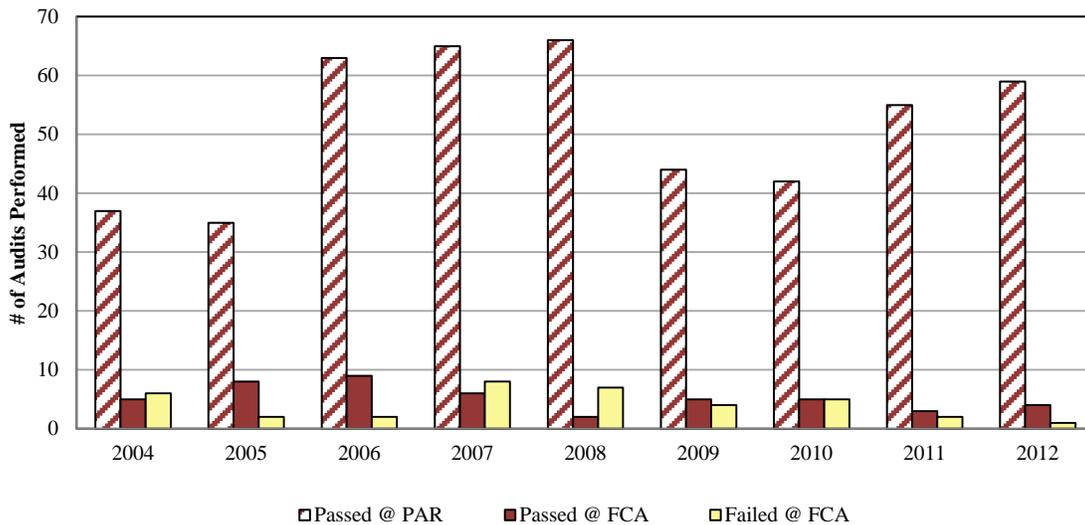
In accordance with Labor Code sections 129(b)(1) and 129.5(c), the pass/failure for an audit is determined at the conclusion of the full compliance audit of indemnity files. An administrator that fails to meet or exceed the Full Compliance Audit Standard is deemed to have failed the audit. While the determination and rating are set at the conclusion of the full compliance audit of indemnity files, the administrator's 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 2012, there will be exhibits for the performance rating(s) of the audit subject, an analysis of the types of violations cited by type and amount subject to collection, and, an analysis for the individual Notice(s) of Compensation Due of the type of indemnity due and unpaid to the injured employees.

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

Audit Results for 2004-2012



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 4E combine individual audit findings within for performance at the PAR and FCA levels for the average rating for all audits conducted in 2012 and/or the average within each of the audit stages.

- 2012 Average final score of the 64 audit subjects: 1.23326
- 2012 PAR standard – 1.74514
Average score of the 59 audit subjects passing PAR: 1.10531
Average score of the five audit subjects failing PAR: 2.46456
- 2012 FCA standard – 2.00996
Average score of the four audit subjects passing FCA stage 1: 1.81123
Score of the audit subject failing FCA stage 1: 14.76065

Appeals

In 2012, two claims administrators disputed one or more penalties cited in the course of their respective audits.

Fireman's Fund – Rancho Cordova; has challenged a Notice of Compensation Due. The actual Notice must be reviewed by the Workers' Compensation Appeals Board. Once the issue is ruled on by the WCAB, the appeal penalties assessed by the Audit Unit will proceed.

Garden Grove Unified School District – Garden Grove; challenged a Notice of Compensation Due. Partial payment was made for the notice with the difference being the timing for taking a 15% decrease in permanent disability indemnity payments under Labor Code section 4650(d)(3). The amendment to Labor Code section 4650 which took effect on January 1, 2011 (see Labor Code section (b)(2) renders the appeal moot since there has not yet been an award of benefits. After paying the undisputed indemnity cited, the performance rating for the audit was recalculated by the Audit Unit and the audit subject requested dismissal of the appeal.

Fireman's Fund and audit subjects from prior years with pending appeals have requested conferences 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.

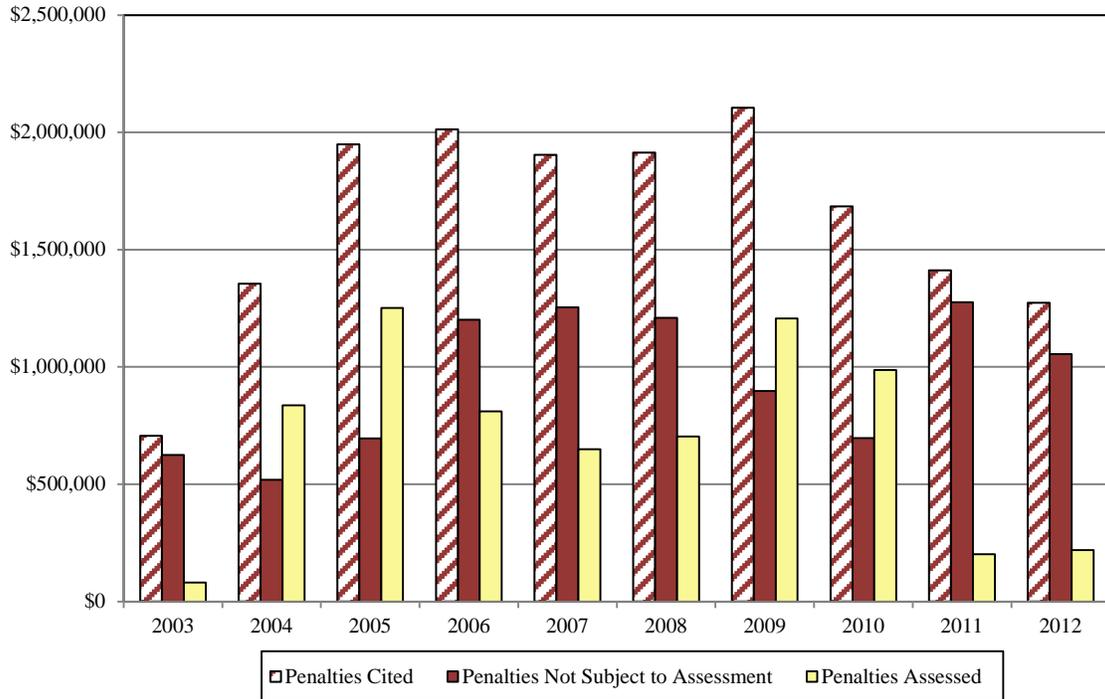
Violations of Administrative Director's Regulations

As a result of PAR/FCA audits conducted during the calendar year 2012, the Audit Unit found and cited 4,690 violations against claims administrators with administrative penalties totaling \$1,273,489 (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 and advice for agreed or qualified medical examination. 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. For the FCA stage 2 audit, in accordance with Labor Code section 129.5(c)(3), a comprehensive file review is conducted and penalties are assessed for all violations found. Penalties assessed for a failed FCA stage 2 audit may be modified relative to the size of the adjusting location to mitigate any inequities for penalty assessment for small and large claims administrators in accordance with California Code of Regulations, title 8, section 10111.2(c)(7).

Statewide Exhibit 2 provides a detailed analysis of all penalties assessable, by type. In accordance with Labor Code section 129.5(c) and regulatory authority, the Audit Unit did not assess \$1,054,720 for administrative penalties of the cited violations. The violations which, by law, were not assessed occurred within 59 of the audits that met or exceeded the PAR performance standard, and four audits that met or exceeded the FCA performance standard. All violations cited in the audit that failed the FCA performance standard were assessed. The assessed penalties subject to collection from claims administrators for FCA audits were \$218,769. The following table provides an analysis of violations cited and penalties assessed and collected in the PAR/FCA audit process for years 2003 through 2012:

Penalty Assessments and Collections for 2003 - 2012



Unpaid Compensation Due to Employees

After the review of files for the PAR/FCA audits, 13.32% of the claims reviewed had unpaid indemnity. The Audit Unit issued 459 Notices of Compensation Due with the final audit reports. Copies of these notices are provided to injured workers in accordance with Labor Code section 129(c). The total compensation cited to be paid was \$494,884.42 (Statewide Exhibit 3), an average of \$1,078.18 per file in which there was unpaid compensation. The unpaid compensation is broken down as follows: \$443,610.53 was found owed in 452 randomly selected claims; and, \$51,273.89 was found owed in seven claims which were audited because of complaints submitted to the Audit Unit.

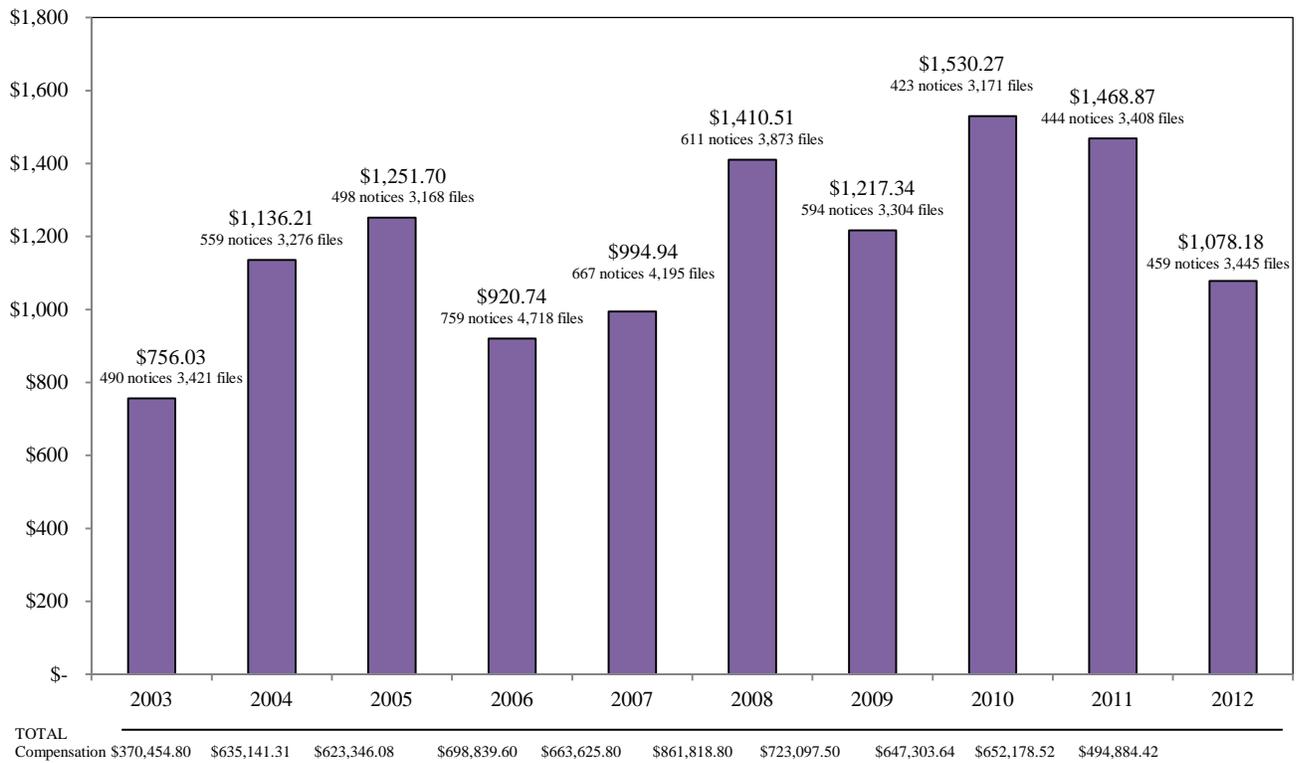
- \$229,107.42 in temporary disability indemnity and salary continuation in lieu of temporary disability (46.30% of the unpaid compensation)
- \$202,744.37 in permanent disability indemnity (40.97% of the unpaid compensation)
- \$62,115.19 in 10% self-imposed increases for late indemnity payments (12.55% of the unpaid compensation)
- \$917.44 in interest and penalty and/or failure to reimburse medical expenses (0.18% 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 2012, \$435.94 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 2003-2012



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

documentation of payment must be forwarded to the Audit Unit within thirty (30) days of receipt of the notice.

Civil Penalty Issues

Civil Penalty Under Labor Code section 129.5(e)

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

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

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

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

In 2012, the Audit Unit conducted a target audit for Balboa Insurance Group as a consequence of a failed routine audit in 2007. While Balboa had addressed deficiencies identified in its initial failed audit, its performance, once again, failed to meet or exceed the full compliance audit performance standard. The Audit Unit and Balboa stipulated to a civil penalty of \$10,000. Balboa was acquired by QBE Holdings, Inc., in 2011. A second target audit will be conducted for this administrator in 2015.

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 2012 identify 388 locations adjusting claims, of which 307 are in California and 81 are out-of-state.

In addition to the penalty assessments totaling \$218,769 that were assessed as a result of audits conducted in 2012, an additional 38 penalties totaling \$10,100 were assessed based on the failure of claims administrators to either file or timely file the Annual Report of Inventory of Claims with the Audit Unit, as required by Title 8, California Code of Regulations section 10104. The penalty assessments are issued pursuant to Title 8, California Code of Regulations, section 10111.2(b)(25). These penalties are not included as part of the audit data within this report.

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

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

Reports submitted for claims reported in 2012 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 2012, five entities qualified for exemption for the filing of the Audit Unit Annual Report of Inventory. There are currently 13 exemptions granted for filing the ARI. Any entity with an ARI waiver is required to file, annually by April 1st, an Annual Report of Adjusting Locations. The limited number of exemptions is directly related WCIS's

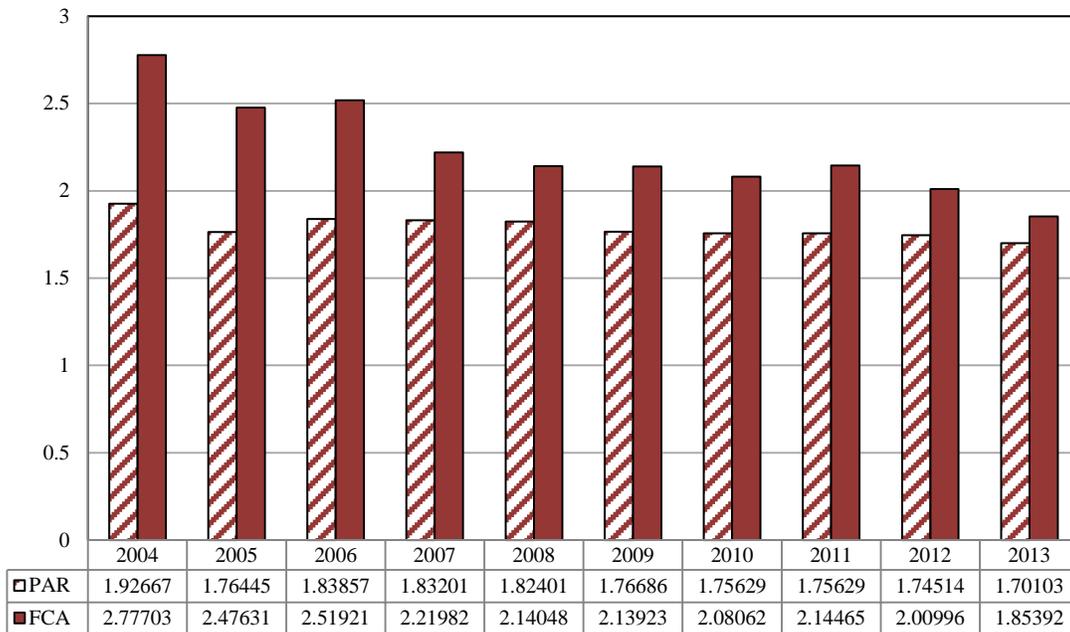
inability to classify the “other” claims; due in part, to a failure of the claims administrators to file the SROI reports, which leaves a large number of claims unclassified.

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 2013

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 2011 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 2009 and 2010 performance rating scores to develop the 2013 PAR/FCA standards. **The PAR standard for 2013 is 1.70103 and the FCA standard is 1.85392.** Profile audit review audits (PAR audits) commencing after January 1, 2013 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 2013.

PAR / FCA Performance ratings for 2004 - 2013



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 2012 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 2012 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 64 audits conducted in 2012.

Statewide Exhibit 4B is a summary of the final performance ratings for the 59 audits conducted in 2012 that met or exceeded the 2012 PAR performance standard of 1.74514.

Statewide Exhibit 4C is a summary of the final performance ratings for the five audits conducted in 2012 that failed to meet or exceed the 2012 PAR performance standard of 1.74514.

Statewide Exhibit 4D is a summary of the final performance ratings for the four audits conducted in 2012 that met or exceeded the 2012 FCA performance standard of 2.00996.

Statewide Exhibit 4E is a summary of the final performance rating for the audit conducted in 2012 that failed to meet or exceed the 2012 FCA performance standard of 2.00996.

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
American Financial Group / Walnut Creek	R	INS	38	0	0	0	38	64	\$20,995	\$20,995	\$0	\$0		X
Balboa Insurance Group / Irvine	T	INS	3	1	0	0	4	161	\$46,230	\$0	\$46,230	\$0		X
Broadspire, A Crawford Company / Fresno	R	TPA	57	0	0	0	57	92	\$25,400	\$25,400	\$0	\$0		X
California Claims Management Services, Inc. / Torrance	R	TPA	45	0	0	0	45	55	\$18,060	\$18,060	\$0	\$0		X
Chubb Group of Insurance Companies / Los Angeles	R	INS	57	0	0	0	57	77	\$34,275	\$34,275	\$0	\$0		X
Chubb Services Corporation / Los Angeles	R	TPA	58	0	0	0	58	82	\$22,055	\$22,055	\$0	\$0		X
City of Anaheim / Anaheim	R	SI	46	0	0	0	46	53	\$6,025	\$6,025	\$0	\$0		X
City of Compton / Compton	R	SI	24	0	0	0	24	46	\$8,610	\$8,610	\$0	\$0		X
City of Los Angeles / Los Angeles	T	SI	58	0	2	0	60	56	\$9,305	\$9,305	\$0	\$0		X
City of Los Angeles, Dept of Water & Power / Los Angeles	R	SI	55	0	0	0	55	94	\$26,465	\$26,465	\$0	\$0		X
City of Oceanside / Oceanside	R	SI	42	0	0	0	42	44	\$14,095	\$14,095	\$0	\$0		X
City of Pomona / Pomona	R	SI	20	0	0	1	21	32	\$9,000	\$9,000	\$0	\$0		X
City of Sacramento / Sacramento	R	SI	54	0	0	0	54	17	\$3,425	\$3,425	\$0	\$0		X
ClaimQuest, Inc. / Walnut	R	TPA	49	0	0	0	49	42	\$32,785	\$32,785	\$0	\$0		X
CNA Insurance / Portland, OR	R	INS	57	0	2	0	59	116	\$26,130	\$26,130	\$0	\$0		X
Crawford & Company / Gardena	R	TPA	19	0	0	0	19	51	\$17,945	\$17,945	\$0	\$0		X
EMPLOYERS [®] Compensation Insurance / San Francisco	R	INS	58	0	2	0	60	64	\$26,390	\$26,390	\$0	\$0		X
ESIS (An ACE Group Company) / Chatsworth	R	TPA	58	0	6	0	64	107	\$43,915	\$43,915	\$0	\$0		X
Fireman's Fund Insurance Company / Rancho Cordova	R	INS	127	0	2	0	129	261	\$82,425	\$34,001	\$48,424	\$9,760	X	
Fontana Unified School District / Fontana	R	SI	34	0	0	0	34	22	\$11,520	\$11,520	\$0	\$0		X
Gallagher Bassett Services #174 / Aliso Viejo	R	TPA	56	0	1	1	58	61	\$24,705	\$24,705	\$0	\$0		X
Gallagher Bassett Services #176 / Sacramento	R	TPA	58	0	0	0	58	87	\$37,055	\$37,055	\$0	\$0		X
Garden Grove Unified School District / Garden Grove	R	SI	42	0	0	0	42	17	\$7,400	\$7,400	\$0	\$0	X	
Innovative Claim Solutions, Inc. / Rancho Cordova	R	TPA	45	0	0	0	45	44	\$2,175	\$2,175	\$0	\$0		X
Intercare Insurance Services / Fresno	R	TPA	52	0	0	0	52	93	\$21,770	\$21,770	\$0	\$0		X
Intercare Insurance Services / Orange	R	TPA	58	0	8	1	67	34	\$19,895	\$19,895	\$0	\$0		X
Intercare Insurance Services / Pasadena	R	TPA	53	0	0	0	53	45	\$5,440	\$5,440	\$0	\$0		X
JT ² Integrated Resources / Oakland	R	TPA	56	0	2	0	58	51	\$7,900	\$7,900	\$0	\$0		X
JT2 Integrated Resources / Ontario	R	TPA	51	0	0	0	51	57	\$9,950	\$9,950	\$0	\$0		X
Keenan & Associates / Redwood City	R	TPA	54	0	0	0	54	58	\$11,340	\$11,340	\$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
Municipal Pooling Authority / Walnut Creek	R	INS / TPA	50	0	0	0	50	13	\$2,615	\$2,615	\$0	\$0		X
National Interstate Insurance Company / Richfield, OH	R	INS	113	0	2	0	115	237	\$72,475	\$24,559	\$47,916	\$0		X
OneBeacon Insurance Company / Canton, MA	T	INS	47	0	1	0	48	86	\$20,185	\$20,185	\$0	\$0		X
Pacific Gas and Electric Company / San Francisco	R	SI	53	0	0	0	53	69	\$6,755	\$6,755	\$0	\$0		X
Petroleum Casualty Company / Houston, TX	R	INS	11	0	0	0	11	9	\$360	\$360	\$0	\$0		X
Redwood Empire Schools Insurance Group / Windsor	R	SI	51	0	0	0	51	41	\$2,455	\$2,455	\$0	\$0		X
Republic Indemnity Company of America / San Diego	R	INS	49	0	1	0	50	25	\$10,230	\$10,230	\$0	\$0		X
Safeway, Inc. / Pleasanton	R	SI	57	0	0	0	57	74	\$11,285	\$11,285	\$0	\$0		X
Santa Ana Unified School District / Santa Ana	R	SI	40	0	0	0	40	21	\$5,885	\$5,885	\$0	\$0		X
Sedgwick Claims Management Services / Albany, NY	R	TPA	36	0	0	0	36	102	\$21,460	\$21,460	\$0	\$0		X
Sedgwick Claims Management Services / Concord	R	TPA	54	0	0	0	54	63	\$6,000	\$6,000	\$0	\$0		X
Sedgwick Claims Management Services / Culver City	R	TPA	119	0	0	0	119	194	\$47,909	\$11,342	\$36,567	\$0		X
Sedgwick Claims Management Services / Oakland	R	TPA	49	0	0	0	49	64	\$10,830	\$10,830	\$0	\$0		X
Sedgwick Claims Management Services / Ontario	R	TPA	57	0	1	0	58	79	\$20,500	\$20,500	\$0	\$0		X
Sedgwick Claims Management Services / Portland, OR	R	TPA	51	0	0	0	51	128	\$28,065	\$28,065	\$0	\$0		X
Sedgwick Claims Management Services / Rancho Cordova	R	TPA	57	0	2	0	59	81	\$31,755	\$31,755	\$0	\$0		X
Sedgwick Claims Management Services / Roseville	R	TPA	58	0	1	0	59	84	\$30,390	\$30,390	\$0	\$0		X
Sentry Insurance - Parker Services, Inc. / Scottsdale, AZ	R	INS / TPA	115	0	0	0	115	230	\$59,935	\$20,303	\$39,632	\$0		X
Southland Claims Services, Inc. / Garden Grove	R	TPA	26	0	0	0	26	51	\$10,430	\$10,430	\$0	\$0		X
Springfield Insurance Company / Covina	R	INS	55	0	0	0	55	76	\$23,495	\$23,495	\$0	\$0		X
State Compensation Insurance Fund / Stockton	R	INS	58	0	1	0	59	89	\$19,250	\$19,250	\$0	\$0		X
The Cities Group, JPA / Burlingame	R	SI	36	0	0	0	36	48	\$7,785	\$7,785	\$0	\$0		X
The Hartford / Rancho Cordova	R	INS	59	0	3	0	62	79	\$20,275	\$20,275	\$0	\$0		X
Travelers Company / Diamond Bar	R	INS / TPA	59	0	6	0	65	62	\$20,985	\$20,985	\$0	\$0		X
Travelers Company / Fort Smith, AR	R	TPA	36	0	0	0	36	35	\$11,310	\$11,310	\$0	\$0		X
Travelers Company / St. Paul, MN	R	INS / TPA	56	0	3	0	59	34	\$14,785	\$14,785	\$0	\$0		X
TriStar Risk Management / Alhambra	R	TPA	58	0	3	0	61	78	\$16,055	\$16,055	\$0	\$0		X
TriStar Risk Management / Rancho Cordova	R	TPA	57	0	0	0	57	40	\$7,115	\$7,115	\$0	\$0		X
TriStar Risk Management / San Diego	R	TPA	58	0	2	1	61	49	\$23,050	\$23,050	\$0	\$0		X
Workers' Compensation Administrators, LLC / Santa Maria	R	TPA	52	0	0	0	52	60	\$7,825	\$7,825	\$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
York Risk Services Group, Inc. / El Dorado Hills	R	TPA	58	0	2	0	60	117	\$30,175	\$30,175	\$0	\$0		X
Zenith Insurance Company / Orange	R	INS	53	0	0	0	53	33	\$7,935	\$7,935	\$0	\$0		X
Zenith Insurance Company / Pleasanton	R	INS	57	0	0	0	57	26	\$3,555	\$3,555	\$0	\$0		X
Zurich North America / Rancho Cordova	R	INS / TPA	58	0	0	0	58	130	\$27,695	\$27,695	\$0	\$0		X
TOTALS:			3,387	1	53	4	3,445	4,690	\$ 1,273,489	\$ 1,054,720	\$ 218,769	\$ 9,760	0	0

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

R - Routine	61	INS Insurer	15
T - Target	3	SI Self-Insured Employer	14
<u>TOTAL</u>	<u>64</u>	TPA Third Party Administrator	30
		INS / TPA Insurer / Third Party Administrator	5
		SI / TPA Self-Insured/Third Party Administrator	0
		<u>TOTAL</u>	<u>64</u>

Statewide Summary of Penalties for PAR/FCA Audits

Cited by Type of Penalty

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	760	\$316,269	\$256,790	\$59,479	\$59,479	
Late first payment of permanent disability indemnity benefits (PD).	259	\$156,445	\$128,039	\$28,406	\$27,446	X
Late subsequent payment of indemnity benefits.	758	\$189,110	\$153,536	\$35,574	\$33,094	X
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for denial of liability.	76	\$6,400	\$5,600	\$800	\$800	
Late provision of benefit notices other than specific notices for denial of injury.	181	\$9,630	\$9,550	\$80	\$80	
Failure to comply with requirements to provide notice of the QME/AME process.	1,870	\$179,290	\$179,165	\$125	\$125	
Failure to pay any TD or SC in lieu of TD.	276	\$240,400	\$197,200	\$43,200	\$43,200	
Failure to pay any PD indemnity benefit.	126	\$85,300	\$67,540	\$17,760	\$13,760	X
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	264	\$58,920	\$47,250	\$11,670	\$9,350	X
Failure to pay any indemnity as ordered by the WCAB.	11	\$9,650	\$9,650	\$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	\$650	\$400	\$250	\$250	

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.	82	\$11,600	\$0	\$11,600	\$11,600	
Failure to pay or object to medical-legal expense in the manner required by law or regulation.	5	\$2,500	\$0	\$2,500	\$2,500	
Failure to issue training or SJDB voucher (injuries on/after 01/01/04) in the manner required by law or regulation.	0	\$0	\$0	\$0	\$0	
Failure to provide notices denying all liability or death benefits as required.	0	\$0	\$0	\$0	\$0	
Failure to timely respond to a request to provide or authorize medical treatment.	0	\$0	\$0	\$0	\$0	
Failure to include specific items or properly designate entries on a claim log.	1	\$100	\$0	\$100	\$100	
Materially incomplete or inaccurate benefit notices including denial for all liability.	5	\$125	\$0	\$125	\$125	
Failure to investigate.	1	\$1,000	\$0	\$1,000	\$1,000	
Failure to fully or timely comply with any award or order of the WCAB for issues other than payment of indemnity under 8CCR§10111.2(a).	1	\$5,000	\$0	\$5,000	\$5,000	
Penalties for failure to comply with any regulation of the AD not otherwise assessed.	11	\$1,100	\$0	\$1,100	\$1,100	
Unsupported denial of all liability for a claim.	0	\$0	\$0	\$0	\$0	
TOTAL	4,690	\$1,273,489	\$1,054,720	\$218,769	\$209,009	

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

Calendar Year 2012

Statewide Exhibit 3

**Statewide Summary of
459 Notices of Compensation Due**

Type of Compensation	Amount Found Due
Temporary Disability	\$ 229,107.42
Permanent Disability	\$ 202,744.37
Self-Imposed Increase	\$ 62,115.19
Death Benefits	\$ -
Penalty, Interest or Other	\$ 917.44
Total Compensation Due:	\$ 494,884.42

DWC ADMINISTRATIVE DIRECTOR'S 2012 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 1.74514	FCA Stage 1 Standard 2.00996	FCA Stage 2 Final Rating
	<i>The following audit subjects under the Profile Audit Review (LC 129) met or exceeded the PAR standard (1.74514 or less). All administrative penalties were not assessed pursuant to Labor Code Section 129.5(c)(1). The unpaid compensation found due injured workers within each claim file was ordered paid.</i>				
1	Municipal Pooling Authority / Walnut Creek	0 / \$0.00	0.28723	n/a	n/a
2	Republic Indemnity Company of America / San Diego	4 / \$2,965.87	0.36139	n/a	n/a
3	Zenith Insurance Company / Pleasanton	3 / \$434.95	0.37627	n/a	n/a
4	Zenith Insurance Company / Orange	3 / \$586.75	0.52855	n/a	n/a
5	Intercare Insurance Services / Pasadena	6 / \$3,670.27	0.55458	n/a	n/a
6	Innovative Claim Solutions, Inc. / Rancho Cordova	2 / \$171.72	0.65081	n/a	n/a
7	City of Sacramento / Sacramento	4 / \$1,585.22	0.66074	n/a	n/a
8	Travelers Company / St. Paul, MN	10 / \$6,972.10	0.69818	n/a	n/a
9	Garden Grove Unified School District / Garden Grove	5 / \$13,780.04	0.69941	n/a	n/a
10	Pacific Gas and Electric Company / San Francisco	3 / \$1,809.95	0.70293	n/a	n/a
11	Sedgwick Claims Management Services / Concord	6 / \$2,800.75	0.71892	n/a	n/a
12	Travelers Company / Diamond Bar	11 / \$7,059.35	0.74409	n/a	n/a
13	TriStar Risk Management / Rancho Cordova	8 / \$1,661.00	0.78949	n/a	n/a
14	Santa Ana Unified School District / Santa Ana	3 / \$1,552.75	0.80472	n/a	n/a
15	Travelers Company / Fort Smith, AR	5 / \$1,107.29	0.80499	n/a	n/a
16	Sedgwick Claims Management Services / Ontario	3 / \$4,642.18	0.82804	n/a	n/a
17	Keenan & Associates / Redwood City	3 / \$943.59	0.85540	n/a	n/a
18	Fontana Unified School District / Fontana	7 / \$4,232.98	0.85696	n/a	n/a
19	Petroleum Casualty Company / Houston, TX	0 / \$0.00	0.86111	n/a	n/a
20	Redwood Empire Schools Insurance Group / Windsor	0 / \$0.00	0.87024	n/a	n/a

Statewide Exhibit 4

DWC ADMINISTRATIVE DIRECTOR'S 2012 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 1.74514	FCA Stage 1 Standard 2.00996	FCA Stage 2 Final Rating
21	City of Anaheim / Anaheim	5 / \$2,546.57	0.94762	n/a	n/a
22	Workers' Compensation Administrators, LLC / Santa Maria	3 / \$1,751.99	0.96605	n/a	n/a
23	Safeway, Inc.	5 / \$2,363.94	1.00530	n/a	n/a
24	TriStar Risk Management / San Diego	8 / \$19348.69	1.00696	n/a	n/a
25	JT ² Integrated Resources / Oakland	8 / \$14,645.32	1.03290	n/a	n/a
26	The Hartford / Rancho Cordova	5 / \$1,751.69	1.05068	n/a	n/a
27	EMPLOYERS [®] Compensation Insurance / San Francisco	11 / \$6,991.24	1.08368	n/a	n/a
28	Sedgwick Claims Management Services / Roseville	11 / \$4,872.41	1.09540	n/a	n/a
29	City of Oceanside / Oceanside	7 / \$2,800.16	1.20052	n/a	n/a
30	Sedgwick Claims Management Services / Oakland	2 / \$2,484.20	1.17274	n/a	n/a
31	Broadspire, A Crawford Company / Fresno	9 / \$7,361.63	1.20052	n/a	n/a
32	JT2 Integrated Resources / Ontario	7 / \$6,476.20	1.23442	n/a	n/a
33	Intercare Insurance Services / Fresno	8 / \$4,851.89	1.23886	n/a	n/a
34	Chubb Services Corporation / Los Angeles	9 / \$3,113.30	1.24231	n/a	n/a
35	Crawford & Company / Gardena	2 / \$5,661.32	1.26745	n/a	n/a
36	City of Compton / Compton	3 / \$431.86	1.33447	n/a	n/a
37	City of Pomona / Pomona	0 / \$0.00	1.33810	n/a	n/a
38	Gallagher Bassett Services #174 / Aliso Viejo	11 / \$17,376.01	1.35239	n/a	n/a
39	Chubb Group of Insurance Companies / Los Angeles	12 / \$2,913.51	1.35344	n/a	n/a
40	Springfield Insurance Company / Covina	10 / \$8,905.42	1.36120	n/a	n/a
41	California Claims Management Services, Inc. / Torrance	5 / \$7,145.34	1.41647	n/a	n/a
42	York Risk Services Group, Inc. / El Dorado Hills	10 / \$7,347.00	1.47197	n/a	n/a
43	The Cities Group, JPA / Burlingame	14 / \$8,539.77	1.48132	n/a	n/a
44	Intercare Insurance Services / Orange	7 / \$39,545.41	1.49358	n/a	n/a
45	Sedgwick Claims Management Services / Portland, OR	6 / \$1,942.54	1.49604	n/a	n/a

DWC ADMINISTRATIVE DIRECTOR'S 2012 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 1.74514	FCA Stage 1 Standard 2.00996	FCA Stage 2 Final Rating
46	State Compensation Insurance Fund / Stockton	8 / \$6,486.75	1.49794	n/a	n/a
47	Gallagher Bassett Services #176 / Sacramento	6 / \$7,743.18	1.51082	n/a	n/a
48	OneBeacon Insurance Company / Canton, MA	6 / \$5,669.12	1.51963	n/a	n/a
49	City of Los Angeles / Los Angeles	6 / \$1,308.08	1.52392	n/a	n/a
50	ClaimQuest, Inc. / Walnut	9 / \$18,638.60	1.55346	n/a	n/a
51	CNA Insurance / Portland, OR	11 / \$10,266.72	1.56219	n/a	n/a
52	American Financial Group / Walnut Creek	6 / \$4,700.68	1.58441	n/a	n/a
53	Sedgwick Claims Management Services / Albany, NY	5 / \$5,955.33	1.61447	n/a	n/a
54	TriSta Risk Management / Alhambra	8 / \$11,656.42	1.61895	n/a	n/a
55	ESIS (An ACE Group Company) / Chatsworth	11 / \$9,170.00	1.64911	n/a	n/a
56	Sedgwick Claims Management Services / Rancho Cordova	12/\$18,699.85	1.68525	n/a	n/a
57	City of Los Angeles, Dept of Water and Power / Los Angeles	9 / \$11,167.23	1.69213	n/a	n/a
58	Zurich North America / Rancho Cordova	13 / \$5,834.53	1.74082	n/a	n/a
59	Southland Claims Management Services / Garden Grove	2 / \$4,457.61	1.74399	n/a	n/a
<p><i>Five audit subjects under the Profile Audit Review (LC 129) failed to meet or exceed the PAR standard (1.74514 or less). The audit proceeded to the Full Compliance Audit Stage 1 [LC 129(b)(2)] and four of the five met or exceeded the FCA standard (2.00996 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>					
60	Sentry Insurance ~ Parker Services, Inc. / Scottsdale, AZ	11 / \$9,699.30	1.99821	1.56628	n/a
61	Sedgwick Claims Management Services / Culver City	24 / \$39,346.47	2.55635	1.78179	n/a
62	Fireman's Fund Insurance Company / Rancho Cordova	13 / \$49,322.70	1.98122	1.95400	n/a
63	National Interstate Insurance Company / Richfield, OH	20 / \$15,732.12	2.90715	1.98698	n/a

DWC ADMINISTRATIVE DIRECTOR'S 2012 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 1.74514	FCA Stage 1 Standard 2.00996	FCA Stage 2 Final Rating
	<p><i>One audit subject under the Profile Audit Review (LC 129) failed to meet or exceed the PAR standard (1.74514 or less) and proceeded to the Full Compliance Audit Stage 1 [LC 129(b)(2)] where it failed to meet or exceed the FCA standard (2.00996 or less). The audit then extended to the Full Compliance Audit Stage 2 [LC 129(b)(2)] for a comprehensive and detailed review of the audit subject's performance. Administrative penalties pursuant to Labor Code 129.5(c)(3) were assessed and unpaid compensation found due injured workers within each claim file was ordered paid.</i></p>				
64	Balboa Insurance Group / Irvine	1 / \$10,554.12	14.76065	14.76065	14.76065

Statewide Final Performance Rating of Randomly Selected Claims

64 Audits

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 452 divide by # claims with payable indem 3,380 = 0.13373

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

Total unpd indem. = \$ 443,477.38 divide by # of claims with obligation to pay indem. 3380
Avg Unpd Ind = \$ 131.21

C. Severity Rate

Avg Unpd Indem \$ 131.21 divide by avg unpd indem 2008-2010 of \$ 211.41 = 0.62062

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.13373 X Severity rate 0.62062 X modifier of 2
= 0.16599

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

# claims with late 1st TD	663	divide by # with TD payments	2,516	
# claims with first SC notice violations	188	divide by # with salary continuation	887	
Totals	851	divide by	Totals 3,403	=
				0.25007

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

# claims with late first PD	202	divide by # with first PD	1,010	
# claims with late first DB	0	divide by # with first DB paid	2	
Totals	202	divide by	Totals 1,012	=
				0.19960

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 353 divide by # with subsequent payments 1,937 = 0.18224

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violations 1320 divide by # requiring notices 3,032 = 0.43536

1.23326

PROFILE AUDIT REVIEW PERFORMANCE RATINGS FOR 2012

Profile Audit Review Performance Rating of 1.74515 or greater is a failing score.

Full Compliance Audit Performance Rating of indemnity files of 2.00997 or greater is a failing score.

Statewide Final Performance Rating of Randomly Selected Claims

Findings for the 59 Audits that

Met or Exceeded the PAR Performance Rating of 1.74514

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 370 divide by # claims with payable indem 2,903 = 0.12745

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

Total unpd indem. = \$ 346,905.68 divide by # of claims with obligation to pay indem. 2903
 Avg Unpd Ind = \$ 119.50

C. Severity Rate

Avg Unpd Indem \$ 119.50 divide by avg unpd indem 2008-2010 of \$ 211.41 = 0.56525

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.12745 X Severity rate 0.56525 X modifier of 2
 = 0.14409

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

# claims with late 1st TD	508	divide by # with TD payments	2,055	
# claims with first SC notice violations	188	divide by # with salary continuation	885	
Totals	696	divide by	2,940	=
				0.23673

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

# claims with late first PD	161	divide by # with first PD	896	
# claims with late first DB	0	divide by # with first DB paid	2	
Totals	161	divide by	898	=
				0.17929

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 260 divide by # with subsequent payments 1,608 =
0.16169

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violations 1065 divide by # requiring notices 2,777 =
0.38351
1.10531

PROFILE AUDIT REVIEW PERFORMANCE RATING FOR 2012

Profile Audit Review Performance Rating of 1.74515 or greater is a failing score.

Statewide Average Performance Rating of Randomly Selected Claims

Findings for the 5 Audits that Failed to

Meet or Exceeded the PAR Performance Rating of 1.74514

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 46 divide by # claims with payable indem 223 = 0.20628

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

Total unpd indem. = \$ 88,030.72 divide by # of claims with obligation to pay indem. 223
 Avg Unpd Ind = \$ 394.76

C. Severity Rate

Avg Unpd Indem \$ 394.76 divide by avg unpd indem 2008-2010 of \$ 211.41 = 1.86726

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.20628 X Severity rate 1.86726 X modifier of 2
 = 0.77035

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

# claims with late 1st TD	71	divide by # with TD payments	216	
# claims with first SC notice violations	0	divide by # with salary continuation	2	
Totals	71	divide by	218	=
				0.32569

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

# claims with late first PD	24	divide by # with first PD	54	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	24	divide by	54	=
				0.44444

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 52 divide by # with subsequent payments 151 =
0.34437

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violations 120 divide by # requiring notices 207 =
0.57971

2.46456

PROFILE AUDIT REVIEW PERFORMANCE RATING FOR 2012

Profile Audit Review Performance Rating of 1.74515 or greater is a failing score.

Description of Individual Audit Exhibits

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

Individual Exhibit 1B ~ Full Compliance Audit Performance Rating of Randomly Selected Claims is the worksheet to calculate the audit findings to a score that determines the FCA Stage 1 performance standard factor for this audit subject. It includes the expanded number of indemnity files audited for each of the five major areas of violations and the number of those files wherein one or more of the violations were found. 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-13-12-R1-1

Subject: American Financial Group

Location: Walnut Creek

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 6 divide by # claims with payable indem 38 = 0.15789

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

Total unpd indem. = \$ 4,700.68 divide by # of claims with obligation to pay indem. 38
 Avg Unpd Ind = \$ 123.70

C. Severity Rate

Avg Unpd Indem \$ 123.70 divide by avg unpd indem 2008-2010 of \$ 211.41 = 0.58513

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.15789 X Severity rate 0.58513 X modifier of 2
 = 0.18478

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

# claims with late 1st TD	12	divide by # with TD payments	31	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	12	divide by	31	=
				0.38710

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

# claims with late first PD	3	divide by # with first PD	18	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	3	divide by	18	=
				0.16667

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 6 divide by # with subsequent payments 28 =
0.21429

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation 24 divide by # requiring notices 38 =
0.63158

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2012 1.58441

Profile Audit Review Performance Rating of 1.74515 or greater is a failing score.

Calendar Year: 2012

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: OAK-13-12-R1-1

Subject: American Financial Group

Location: Walnut Creek

Type: INS

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	14	\$7,030	\$7,030	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	3	\$1,680	\$1,680	\$0	\$0	
Late subsequent payment of indemnity benefits.	7	\$2,680	\$2,680	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	34	\$2,305	\$2,305	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	3	\$5,800	\$5,800	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	3	\$1,500	\$1,500	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	64	\$20,995	\$20,995	\$0	\$0	

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

Calendar Year: 2012
Notices of Compensation Due

Individual Exhibit 3

Audit No: OAK-13-12-R1-1

Subject: American Financial Group

Location: Walnut Creek

Type: INS

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$60.26					\$60.26
2			\$410.55			\$410.55
3	\$3,274.80		\$327.48			\$3,602.28
4	\$181.88					\$181.88
5			\$238.71			\$238.71
6			\$207.00			\$207.00
TOTAL	\$3,516.94	\$0.00	\$1,183.74	\$0.00	\$0.00	\$4,700.68

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: LAO-27-12-T3-1

Subject: Balboa Insurance Group

Location: Irvine

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 1 divide by # claims with payable indem 3 = 0.33333

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

Total unpd indem. = \$ 10,554.12 divide by # of claims with obligation to pay indem. 3
 Avg Unpd Ind = \$3,518.04

C. Severity Rate

Avg Unpd Indem \$ 3,518.04 divide by avg unpd indem 2008-2010 of \$ 211.41 = 16.64084

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.33333 X Severity rate 16.64084 X modifier of 2
 = **11.09389**

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	3	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	3	divide by	Totals 3	=
				1.00000

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

# claims with late first PD	2	divide by # with first PD	3	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	2	divide by	Totals 3	=
				0.66667

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 3 divide by # with subsequent payments 3 =
1.00000

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation 3 divide by # requiring notices 3 =
1.00000

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2012 **14.76056**

Profile Audit Review Performance Rating of 1.74515 or greater is a failing score.

Calendar Year: 2012
Penalty Assessments and Collections

Individual Exhibit 2

Files Audited:	4
Indemnity	3
Medical Only	0
Denied	1
Complaints	0
Additional	0

Audit No: LAO-27-12-T3-1

Subject: Balboa Insurance Group

Location: Irvine

Type: INS

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	4	\$10,500	\$0	\$10,500	\$10,500	
Late first payment of permanent disability indemnity benefits (PD).	3	\$1,770	\$0	\$1,770	\$1,770	
Late subsequent payment of indemnity benefits.	18	\$7,130	\$0	\$7,130	\$7,130	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for denial of liability.	8	\$800	\$0	\$800	\$800	
Late provision of benefit notices other than specific notices for denial of injury.	1	\$80	\$0	\$80	\$80	
Failure to comply with requirements to provide notice of the QME/AME process.	5	\$125	\$0	\$125	\$125	
Failure to pay any TD or SC in lieu of TD.	0	\$0	\$0	\$0	\$0	
Failure to pay any PD indemnity benefit.	1	\$2,000	\$0	\$2,000	\$2,000	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	14	\$2,150	\$0	\$2,150	\$2,150	
Failure to pay any indemnity as ordered by the WCAB.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	1	\$250	\$0	\$250	\$250	

Calendar Year: 2012
Penalty Assessments and Collections

Individual Exhibit 2

Page 2 of 2

Files Audited:	<u>4</u>
Indemnity	<u>3</u>
Medical Only	<u>0</u>
Denied	<u>1</u>
Complaints	<u>0</u>
Additional	<u>0</u>

Audit No: LAO-27-12-T3-1

Subject: Balboa Insurance Group

Location: Irvine

Type: INS

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Failure to pay or object to medical treatment expense in the manner required by law or regulation.	82	\$11,600	\$0	\$11,600	\$11,600	
Failure to pay or object to medical-legal expense in the manner required by law or regulation.	5	\$2,500	\$0	\$2,500	\$2,500	
Failure to issue training or SJDB voucher (injuries on/after 01/01/04) in the manner required by law or regulation.	0	\$0	\$0	\$0	\$0	
Failure to provide notices denying all liability or death benefits as required.	0	\$0	\$0	\$0	\$0	
Failure to timely respond to a request to provide or authorize medical treatment.	0	\$0	\$0	\$0	\$0	
Failure to include specific items or properly designate entries on a claim log.	1	\$100	\$0	\$100	\$100	
Materially incomplete or inaccurate benefit notices including denial for all liability.	5	\$125	\$0	\$125	\$125	
Failure to investigate.	1	\$1,000	\$0	\$1,000	\$1,000	
Failure to fully or timely comply with any award or order of the WCAB for issues other than payment of indemnity under 8CCR§10111.2(a).	1	\$5,000	\$0	\$5,000	\$5,000	
Penalties for failure to comply with any regulation of the AD not otherwise assessed.	11	\$1,100	\$0	\$1,100	\$1,100	
Unsupported denial of all liability for a claim.	0	\$0	\$0	\$0	\$0	
TOTAL	161	\$46,230	\$0	\$46,230	\$46,230	

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

Calendar Year: 2012
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-27-12-T3-1

Subject: Balboa Insurance Group

Location: Irvine

Type: INS

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1		\$7,411.26	\$3,142.86			\$10,554.12
TOTAL	\$0.00	\$7,411.26	\$3,142.86	\$0.00	\$0.00	\$10,554.12

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: SAC-07-12-R1-5

Subject: Broadspire, A Crawford Company

Location: Fresno

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. = \$ 7,361.63 divide by # of claims with obligation to pay indem. 57
Avg Unpd Ind = \$ 129.15

C. Severity Rate

Avg Unpd Indem \$ 129.15 divide by avg unpd indem 2008-2010 of \$ 211.41 = 0.61090

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.15789 X Severity rate 0.61090 X modifier of 2
= 0.19292

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

# claims with late 1st TD	15	divide by # with TD payments	54	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	15	divide by	Totals 54	=
				0.27778

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

# claims with late first PD	0	divide by # with first PD	27	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	0	divide by	Totals 27	=
				0.00000

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 6 divide by # with subsequent payments 45 =
0.13333

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation 34 divide by # requiring notices 57 =
0.59649

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2012 1.20052

Profile Audit Review Performance Rating of 1.74515 or greater is a failing score.

Calendar Year: 2012

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: SAC-07-12-R1-5

Subject: Broadspire, A Crawford Company

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)	21	\$10,580	\$10,580	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	14	\$3,090	\$3,090	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	48	\$7,730	\$7,730	\$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.	5	\$2,800	\$2,800	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	0	\$0	\$0	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	92	\$25,400	\$25,400	\$0	\$0	

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

Calendar Year: 2012
Notices of Compensation Due

Individual Exhibit 3

Audit No: SAC-07-12-R1-5

Subject: Broadspire, A Crawford Company

Location: Fresno

Type: TPA

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$76.34		\$7.63			\$83.97
2		\$409.06	\$40.91			\$449.97
3	\$1,254.38					\$1,254.38
4	\$206.72					\$206.72
5	\$70.43					\$70.43
6		\$2,137.34				\$2,137.34
7		\$457.17	\$45.72			\$502.89
8			\$920.83			\$920.83
9		\$1,577.36	\$157.74			\$1,735.10
TOTAL	\$1,607.87	\$4,580.93	\$1,172.83	\$0.00	\$0.00	\$7,361.63

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: LAO-29-12-R1-5

Subject: California Claims Management Services, Inc.

Location: Torrance

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 5 divide by # claims with payable indem 45 = 0.11111

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

Total unpd indem. = \$ 7,145.34 divide by # of claims with obligation to pay indem. 45
Avg Unpd Ind = \$ 158.79

C. Severity Rate

Avg Unpd Indem \$ 158.79 divide by avg unpd indem 2008-2010 of \$ 211.41 = 0.75108

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.11111 X Severity rate 0.75108 X modifier of 2
= 0.16691

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

# claims with late 1st TD	1	divide by # with TD payments	9	
# claims with first SC notice violations	14	divide by # with salary continuation	29	
Totals	15	divide by	Totals 38	=
				0.39474

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

# claims with late first PD	5	divide by # with first PD	16	
# 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 3 divide by # with subsequent payments 17 =
0.17647

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation 15 divide by # requiring notices 41 =
0.36585

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2012 1.41647

Profile Audit Review Performance Rating of 1.74515 or greater is a failing score.

Calendar Year: 2012

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: LAO-29-12-R1-5

Subject: California Claims Management Services, Inc.

Location: Torrance

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	\$250	\$250	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	9	\$6,060	\$6,060	\$0	\$0	
Late subsequent payment of indemnity benefits.	3	\$2,490	\$2,490	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for denial of liability.	1	\$100	\$100	\$0	\$0	
Late provision of benefit notices other than specific notices for denial of injury.	13	\$835	\$835	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	17	\$3,275	\$3,275	\$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.	1	\$800	\$800	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	7	\$2,650	\$2,650	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	55	\$18,060	\$18,060	\$0	\$0	

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

Calendar Year: 2012
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-29-12-R1-5

Subject: California Claims Management Services, Inc.

Location: Torrance

Type: TPA

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$2,604.82		\$260.48			\$2,865.30
2			\$345.00			\$345.00
3	\$165.26					\$165.26
4			\$276.00			\$276.00
5		\$1,924.61	\$1,569.17			\$3,493.78
TOTAL	\$2,770.08	\$1,924.61	\$2,450.65	\$0.00	\$0.00	\$7,145.34

Full Compliance Audit Performance Rating of Randomly Selected Claims

Audit No: LAO-11-12-R1-1

Subject: Chubb Group of Insurance Companies

Location: Los Angeles

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 12 divide by # claims with payable indem 57 = 0.21053

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

Total unpd indem = \$ 2,913.51 divide by # of claims with obligation to pay indem. 57
 Avg Unpd Ind = \$ 51.11

C. Severity Rate

Avg Unpd Ind. \$ 51.11 divide by avg unpd indem 2008-2010 of \$ 211.41 = 0.24178

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.21053 X Severity rate 0.24178 X modifier of 2
 = 0.10180

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

# claims with late 1st TD	21	divide by # with TD payments	53	
# claims with first SC notice violations	1	divide by # with salary continuation	1	
Totals	22	divide by	54	=
				0.40741

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

# claims with late first PD	7	divide by # with first PD	20	
# claims/late first death benefits	0	divide by # with first death ben paid	0	
Totals	7	divide by	20	=
				0.35000

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

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

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation 1 divide by # requiring notices 52 =
0.01923

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2012

Profile Audit Review Performance Rating of 1.74515 or greater is a failing score.

1.35344

Calendar Year: 2012

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: LAO-11-12-R1-1

Subject: Chubb Group of Insurance Companies

Location: Los Angeles

Type: INS

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	21	\$12,060	\$12,060	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	7	\$2,410	\$2,410	\$0	\$0	
Late subsequent payment of indemnity benefits.	30	\$15,080	\$15,080	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for denial of injury.	1	\$50	\$50	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	1	\$25	\$25	\$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 10% self-imposed increase for any late paid indemnity benefits.	8	\$1,650	\$1,650	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	77	\$34,275	\$34,275	\$0	\$0	

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

Calendar Year: 2012
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-11-12-R1-1

Subject: Chubb Group of Insurance Companies

Location: Los Angeles

Type: INS

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1			\$68.77			\$68.77
2	\$460.54		\$92.09			\$552.63
3	\$140.98					\$140.98
4	\$232.97					\$232.97
5	\$104.40					\$104.40
6			\$64.00			\$64.00
7		\$22.94	\$136.63			\$159.57
8			\$189.22			\$189.22
9	\$612.87		\$88.43			\$701.30
10	\$40.16					\$40.16
11			\$191.05			\$191.05
12	\$261.46	\$207.00				\$468.46
TOTAL	\$1,853.38	\$229.94	\$830.19	\$0.00	\$0.00	\$2,913.51

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: LAO-07-12-R1-5

Subject: Chubb Services Corporation

Location: Los Angeles

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 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. = \$ 3,113.30 divide by # of claims with obligation to pay indem. 58
Avg Unpd Ind = \$ 53.68

C. Severity Rate

Avg Unpd Indem \$ 53.68 divide by avg unpd indem 2008-2010 of \$ 211.41 = 0.25390

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.15517 X Severity rate 0.25390 X modifier of 2
= 0.07880

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	57	
# claims with first SC notice violations	0	divide by # with salary continuation	1	
Totals	25	divide by	Totals 58	=
				0.43103

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

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

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 7 divide by # with subsequent payments 30 = 0.23333

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation 12 divide by # requiring notices 53 = 0.22642

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2012 1.24231

Profile Audit Review Performance Rating of 1.74515 or greater is a failing score.

Calendar Year: 2012

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: LAO-07-12-R1-5

Subject: Chubb Services Corporation

Location: Los Angeles

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)	31	\$11,420	\$11,420	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	3	\$1,380	\$1,380	\$0	\$0	
Late subsequent payment of indemnity benefits.	16	\$2,530	\$2,530	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for denial of liability.	11	\$275	\$275	\$0	\$0	
Late provision of benefit notices other than specific notices for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	7	\$1,200	\$1,200	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	6	\$3,400	\$3,400	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	8	\$1,850	\$1,850	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	82	\$22,055	\$22,055	\$0	\$0	

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

Calendar Year: 2012
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-07-12-R1-5

Subject: Chubb Services Corporation

Location: Los Angeles

Type: TPA

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1			\$449.24			\$449.24
2	\$122.89					\$122.89
3	\$45.50					\$45.50
4	\$167.03					\$167.03
5			\$48.31			\$48.31
6			\$207.00			\$207.00
7			\$92.19			\$92.19
8	\$91.43					\$91.43
9	\$1,868.59		\$21.12			\$1,889.71
TOTAL	\$2,295.44	\$0.00	\$817.86	\$0.00	\$0.00	\$3,113.30

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: LAO-13-12-R1-6

Subject: City of Anaheim

Location: Anaheim

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 5 divide by # claims with payable indem 46 = 0.10870

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

Total unpd indem. = \$ 2,546.57 divide by # of claims with obligation to pay indem. 46
Avg Unpd Ind = \$ 55.36

C. Severity Rate

Avg Unpd Indem \$ 55.36 divide by avg unpd indem 2008-2010 of \$ 211.41 = 0.26186

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.10870 X Severity rate 0.26186 X modifier of 2
= 0.05693

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

# claims with late 1st TD	0	divide by # with TD payments	4	
# claims with first SC notice violations	3	divide by # with salary continuation	39	
Totals	3	divide by	Totals 43	=
				0.06977

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

# claims with late first PD	2	divide by # with first PD	19	
# claims with late first DB	0	divide by # with first DB paid	1	
Totals	2	divide by	Totals 20	=
				0.10000

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 0 divide by # with subsequent payments 18 = 0.00000

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation 31 divide by # requiring notices 43 = 0.72093

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2012 0.94762

Profile Audit Review Performance Rating of 1.74515 or greater is a failing score.

Calendar Year: 2012

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: LAO-13-12-R1-6

Subject: City of Anaheim

Location: Anaheim

Type: SI

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	0	\$0	\$0	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	3	\$1,900	\$1,900	\$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 denial of liability.	1	\$100	\$100	\$0	\$0	
Late provision of benefit notices other than specific notices for denial of injury.	2	\$100	\$100	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	42	\$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.	5	\$2,400	\$2,400	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	0	\$0	\$0	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	53	\$6,025	\$6,025	\$0	\$0	

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

Calendar Year: 2012
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-13-12-R1-6

Subject: City of Anaheim

Location: Anaheim

Type: SI

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1		\$433.72			\$27.92	\$461.64
2		\$47.64	\$4.76			\$52.40
3		\$300.65	\$30.07			\$330.72
4		\$90.00				\$90.00
5		\$1,611.81				\$1,611.81
TOTAL	\$0.00	\$2,483.82	\$34.83	\$0.00	\$27.92	\$2,546.57

Calendar Year: 2012

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	24
Indemnity	24
Medical Only	0
Denied	0
Complaints	0
Additional	0

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

Subject: City of Compton

Location: Compton

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	\$360	\$360	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	19	\$2,970	\$2,970	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for denial of liability.	5	\$500	\$500	\$0	\$0	
Late provision of benefit notices other than specific notices for denial of injury.	4	\$230	\$230	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	11	\$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.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	3	\$400	\$400	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB.	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	46	\$8,610	\$8,610	\$0	\$0	

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

Calendar Year: 2012
Notices of Compensation Due

Individual Exhibit 3

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

Subject: City of Compton

Location: Compton

Type: SI

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$132.68					\$132.68
2	\$97.80	\$9.78				\$107.58
3		\$191.60				\$191.60
TOTAL	\$230.48	\$201.38	\$0.00	\$0.00	\$0.00	\$431.86

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: LAO-01-12-T1-6

Subject: City of Los Angeles

Location: Los Angeles

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 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. = \$ 1,308.08 divide by # of claims with obligation to pay indem. 58
 Avg Unpd Ind = \$ 22.55

C. Severity Rate

Avg Unpd Indem \$ 22.55 divide by avg unpd indem 2008-2010 of \$ 211.41 = 0.10668

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.10345 X Severity rate 0.10668 X modifier of 2
 = 0.02207

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

# claims with late 1st TD	2	divide by # with TD payments	4	
# claims with first SC notice violations	26	divide by # with salary continuation	55	
Totals	28	divide by	59	=
				0.47458

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

# claims with late first PD	3	divide by # with first PD	6	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	3	divide by	6	=
				0.50000

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 2 divide by # with subsequent payments 5 =
0.40000

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation 7 divide by # requiring notices 55 =
0.12727

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2012 1.52392

Profile Audit Review Performance Rating of 1.74515 or greater is a failing score.

Calendar Year: 2012

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: LAO-01-12-T1-6

Subject: City of Los Angeles

Location: Los Angeles

Type: SI

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	3	\$800	\$800	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	3	\$1,140	\$1,140	\$0	\$0	
Late subsequent payment of indemnity benefits.	7	\$950	\$950	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for denial of liability.	6	\$600	\$600	\$0	\$0	
Late provision of benefit notices other than specific notices for denial of injury.	22	\$1,015	\$1,015	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	7	\$2,600	\$2,600	\$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.	1	\$400	\$400	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	4	\$1,200	\$1,200	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB.	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	56	\$9,305	\$9,305	\$0	\$0	

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

Calendar Year: 2012
Notices of Compensation Due

Individual Exhibit 3

Audit No: LA0-01-12-T1-6

Subject: City of Los Angeles

Location: Los Angeles

Type: SI

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1		\$315.42	\$31.54			\$346.96
2			\$109.74			\$109.74
3			\$212.75			\$212.75
4	\$293.71					\$293.71
5	\$273.72					\$273.72
6	\$71.20					\$71.20
TOTAL	\$638.63	\$315.42	\$354.03	\$0.00	\$0.00	\$1,308.08

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: LAO-16-12-R1-6

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

Location: Los Angeles

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 9 divide by # claims with payable indem 55 = 0.16364

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

Total unpd indem. = \$ 11,167.23 divide by # of claims with obligation to pay indem. 55
 Avg Unpd Ind = \$ 203.04

C. Severity Rate

Avg Unpd Indem \$ 203.04 divide by avg unpd indem 2008-2010 of \$ 211.41 = 0.96041

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.16364 X Severity rate 0.96041 X modifier of 2
 = 0.31432

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

# claims with late 1st TD	18	divide by # with TD payments	46	
# claims with first SC notice violations	31	divide by # with salary continuation	45	
Totals	49	divide by	91	=
				0.53846

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

# claims with late first PD	12	divide by # with first PD	23	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	12	divide by	23	=
				0.52174

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

claims with AME/QME notice violation 8 divide by # requiring notices 53 =
0.15094

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2012 1.69213

Profile Audit Review Performance Rating of 1.74515 or greater is a failing score.

Calendar Year: 2012

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: LAO-16-12-R1-6

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

Location: Los Angeles

Type: SI

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	21	\$4,015	\$4,015	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	14	\$8,960	\$8,960	\$0	\$0	
Late subsequent payment of indemnity benefits.	12	\$3,090	\$3,090	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for denial of liability.	3	\$300	\$300	\$0	\$0	
Late provision of benefit notices other than specific notices for denial of injury.	27	\$2,100	\$2,100	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	8	\$1,050	\$1,050	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	5	\$5,800	\$5,800	\$0	\$0	
Failure to pay any PD indemnity benefit.	1	\$800	\$800	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	3	\$350	\$350	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	94	\$26,465	\$26,465	\$0	\$0	

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

Calendar Year: 2012
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-16-12-R1-6

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

Location: Los Angeles

Type: SI

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$123.84		\$12.39			\$136.23
2	\$144.36					\$144.36
3	\$70.51					\$70.51
4		\$2,070.00				\$2,070.00
5	\$7,471.34		\$699.26			\$8,170.60
6	\$288.71					\$288.71
7	\$121.88					\$121.88
8		\$120.85	\$12.09			\$132.94
9			\$32.00			\$32.00
TOTAL	\$8,220.64	\$2,190.85	\$755.74	\$0.00	\$0.00	\$11,167.23

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: LAO-02-12-R1-6

Subject: City of Oceanside

Location: Oceanside

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 7 divide by # claims with payable indem 42 = 0.16667

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

Total unpd indem. = \$ 2,800.16 divide by # of claims with obligation to pay indem. 42
 Avg Unpd Ind = \$ 66.67

C. Severity Rate

Avg Unpd Indem \$ 66.67 divide by avg unpd indem 2008-2010 of \$ 211.41 = 0.31536

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.16667 X Severity rate 0.31536 X modifier of 2
 = 0.10512

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

# claims with late 1st TD	6	divide by # with TD payments	9	
# claims with first SC notice violations	2	divide by # with salary continuation	30	
Totals	8	divide by	39	=
				0.20513

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

# claims with late first PD	7	divide by # with first PD	12	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	7	divide by	12	=
				0.58333

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 3 divide by # with subsequent payments 15 =
0.20000

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation 3 divide by # requiring notices 42 =
0.07143

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2012

1.16501

Profile Audit Review Performance Rating of 1.74515 or greater is a failing score.

Calendar Year: 2012

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: LAO-02-12-R1-6

Subject: City of Oceanside

Location: Oceanside

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)	6	\$980	\$980	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	9	\$4,480	\$4,480	\$0	\$0	
Late subsequent payment of indemnity benefits.	5	\$1,260	\$1,260	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for denial of injury.	2	\$75	\$75	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	4	\$1,050	\$1,050	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	2	\$800	\$800	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	15	\$4,650	\$4,650	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB.	1	\$800	\$800	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	44	\$14,095	\$14,095	\$0	\$0	

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

Calendar Year: 2012
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-02-12-R1-6

Subject: City of Oceanside

Location: City of Oceanside

Type: SI

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1			\$427.05			\$427.05
2	\$537.49		\$151.41			\$688.90
3	\$436.81		\$188.72			\$625.53
4			\$385.42			\$385.42
5		\$16.34	\$111.43		\$1.80	\$129.57
6			\$372.13			\$372.13
7			\$171.56			\$171.56
TOTAL	\$974.30	\$16.34	\$1,807.72	\$0.00	\$1.80	\$2,800.16

Calendar Year: 2012

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	21
Indemnity	20
Medical Only	0
Denied	0
Complaints	0
Additional	1

Audit No: LAO-06-12-R1-6

Subject: City of Pomona

Location: Pomona

Type: SI

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	3	\$4,600	\$4,600	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	11	\$2,500	\$2,500	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for denial of injury.	3	\$100	\$100	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	15	\$1,800	\$1,800	\$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.	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.	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	32	\$9,000	\$9,000	\$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: SAC-06-12-R1-6

Subject: City 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 54 = 0.07407

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

Total unpd indem. = \$ 1,585.22 divide by # of claims with obligation to pay indem. 54
Avg Unpd Ind = \$ 29.36

C. Severity Rate

Avg Unpd Indem \$ 29.36 divide by avg unpd indem 2008-2010 of \$ 211.41 = 0.13886

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.07407 X Severity rate 0.13886 X modifier of 2
= 0.02057

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

# claims with late 1st TD	0	divide by # with TD payments	2	
# claims with first SC notice violations	4	divide by # with salary continuation	50	
Totals	4	divide by	52	=
				0.07692

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

# claims with late first PD	3	divide by # with first PD	15	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	3	divide by	15	=
				0.20000

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

claims with AME/QME notice violation 3 divide by # requiring notices 54 =
0.05556

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2012 0.66074

Profile Audit Review Performance Rating of 1.74515 or greater is a failing score.

Calendar Year: 2012

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: SAC-06-12-R1-6

Subject: City 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)	0	\$0	\$0	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	2	\$500	\$500	\$0	\$0	
Late subsequent payment of indemnity benefits.	4	\$850	\$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 denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for denial of injury.	4	\$150	\$150	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	3	\$525	\$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.	2	\$800	\$800	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	2	\$600	\$600	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB.	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	\$3,425	\$3,425	\$0	\$0	

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

Calendar Year: 2012
Notices of Compensation Due

Individual Exhibit 3

Audit No: SAC-06-12-R1-6

Subject: City of Sacramento

Location: Sacramento

Type: SI

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1			\$70.30			\$70.30
2		\$741.51	\$74.15			\$815.66
3		\$571.71	\$57.17			\$628.88
4			\$70.38			\$70.38
TOTAL	\$0.00	\$1,313.22	\$272.00	\$0.00	\$0.00	\$1,585.22

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: LAO-05-12-R1-5

Subject: ClaimQuest, Inc.

Location: Walnut

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 9 divide by # claims with payable indem 49 = 0.18367

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

Total unpd indem. = \$ 18,638.60 divide by # of claims with obligation to pay indem. 49
Avg Unpd Ind = \$ 380.38

C. Severity Rate

Avg Unpd Indem \$ 380.38 divide by avg unpd indem 2008-2010 of \$ 211.41 = 1.79925

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.18367 X Severity rate 1.79925 X modifier of 2
= 0.66095

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

# claims with late 1st TD	9	divide by # with TD payments	45	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	9	divide by	Totals 45	=
				0.20000

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

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

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 7 divide by # with subsequent payments 33 =
0.21212

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation 5 divide by # requiring notices 34 =
0.14706

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2012 1.55346

Profile Audit Review Performance Rating of 1.74515 or greater is a failing score.

Calendar Year: 2012

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: LAO-05-12-R1-5

Subject: ClaimQuest, Inc.

Location: Walnut

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	\$5,520	\$5,520	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	4	\$3,690	\$3,690	\$0	\$0	
Late subsequent payment of indemnity benefits.	9	\$2,125	\$2,125	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	5	\$600	\$600	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	6	\$17,400	\$17,400	\$0	\$0	
Failure to pay any PD indemnity benefit.	3	\$2,700	\$2,700	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	5	\$750	\$750	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB.	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	42	\$32,785	\$32,785	\$0	\$0	

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

Calendar Year: 2012
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-05-12-R1-5

Subject: ClaimQuest, Inc.

Location: Walnut

Type: TPA

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1			\$42.29			\$42.29
2	\$681.16		\$67.75			\$748.91
3	\$3,294.86		\$323.15			\$3,618.01
4		\$1,736.00	\$173.60			\$1,909.60
5	\$215.89	\$4,083.03	\$467.85			\$4,766.77
6	\$1,641.88		\$284.16			\$1,926.04
7	\$2,385.92		\$231.96			\$2,617.88
8		\$2,332.86	\$233.29			\$2,566.15
9	\$414.98		\$27.97			\$442.95
TOTAL	\$8,634.69	\$8,151.89	\$1,852.02	\$0.00	\$0.00	\$18,638.60

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: OAK-16-12-R1-1

Subject: CNA Insurance

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 57 = 0.19298

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

Total unpd indem. = \$ 10,226.72 divide by # of claims with obligation to pay indem. 57
Avg Unpd Ind = \$ 179.42

C. Severity Rate

Avg Unpd Indem \$ 179.42 divide by avg unpd indem 2008-2010 of \$ 211.41 = 0.84866

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.19298 X Severity rate 0.84866 X modifier of 2
= 0.32755

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

# claims with late 1st TD	6	divide by # with TD payments	52	
# claims with first SC notice violations	0	divide by # with salary continuation	1	
Totals	6	divide by	Totals 53	=
				0.11321

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

# claims with late first PD	5	divide by # with first PD	21	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	5	divide by	Totals 21	=
				0.23810

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 6 divide by # with subsequent payments 45 =
0.13333

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation 42 divide by # requiring notices 56 =
0.75000

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2012 1.56219

Profile Audit Review Performance Rating of 1.74515 or greater is a failing score.

Calendar Year: 2012

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	59
Indemnity	57
Medical Only	0
Denied	0
Complaints	2
Additional	0

Audit No: OAK-16-12-R1-1

Subject: CNA Insurance

Location: Portland, OR

Type: INS

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	6	\$1,010	\$1,010	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	9	\$3,295	\$3,295	\$0	\$0	
Late subsequent payment of indemnity benefits.	8	\$6,150	\$6,150	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	77	\$6,725	\$6,725	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	11	\$7,400	\$7,400	\$0	\$0	
Failure to pay any PD indemnity benefit.	2	\$800	\$800	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	3	\$750	\$750	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	116	\$26,130	\$26,130	\$0	\$0	

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

Calendar Year: 2012
Notices of Compensation Due

Individual Exhibit 3

Audit No: OAK-16-12-R1-1

Subject: CNA Insurance

Location: Portland, OR

Type: INS

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$40.38					\$40.38
2			\$131.17			\$131.17
3	\$259.10					\$259.10
4	\$120.08					\$120.08
5	\$674.79					\$674.79
6	\$320.82					\$320.82
7	\$7,451.94					\$7,451.94
8	\$130.02		\$13.00			\$143.02
9	\$84.54	\$737.22	\$73.72			\$895.48
10	\$27.83					\$27.83
11	\$19.75	\$97.75	\$44.61			\$162.11
TOTAL	\$9,129.25	\$834.97	\$262.50	\$0.00	\$0.00	\$10,226.72

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: LAO-18-12-R1-5

Subject: Crawford & Company

Location: Gardena

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 2 divide by # claims with payable indem 19 = 0.10526

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

Total unpd indem. = \$ 5,661.32 divide by # of claims with obligation to pay indem. 19
 Avg Unpd Ind = \$ 297.96

C. Severity Rate

Avg Unpd Indem \$ 297.96 divide by avg unpd indem 2008-2010 of \$ 211.41 = 1.40941

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.10526 X Severity rate 1.40941 X modifier of 2
 = 0.29672

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

# claims with late 1st TD	3	divide by # with TD payments	18	
# claims with first SC notice violations	0	divide by # with salary continuation	1	
Totals	3	divide by	19	=
				0.15789

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

# claims with late first PD	0	divide by # with first PD	2	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	0	divide by	2	=
				0.00000

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 7 divide by # with subsequent payments 11 =
0.63636

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation 3 divide by # requiring notices 17 =
0.17647

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2012 1.26745

Profile Audit Review Performance Rating of 1.74515 or greater is a failing score.

Calendar Year: 2012

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: LAO-18-12-R1-5

Subject: Crawford & Company

Location: Gardena

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	\$4,260	\$4,260	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	41	\$8,160	\$8,160	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for denial of liability.	5	\$125	\$125	\$0	\$0	
Late provision of benefit notices other than specific notices for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	0	\$0	\$0	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	2	\$5,400	\$5,400	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	0	\$0	\$0	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB.	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	\$17,945	\$17,945	\$0	\$0	

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

Calendar Year: 2012
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-18-12-R1-5

Subject: Crawford & Company

Location: Gardena

Type: TPA

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$5,447.89					\$5,447.89
2	\$213.43					\$213.43
TOTAL	\$5,661.32	\$0.00	\$0.00	\$0.00	\$0.00	\$5,661.32

Profile Audit Review Performance Rating of Randomly Selected Claims

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

Subject: EMPLOYERS® Compensation Insurance Company

Location: San Francisco

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. = \$ 6,991.24 divide by # of claims with obligation to pay indem. 58
 Avg Unpd Ind = \$ 120.54

C. Severity Rate

Avg Unpd Indem \$ 120.54 divide by avg unpd indem 2008-2010 of \$ 211.41 = 0.57017

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.18966 X Severity rate 0.57017 X modifier of 2
 = 0.21627

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

# claims with late 1st TD	22	divide by # with TD payments	57		
# claims with first SC notice violations	0	divide by # with salary continuation	1		
Totals	22	divide by	58	=	0.37931

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

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

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 5 divide by # with subsequent payments 36 =
0.13889

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation: 15 divide by # requiring notices 54 =
0.27778

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2012 1.08368

Profile Audit Review Performance Rating of 1.74515 or greater is a failing score.

Calendar Year: 2012

Individual Exhibit 2

Penalty Assessments and Collections

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

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

Subject: EMPLOYERS® Compensation Insurance Company

Location: San Francisco

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)	25	\$17,650	\$17,650	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	1	\$200	\$200	\$0	\$0	
Late subsequent payment of indemnity benefits.	8	\$1,175	\$1,175	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	15	\$2,215	\$2,215	\$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.	2	\$1,600	\$1,600	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	10	\$2,350	\$2,350	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB.	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	64	\$26,390	\$26,390	\$0	\$0	

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

Calendar Year: 2012
Notices of Compensation Due

Individual Exhibit 3

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

Subject: EMPLOYERS® Compensation Insurance Company

Location: San Francisco

Type: INS / TPA

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$410.90		\$20.08			\$430.98
2			\$280.42			\$280.42
3			\$26.69			\$26.69
4			\$47.69			\$47.69
5			\$50.76			\$50.76
6			\$43.87			\$43.87
7	\$841.24		\$164.98			\$1,006.22
8		\$3,001.50	\$301.43			\$3,302.93
9		\$1,560.00	\$156.00			\$1,716.00
10			\$47.22			\$47.22
11	\$36.08		\$2.38			\$38.46
TOTAL	\$1,288.22	\$4,561.50	\$1,141.52	\$0.00	\$0.00	\$6,991.24

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: LAO-24-12-R1-5

Subject: ESIS (An ACE Group Company)

Location: Chatsworth

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

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

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

Total unpd indem. = \$ 8,380.67 divide by # of claims with obligation to pay indem. 58
Avg Unpd Ind = \$ 144.49

C. Severity Rate

Avg Unpd Indem \$ 144.49 divide by avg unpd indem 2008-2010 of \$ 211.41 = 0.68348

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.17241 X Severity rate 0.68348 X modifier of 2
= 0.23568

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

# claims with late 1st TD	24	divide by # with TD payments	57	
# claims with first SC notice violations	1	divide by # with salary continuation	1	
Totals	25	divide by	Totals 58	=
				0.43103

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

# claims with late first PD	1	divide by # with first PD	7	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	1	divide by	Totals 7	=
				0.14286

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 15 divide by # with subsequent payments 41 = 0.36585

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation 27 divide by # requiring notices 57 = 0.47368

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2012 1.64911

Profile Audit Review Performance Rating of 1.74515 or greater is a failing score.

Calendar Year: 2012

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	64
Indemnity	58
Medical Only	0
Denied	0
Complaints	6
Additional	0

Audit No: LAO-24-12-R1-5

Subject: ESIS(An ACE Group Company)

Location: Chatsworth

Type: TPA

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	27	\$17,150	\$17,150	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	4	\$3,200	\$3,200	\$0	\$0	
Late subsequent payment of indemnity benefits.	29	\$11,470	\$11,470	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for denial of liability.	1	\$100	\$100	\$0	\$0	
Late provision of benefit notices other than specific notices for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	30	\$3,125	\$3,125	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	7	\$7,600	\$7,600	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	8	\$1,020	\$1,020	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB.	1	\$250	\$250	\$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	107	\$43,915	\$43,915	\$0	\$0	

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

Calendar Year: 2012
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-24-12-R1-5

Subject: ESIS (An ACE Group Company)

Location: Chatsworth

Type: TPA

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$130.58		\$64.49			\$195.07
2	\$7,093.63					\$7,093.63
3	\$106.79					\$106.79
4			\$122.60		\$27.72	\$150.32
5	\$100.42		\$22.31			\$122.73
6	\$336.45		\$20.88			\$357.33
7			\$38.10			\$38.10
8	\$789.33					\$789.33
9			\$91.79			\$91.79
10	\$91.68					\$91.68
11			\$133.23			\$133.23
TOTAL	\$8,648.88	\$0.00	\$493.40	\$0.00	\$27.72	\$9,170.00

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: SAC-04-12-R2-1

Subject: Fireman's Fund Insurance Company

Location: Rancho Cordova

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 12 divide by # claims with payable indem 57 = 0.21053

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

Total unpd indem. = \$ 10,031.40 divide by # of claims with obligation to pay indem. 57
Avg Unpd Ind = \$ 175.99

C. Severity Rate

Avg Unpd Indem \$ 175.99 divide by avg unpd indem 2008-2010 of \$ 211.41 = 0.83246

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.21053 X Severity rate 0.83246 X modifier of 2
= 0.35051

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

# claims with late 1st TD	14	divide by # with TD payments	55	
# claims with first SC notice violations	0	divide by # with salary continuation	1	
Totals	14	divide by	Totals 56	=
				0.25000

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

# claims with late first PD	6	divide by # with first PD	12	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	6	divide by	Totals 12	=
				0.50000

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

claims with AME/QME notice violation 31 divide by # requiring notices 55 =
0.56364

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2012 1.98122

Profile Audit Review Performance Rating of 1.74515 or greater is a failing score.

Calendar Year: 2012

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	129
Indemnity	127
Medical Only	0
Denied	0
Complaints	2
Additional	0

Audit No: SAC-04-12-R2-1

Subject: Fireman's Fund Insurance Company

Location: Rancho Cordova

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)	50	\$11,580	\$2,316	\$9,264	\$9,264	
Late first payment of permanent disability indemnity benefits (PD).	13	\$6,890	\$1,378	\$5,512	\$4,552	x
Late subsequent payment of indemnity benefits.	59	\$11,710	\$2,342	\$9,368	\$6,888	x
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	87	\$21,895	\$21,895	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	16	\$15,600	\$3,120	\$12,480	\$12,480	
Failure to pay any PD indemnity benefit.	9	\$8,600	\$1,720	\$6,880	\$2,880	x
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	27	\$6,150	\$1,230	\$4,920	\$2,600	x
Failure to pay any indemnity as ordered by the WCAB.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	261	\$82,425	\$34,001	\$48,424	\$38,664	

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

Calendar Year: 2012
Notices of Compensation Due

Individual Exhibit 3
Page 1 of 2

Audit No: SAC-04-12-R2-1

Subject: Fireman's Fund Insurance Company

Location: Rancho Cordova

Type: INS

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1		\$133.31				\$133.31
2			\$195.12			\$195.12
3	\$41.20		\$4.12			\$45.32
4			\$34.11			\$34.11
5	\$40.75					\$40.75
6	\$28.66					\$28.66
7	\$567.93					\$567.93
8		\$424.85				\$424.85
9		\$310.50				\$310.50
10	\$154.62					\$154.62
11		\$34,850.40	\$4,440.90			\$39,291.30
12		\$103.50	\$58.65			\$162.15
13	\$171.43					\$171.43
14		\$43.57				\$43.57
15	\$6,655.39		\$653.59			\$7,308.98
16	\$270.12		\$329.14			\$599.26
17		\$690.00				\$690.00
18	\$126.35					\$126.35
19			\$430.43			\$430.43
20		\$1,759.50				\$1,759.50
21			\$126.47			\$126.47
SUBTOTAL	\$8,056.45	\$38,315.63	\$6,272.53	\$0.00	\$0.00	\$52,644.61

Calendar Year: 2012
Notices of Compensation Due

Individual Exhibit 3
Page 2 of 2

Audit No: SAC-04-12-R2-1

Subject: Fireman's Fund Insurance Company

Location: Rancho Cordova

Type: INS

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
22	\$99.05					\$99.05
23	\$135.45	\$438.15				\$573.60
24	\$110.78					\$110.78
25	\$213.83					\$213.83
26	\$5,639.02		\$403.85			\$6,042.87
27			\$846.25			\$846.25
Page 2 SUBTOTAL	\$6,198.13	\$438.15	\$1,250.10	\$0.00	\$0.00	\$7,886.38
Page 1 SUBTOTAL	\$8,056.45	\$38,315.63	\$6,272.53	\$0.00	\$0.00	\$52,644.61
TOTAL	\$14,254.58	\$38,753.78	\$7,522.63	\$0.00	\$0.00	\$60,530.99

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: LAO-03-12-R1-6

Subject: Fontana Unified School District

Location: Fontana

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 7 divide by # claims with payable indem 34 = 0.20588

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

Total unpd indem. = \$ 4,232.98 divide by # of claims with obligation to pay indem. 34
Avg Unpd Ind = \$ 124.50

C. Severity Rate

Avg Unpd Indem \$ 124.50 divide by avg unpd indem 2008-2010 of \$ 211.41 = 0.58890

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.20588 X Severity rate 0.58890 X modifier of 2
= 0.24249

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

# claims with late 1st TD	1	divide by # with TD payments	6	
# claims with first SC notice violations	2	divide by # with salary continuation	29	
Totals	3	divide by	35	=
				0.08571

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

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

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 1 divide by # with subsequent payments 9 = 0.11111

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation 4 divide by # requiring notices 34 = 0.11765

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2012 0.85696

Profile Audit Review Performance Rating of 1.74515 or greater is a failing score.

Calendar Year: 2012

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	34
Indemnity	34
Medical Only	0
Denied	0
Complaints	0
Additional	0

Audit No: LAO-03-12-R1-6

Subject: Fontana Unified School District

Location: Fontana

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	\$4,000	\$4,000	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	4	\$1,270	\$1,270	\$0	\$0	
Late subsequent payment of indemnity benefits.	1	\$100	\$100	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for denial of injury.	2	\$75	\$75	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	5	\$125	\$125	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	4	\$3,400	\$3,400	\$0	\$0	
Failure to pay any PD indemnity benefit.	1	\$400	\$400	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	2	\$350	\$350	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB.	2	\$1,800	\$1,800	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	22	\$11,520	\$11,520	\$0	\$0	

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

Calendar Year: 2012
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-03-12-R1-6

Subject: Fontana Unified School District

Location: Fontana

Type: SI

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$1,377.72		\$132.31			\$1,510.03
2			\$69.00			\$69.00
3	\$74.45					\$74.45
4		\$213.57	\$113.72		\$10.21	\$337.50
5	\$1,336.94		\$172.79			\$1,509.73
6	\$125.55					\$125.55
7		\$551.56	\$55.16			\$606.72
TOTAL	\$2,914.66	\$765.13	\$542.98	\$0.00	\$10.21	\$4,232.98

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: LAO-08-12-R1-5

Subject: Gallagher Bassett Services #174

Location: Aliso Viejo

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

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

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

Total unpd indem. = \$ 10,681.78 divide by # of claims with obligation to pay indem. 57
 Avg Unpd Ind = \$ 187.40

C. Severity Rate

Avg Unpd Indem \$ 187.40 divide by avg unpd indem 2008-2010 of \$ 211.41 = 0.88643

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.17544 X Severity rate 0.88643 X modifier of 2
 = 0.31103

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

# claims with late 1st TD	17	divide by # with TD payments	55	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	17	divide by	55	=
				0.30909

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

# claims with late first PD	4	divide by # with first PD	8	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	4	divide by	8	=
				0.50000

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 1 divide by # with subsequent payments 35 =
0.02857

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation: 11 divide by # requiring notices 54 =
0.20370

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2012 1.35239

Profile Audit Review Performance Rating of 1.74515 or greater is a failing score.

Calendar Year: 2012

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	58
Indemnity	56
Medical Only	0
Denied	0
Complaints	1
Additional	1

Audit No: LAO-08-12-R1-5

Subject: Gallagher Bassett Services #174

Location: Aliso Viejo

Type: TPA

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	20	\$4,130	\$4,130	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	5	\$3,680	\$3,680	\$0	\$0	
Late subsequent payment of indemnity benefits.	3	\$520	\$520	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	16	\$875	\$875	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	11	\$12,500	\$12,500	\$0	\$0	
Failure to pay any PD indemnity benefit.	2	\$1,900	\$1,900	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	4	\$1,100	\$1,100	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	61	\$24,705	\$24,705	\$0	\$0	

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

Calendar Year: 2012
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-08-12-R1-5

Subject: Gallagher Bassett Services #174

Location: Aliso Viejo

Type: TPA

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$611.74					\$611.74
2	\$5,818.92					\$5,818.92
3	\$398.13					\$398.13
4	\$110.85					\$110.85
5	\$419.04		\$38.41			\$457.45
6	\$23.28		\$8.51			\$31.79
7	\$6,314.70		\$379.53			\$6,694.23
8	\$1,751.11	\$272.31	\$502.39			\$2,525.81
9	\$52.90					\$52.90
10	\$516.24					\$516.24
11	\$157.95					\$157.95
TOTAL	\$16,174.86	\$272.31	\$928.84	\$0.00	\$0.00	\$17,376.01

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: SAC-09-12-R1-5

Subject: Gallagher Bassett Services #176

Location: Sacramento

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. = \$ 7,743.18 divide by # of claims with obligation to pay indem. 58
Avg Unpd Ind = \$ 133.50

C. Severity Rate

Avg Unpd Indem \$ 133.50 divide by avg unpd indem 2008-2010 of \$ 211.41 = 0.63149

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.10345 X Severity rate 0.63149 X modifier of 2
= 0.13065

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

# claims with late 1st TD	14	divide by # with TD payments	48	
# claims with first SC notice violations	1	divide by # with salary continuation	1	
Totals	15	divide by	49	=
				0.30612

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

# claims with late first PD	7	divide by # with first PD	23	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	7	divide by	23	=
				0.30435

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

claims with AME/QME notice violation 33 divide by # requiring notices 53 = 0.62264

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2012 1.51082

Profile Audit Review Performance Rating of 1.74515 or greater is a failing score.

Calendar Year: 2012

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: SAC-09-12-R1-5

Subject: Gallagher Bassett Services #176

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)	15	\$12,430	\$12,430	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	8	\$8,120	\$8,120	\$0	\$0	
Late subsequent payment of indemnity benefits.	11	\$5,280	\$5,280	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for denial of liability.	1	\$100	\$100	\$0	\$0	
Late provision of benefit notices other than specific notices for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	46	\$4,325	\$4,325	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	3	\$5,800	\$5,800	\$0	\$0	
Failure to pay any PD indemnity benefit.	2	\$800	\$800	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	1	\$200	\$200	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	87	\$37,055	\$37,055	\$0	\$0	

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

Calendar Year: 2012
Notices of Compensation Due

Individual Exhibit 3

Audit No: SAC-09-12-R1-5

Subject: Gallagher Bassett Services #176

Location: Sacramento

Type: TPA

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1		\$828.00	\$78.37			\$906.37
2		\$704.79				\$704.79
3	\$94.88					\$94.88
4	\$5,813.71					\$5,813.71
5	\$180.81					\$180.81
6			\$42.62			\$42.62
TOTAL	\$6,089.40	\$1,532.79	\$120.99	\$0.00	\$0.00	\$7,743.18

Calendar Year: 2012

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: LAO-22-12-R1-6

Subject: Garden Grove Unified School District

Location: Garden Grove

Type: SI

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	1	\$300	\$300	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	1	\$400	\$400	\$0	\$0	
Late subsequent payment of indemnity benefits.	1	\$1,200	\$1,200	\$0	\$0	X
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for denial of injury.	2	\$50	\$50	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	6	\$150	\$150	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	2	\$1,700	\$1,700	\$0	\$0	X
Failure to pay any PD indemnity benefit.	4	\$3,600	\$3,600	\$0	\$0	X
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	0	\$0	\$0	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	17	\$7,400	\$7,400	\$0	\$0	

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

Calendar Year: 2012
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-22-12-R1-6

Subject: Garden Grove Unified School District

Location: Garden Grove

Type: SI

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1		\$8,053.89	\$805.39			\$8,859.28
2		\$315.43	\$31.54		\$28.07	\$375.04
3	\$169.54		\$16.95			\$186.49
4		\$640.71	\$51.26		\$5.16	\$697.13
5	\$528.08	\$2,801.10	\$332.92			\$3,662.10
TOTAL	\$697.62	\$11,811.13	\$1,238.06	\$0.00	\$33.23	\$13,780.04

Calendar Year: 2012

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: SAC-08-12-R1-5

Subject: Innovative Claim Solutions, Inc.

Location: Rancho Cordova

Type: TPA

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	2	\$550	\$550	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	0	\$0	\$0	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for denial of injury.	1	\$25	\$25	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	39	\$1,200	\$1,200	\$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 10% self-imposed increase for any late paid indemnity benefits.	0	\$0	\$0	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	2	\$400	\$400	\$0	\$0	
TOTAL	44	\$2,175	\$2,175	\$0	\$0	

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

Calendar Year: 2012
Notices of Compensation Due

Individual Exhibit 3

Audit No: SAC-08-12-R1-5

Subject: Innovative Claim Solutions, Inc.

Location: Rancho Cordova

Type: TPA

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$125.16					\$125.16
2	\$46.56					\$46.56
TOTAL	\$171.72	\$0.00	\$0.00	\$0.00	\$0.00	\$171.72

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: SAC-13-12-R1-5

Subject: Intercare Insurance Services

Location: Fresno

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 8 divide by # claims with payable indem 52 = 0.15385

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

Total unpd indem. = \$ 4,851.89 divide by # of claims with obligation to pay indem. 52
Avg Unpd Ind = \$ 93.31

C. Severity Rate

Avg Unpd Indem \$ 93.31 divide by avg unpd indem 2008-2010 of \$ 211.41 = 0.44135

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.15385 X Severity rate 0.44135 X modifier of 2
= 0.13580

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	48	
# claims with first SC notice violations	2	divide by # with salary continuation	3	
Totals	15	divide by	Totals 51	=
				0.29412

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

# claims with late first PD	1	divide by # with first PD	21	
# 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 9 divide by # with subsequent payments 29 = 0.31034

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation 23 divide by # requiring notices 51 = 0.45098

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2012 1.23886

Profile Audit Review Performance Rating of 1.74515 or greater is a failing score.

Calendar Year: 2012

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: SAC-13-12-R1-5

Subject: Intercare Insurance Services

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)	18	\$2,870	\$2,870	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	1	\$640	\$640	\$0	\$0	
Late subsequent payment of indemnity benefits.	29	\$7,830	\$7,830	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for denial of injury.	2	\$100	\$100	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	34	\$3,030	\$3,030	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	5	\$6,200	\$6,200	\$0	\$0	
Failure to pay any PD indemnity benefit.	2	\$800	\$800	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	2	\$300	\$300	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB.	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	93	\$21,770	\$21,770	\$0	\$0	

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

Calendar Year: 2012
Notices of Compensation Due

Individual Exhibit 3

Audit No: SAC-13-12-R1-5

Subject: Intercare Insurance Services

Location: Fresno

Type: TPA

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1			\$79.77			\$79.77
2	\$2,242.89		\$266.65			\$2,509.54
3	\$599.00		\$59.90			\$658.90
4		\$690.00	\$69.00			\$759.00
5		\$344.48	\$34.45			\$378.93
6	\$163.45					\$163.45
7	\$60.14					\$60.14
8	\$242.16					\$242.16
TOTAL	\$3,307.64	\$1,034.48	\$509.77	\$0.00	\$0.00	\$4,851.89

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: LAO-25-12-R1-5

Subject: Intercare Insurance Services

Location: Orange

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 7 divide by # claims with payable indem 59 = 0.11864

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

Total unpd indem. = \$ 39,545.41 divide by # of claims with obligation to pay indem. 59
 Avg Unpd Ind = \$ 670.26

C. Severity Rate

Avg Unpd Indem \$ 670.26 divide by avg unpd indem 2008-2010 of \$ 211.41 = 3.17043

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.11864 X Severity rate 3.17043 X modifier of 2
 = 0.75231

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

# claims with late 1st TD	1	divide by # with TD payments	7	
# claims with first SC notice violations	8	divide by # with salary continuation	55	
Totals	9	divide by	62	=
				0.14516

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

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

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 3 divide by # with subsequent payments 17 =
0.17647

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation 6 divide by # requiring notices 56 =
0.10714

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2012

1.49358

Profile Audit Review Performance Rating of 1.74515 or greater is a failing score.

Calendar Year: 2012

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	67
Indemnity	58
Medical Only	0
Denied	0
Complaints	8
Additional	1

Audit No: LAO-25-12-R1-5

Subject: Intercare Insurance Services

Location: Orange

Type: TPA

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	1	\$200	\$200	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	5	\$2,940	\$2,940	\$0	\$0	
Late subsequent payment of indemnity benefits.	2	\$375	\$375	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for denial of injury.	8	\$330	\$330	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	6	\$150	\$150	\$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.	7	\$9,600	\$9,600	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	4	\$1,300	\$1,300	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	34	\$19,895	\$19,895	\$0	\$0	

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

Calendar Year: 2012
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-25-12-R1-5

Subject: Intercare Insurance Services

Location: Orange

Type: TPA

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1		\$4,146.15	\$414.62			\$4,560.77
2	\$12,809.27	\$4,082.50	\$1,856.83			\$18,748.60
3		\$1,079.36	\$107.94			\$1,187.30
4		\$2,597.36	\$259.74			\$2,857.10
5		\$1,695.43	\$491.54			\$2,186.97
6		\$1,069.50	\$556.60			\$1,626.10
7		\$8,378.57				\$8,378.57
TOTAL	\$12,809.27	\$23,048.87	\$3,687.27	\$0.00	\$0.00	\$39,545.41

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: LAO-23-12-R1-5

Subject: Intercare Insurance Services

Location: Pasadena

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 6 divide by # claims with payable indem 53 = 0.11321

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

Total unpd indem. = \$ 3,670.27 divide by # of claims with obligation to pay indem. 53
Avg Unpd Ind = \$ 69.25

C. Severity Rate

Avg Unpd Indem \$ 69.25 divide by avg unpd indem 2008-2010 of \$ 211.41 = 0.32756

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.11321 X Severity rate 0.32756 X modifier of 2
= 0.07417

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

# claims with late 1st TD	1	divide by # with TD payments	42	
# claims with first SC notice violations	3	divide by # with salary continuation	18	
Totals	4	divide by	Totals 60	=
				0.06667

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

# claims with late first PD	0	divide by # with first PD	7	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	0	divide by	Totals 7	=
				0.00000

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 3 divide by # with subsequent payments 32 = 0.09375

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation 16 divide by # requiring notices 50 = 0.32000

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2012 0.55458

Profile Audit Review Performance Rating of 1.74515 or greater is a failing score.

Calendar Year: 2012

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: LAO-23-12-R1-5

Subject: Intercare Insurance Services

Location: Pasadena

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	\$200	\$200	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	6	\$940	\$940	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for denial of injury.	3	\$100	\$100	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	29	\$1,200	\$1,200	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	5	\$2,200	\$2,200	\$0	\$0	
Failure to pay any PD indemnity benefit.	1	\$800	\$800	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	0	\$0	\$0	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	45	\$5,440	\$5,440	\$0	\$0	

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

Calendar Year: 2012
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-23-12-R1-5

Subject: Intercare Insurance Services

Location: Pasadena

Type: TPA

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$682.11		\$68.21			\$750.32
2	\$76.14					\$76.14
3	\$295.78					\$295.78
4		\$2,007.92	\$200.79			\$2,208.71
5	\$69.55					\$69.55
6	\$249.44		\$20.33			\$269.77
TOTAL	\$1,373.02	\$2,007.92	\$289.33	\$0.00	\$0.00	\$3,670.27

Calendar Year: 2012

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	58
Indemnity	56
Medical Only	0
Denied	0
Complaints	2
Additional	0

Audit No: OAK-02-12-R1-5

Subject: JT² Integrated Resources

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)	0	\$0	\$0	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	0	\$0	\$0	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for denial of liability.	2	\$200	\$200	\$0	\$0	
Late provision of benefit notices other than specific notices for denial of injury.	18	\$845	\$845	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	23	\$1,355	\$1,355	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	7	\$5,100	\$5,100	\$0	\$0	
Failure to pay any PD indemnity benefit.	1	\$400	\$400	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	0	\$0	\$0	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	51	\$7,900	\$7,900	\$0	\$0	

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

Calendar Year: 2012
Notices of Compensation Due

Individual Exhibit 3

Audit No: OAK-02-12-R1-5

Subject: JT² Integrated Resources

Location: Oakland

Type: TPA

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$758.67					\$758.67
2	\$6,381.35					\$6,381.35
3	\$571.74					\$571.74
4	\$808.47					\$808.47
5		\$401.79	\$40.18			\$441.97
6	\$1,292.78					\$1,292.78
7	\$225.22					\$225.22
8	\$4,165.12					\$4,165.12
TOTAL	\$14,203.35	\$401.79	\$40.18	\$0.00	\$0.00	\$14,645.32

Calendar Year: 2012

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: LAO-17-12-R1-5

Subject: JT² Integrated Resources

Location: Ontario

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	\$660	\$660	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	3	\$1,800	\$1,800	\$0	\$0	
Late subsequent payment of indemnity benefits.	5	\$2,410	\$2,410	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for denial of injury.	8	\$330	\$330	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	26	\$1,850	\$1,850	\$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.	2	\$1,200	\$1,200	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	4	\$700	\$700	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB.	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	\$9,950	\$9,950	\$0	\$0	

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

Calendar Year: 2012
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-17-12-R1-5

Subject: JT² Integrated Resources

Location: Ontario

Type: TPA

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$269.89					\$269.89
2	\$216.15					\$216.15
3	\$158.19	\$3,326.38	\$442.39			\$3,926.96
4	\$193.97					\$193.97
5	\$126.16					\$126.16
6		\$1,380.00				\$1,380.00
7			\$363.07			\$363.07
TOTAL	\$964.36	\$4,706.38	\$805.46	\$0.00	\$0.00	\$6,476.20

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: OAK-18-12-R1-5

Subject: Keenan & Associates

Location: Redwood City

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 3 divide by # claims with payable indem 54 = 0.05556

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

Total unpd indem. = \$ 943.59 divide by # of claims with obligation to pay indem. 54
 Avg Unpd Ind = \$ 17.47

C. Severity Rate

Avg Unpd Indem \$ 17.47 divide by avg unpd indem 2008-2010 of \$ 211.41 = 0.08265

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.05556 X Severity rate 0.08265 X modifier of 2
 = 0.00918

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

# claims with late 1st TD	4	divide by # with TD payments	15	
# claims with first SC notice violations	4	divide by # with salary continuation	44	
Totals	8	divide by	59	=
				0.13559

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

# claims with late first PD	2	divide by # with first PD	21	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	2	divide by	21	=
				0.09524

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 0 divide by # with subsequent payments 22 =
0.00000

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation 32 divide by # requiring notices 52 =
0.61538

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2012 0.85540

Profile Audit Review Performance Rating of 1.74515 or greater is a failing score.

Calendar Year: 2012

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: OAK-18-12-R1-5

Subject: Keenan & Associates

Location: Redwood City

Type: TPA

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	5	\$7,460	\$7,460	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	1	\$400	\$400	\$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 denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for denial of injury.	4	\$205	\$205	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	43	\$1,075	\$1,075	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	0	\$0	\$0	\$0	\$0	
Failure to pay any PD indemnity benefit.	3	\$1,200	\$1,200	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	2	\$1,000	\$1,000	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	58	\$11,340	\$11,340	\$0	\$0	

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

Calendar Year: 2012
Notices of Compensation Due

Individual Exhibit 3

Audit No: OAK-18-12-R1-5

Subject: Keenan & Associates

Location: Redwood City

Type: TPA

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1		\$235.97	\$193.47			\$429.44
2			\$400.30			\$400.30
3		\$103.50	\$10.35			\$113.85
TOTAL	\$0.00	\$339.47	\$604.12	\$0.00	\$0.00	\$943.59

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: OAK-20-12-R1-3

Subject: Municipal Pooling Authority

Location: Walnut Creek

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 0 divide by # claims with payable indem 50 = 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. 50
 Avg Unpd Ind = \$ -

C. Severity Rate

Avg Unpd Indem \$ - divide by avg unpd indem 2008-2010 of \$ 211.41 = 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	1	divide by # with TD payments	13	
# claims with first SC notice violations	3	divide by # with salary continuation	41	
Totals	4	divide by	54	=
				0.07407

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

# claims with late first PD	2	divide by # with first PD	18	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	2	divide by	18	=
				0.11111

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 0 divide by # with subsequent payments 21 =
0.00000

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation 5 divide by # requiring notices 49 =
0.10204

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2012 0.28723

Profile Audit Review Performance Rating of 1.74515 or greater is a failing score.

Calendar Year: 2012

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: OAK-20-12-R1-3

Subject: Municipal Pooling Authority

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)	1	\$250	\$250	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	3	\$1,140	\$1,140	\$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 denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for denial of injury.	3	\$125	\$125	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	6	\$1,100	\$1,100	\$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 10% self-imposed increase for any late paid indemnity benefits.	0	\$0	\$0	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	13	\$2,615	\$2,615	\$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-06-12-R2-1

Subject: National Interstate Insurance Company

Location: Richfield, OH

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

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

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

Total unpd indem. = \$ 23,740.26 divide by # of claims with obligation to pay indem. 54
Avg Unpd Ind = \$ 439.63

C. Severity Rate

Avg Unpd Indem \$ 439.63 divide by avg unpd indem 2008-2010 of \$ 211.41 = 2.07953

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.24074 X Severity rate 2.07953 X modifier of 2
= 1.00126

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

# claims with late 1st TD	12	divide by # with TD payments	53	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	12	divide by	Totals 53	=
				0.22642

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

# claims with late first PD	7	divide by # with first PD	14	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	7	divide by	Totals 14	=
				0.50000

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 18 divide by # with subsequent payments 43 = 0.41860

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation: 35 divide by # requiring notices 46 = 0.76087

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2012 2.90715

Profile Audit Review Performance Rating of 1.74515 or greater is a failing score.

Full Compliance Audit Performance Rating of Randomly Selected Claims

Audit No: OAK-06-12-R2-1

Subject: National Interstate Insurance Company

Location: Richfield, OH

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 20 divide by # claims with payable indem 113 = 0.17699

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

Total unpd indem = \$ 15,732.12 divide by # of claims with obligation to pay indem. 113
 Avg Unpd Ind = \$ 139.22

C. Severity Rate

Avg Unpd Ind. \$ 139.22 divide by avg unpd indem 2008-2010 of \$ 211.41 = 0.65854

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.17699 X Severity rate 0.65854 X modifier of 2
 = 0.23311

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

# claims with late 1st TD	33	divide by # with TD payments	110	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	33	divide by	Totals 110	=
				0.30000

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

# claims with late first PD	12	divide by # with first PD	28	
# claims/late first death benefits	0	divide by # with first death ben paid	0	
Totals	12	divide by	Totals 28	=
				0.42857

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subseq payments 27 divide by # with subseq payments 83 =
0.32530

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation: 70 divide by # requiring notices 100 =
0.70000

FULL COMPLIANCE AUDIT PERFORMANCE RATING - 2012

Full Compliance Audit Performance Rating of indemnity files of 2.00997 or greater is a failing score.

1.98698

Calendar Year: 2012

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	115
Indemnity	113
Medical Only	0
Denied	0
Complaints	2
Additional	0

Audit No: OAK-06-12-R2-1

Subject: National Interstate Insurance Company

Location: Richfield, OH

Type: INS

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	41	\$13,810	\$2,762	\$11,048	\$11,048	
Late first payment of permanent disability indemnity benefits (PD).	15	\$16,070	\$3,214	\$12,856	\$12,856	
Late subsequent payment of indemnity benefits.	49	\$10,765	\$2,153	\$8,612	\$8,612	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	100	\$12,580	\$12,580	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	16	\$13,000	\$2,600	\$10,400	\$10,400	
Failure to pay any PD indemnity benefit.	9	\$4,400	\$880	\$3,520	\$3,520	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	7	\$1,850	\$370	\$1,480	\$1,480	
Failure to pay any indemnity as ordered by the WCAB.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	237	\$72,475	\$24,559	\$47,916	\$47,916	

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

Calendar Year: 2012
Notices of Compensation Due

Individual Exhibit 3

Audit No: OAK-06-12-R2-1

Subject: National Interstate Insurance Company

Location: Richfield, OH

Type: INS

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$2,001.06		\$200.11			\$2,201.17
2	\$353.56		\$35.36			\$388.92
3	\$59.31		\$5.93			\$65.24
4		\$280.93				\$280.93
5		\$1,041.98	\$214.48			\$1,256.46
6	\$278.90					\$278.90
7	\$233.19					\$233.19
8	\$74.06					\$74.06
9		\$724.50				\$724.50
10	\$417.51		\$339.62			\$757.13
11		\$27.92				\$27.92
12		\$1,153.29	\$395.60			\$1,548.89
13	\$64.52		\$6.45			\$70.97
14		\$113.36	\$11.34			\$124.70
15		\$1,881.59	\$273.32			\$2,154.91
16	\$867.82					\$867.82
17		\$880.97				\$880.97
18	\$2,779.18	\$251.36	\$380.40			\$3,410.94
19	\$102.50		\$3.84			\$106.34
20	\$278.16					\$278.16
TOTAL	\$7,509.77	\$6,355.90	\$1,866.45	\$0.00	\$0.00	\$15,732.12

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: OAK-08-12-T1-1

Subject: OneBeacon Insurance Group

Location: Quincy, MA

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 6 divide by # claims with payable indem 47 = 0.12766

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

Total unpd indem. = \$ 5,699.12 divide by # of claims with obligation to pay indem. 47
 Avg Unpd Ind = \$ 121.26

C. Severity Rate

Avg Unpd Indem \$ 121.26 divide by avg unpd indem 2008-2010 of \$ 211.41 = 0.57357

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.12766 X Severity rate 0.57357 X modifier of 2
 = 0.14644

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

# claims with late 1st TD	22	divide by # with TD payments	44	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	22	divide by	44	=
				0.50000

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

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

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 5 divide by # with subsequent payments 30 =
0.16667

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation 21 divide by # requiring notices 46 =
0.45652

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2012 1.51963

Profile Audit Review Performance Rating of 1.74515 or greater is a failing score.

Calendar Year: 2012

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	48
Indemnity	47
Medical Only	0
Denied	0
Complaints	1
Additional	0

Audit No: OAK-08-12-T1-1

Subject: OneBeacon Insurance Group

Location: Quincy, MA

Type: INS

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	27	\$8,600	\$8,600	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	5	\$2,470	\$2,470	\$0	\$0	
Late subsequent payment of indemnity benefits.	11	\$2,650	\$2,650	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	36	\$3,365	\$3,365	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	4	\$1,000	\$1,000	\$0	\$0	
Failure to pay any PD indemnity benefit.	2	\$1,900	\$1,900	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	1	\$200	\$200	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	86	\$20,185	\$20,185	\$0	\$0	

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

Calendar Year: 2012
Notices of Compensation Due

Individual Exhibit 3

Audit No: OAK-08-12-T1-1

Subject: OneBeacon Insurance Group

Location: Quincy, MA

Type: INS

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$187.38		\$18.74			\$206.12
2	\$36.42					\$36.42
3	\$59.89					\$59.89
4	\$58.95	\$4,990.74				\$5,049.69
5		\$207.00				\$207.00
6	\$140.00					\$140.00
TOTAL	\$482.64	\$5,197.74	\$18.74	\$0.00	\$0.00	\$5,699.12

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: OAK-11-12-R1-2

Subject: Pacific Gas & Electric Company

Location: San Francisco

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 3 divide by # claims with payable indem 53 = 0.05660

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

Total unpd indem. = \$ 1,809.95 divide by # of claims with obligation to pay indem. 53
Avg Unpd Ind = \$ 34.15

C. Severity Rate

Avg Unpd Indem \$ 34.15 divide by avg unpd indem 2008-2010 of \$ 211.41 = 0.16153

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.05660 X Severity rate 0.16153 X modifier of 2
= 0.01829

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

# claims with late 1st TD	1	divide by # with TD payments	44	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	1	divide by	Totals 44	=
				0.02273

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

# claims with late first PD	2	divide by # with first PD	33	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	2	divide by	Totals 33	=
				0.06061

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 1 divide by # with subsequent payments 41 =
0.02439

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation 30 divide by # requiring notices 52 =
0.57692

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2012 0.70293

Profile Audit Review Performance Rating of 1.74515 or greater is a failing score.

Calendar Year: 2012

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: OAK-11-12-R1-2

Subject: Pacific Gas & Electric Company

Location: San Francisco

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	\$500	\$500	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	2	\$2,600	\$2,600	\$0	\$0	
Late subsequent payment of indemnity benefits.	1	\$100	\$100	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	59	\$1,655	\$1,655	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	2	\$1,400	\$1,400	\$0	\$0	
Failure to pay any PD indemnity benefit.	3	\$500	\$500	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	0	\$0	\$0	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	69	\$6,755	\$6,755	\$0	\$0	

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

Calendar Year: 2012
Notices of Compensation Due

Individual Exhibit 3

Audit No: OAK-11-12-R1-2

Subject: Pacific Gas & Electric Company

Location: San Francisco

Type: SI

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$1,233.16		\$123.32			\$1,356.48
2	\$150.52		\$15.05			\$165.57
3			\$287.90			\$287.90
TOTAL	\$1,383.68	\$0.00	\$426.27	\$0.00	\$0.00	\$1,809.95

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: OAK-03-12-R1-1

Subject: Petroleum Casualty Company

Location: Houston, 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 11 = 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. 11
 Avg Unpd Ind = \$ -

C. Severity Rate

Avg Unpd Indem \$ - divide by avg unpd indem 2008-2010 of \$ 211.41 = 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	1	divide by # with TD payments	9	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	1	divide by	9	=
				0.11111

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

# claims with late first PD	0	divide by # with first PD	7	
# claims with late first DB	0	divide by # with first DB paid	1	
Totals	0	divide by	8	=
				0.00000

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

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

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation 6 divide by # requiring notices 8 =
0.75000

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2012 0.86111

Profile Audit Review Performance Rating of 1.74515 or greater is a failing score.

Calendar Year: 2012

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	11
Indemnity	11
Medical Only	0
Denied	0
Complaints	0
Additional	0

Audit No: OAK-03-12-R1-1

Subject: Petroleum Casualty Company

Location: Houston, 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)	1	\$160	\$160	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	0	\$0	\$0	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	8	\$200	\$200	\$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 10% self-imposed increase for any late paid indemnity benefits.	0	\$0	\$0	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	9	\$360	\$360	\$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-10-12-R1-6

Subject: Redwood Empire Schools Insurance Group

Location: Windsor

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 0 divide by # claims with payable indem 51 = 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. 51
 Avg Unpd Ind = \$ -

C. Severity Rate

Avg Unpd Indem \$ - divide by avg unpd indem 2008-2010 of \$ 211.41 = 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	0	divide by # with TD payments	11	
# claims with first SC notice violations	3	divide by # with salary continuation	44	
Totals	3	divide by	55	=
				0.05455

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

# claims with late first PD	3	divide by # with first PD	15	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	3	divide by	15	=
				0.20000

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 1 divide by # with subsequent payments 16 =
0.06250

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation 26 divide by # requiring notices 47 =
0.55319

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2012 0.87024

Profile Audit Review Performance Rating of 1.74515 or greater is a failing score.

Calendar Year: 2012

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: OAK-10-12-R1-6

Subject: Redwood Empire Schools Insurance Group

Location: Windsor

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).	4	\$980	\$980	\$0	\$0	
Late subsequent payment of indemnity benefits.	2	\$450	\$450	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for denial of liability.	1	\$100	\$100	\$0	\$0	
Late provision of benefit notices other than specific notices for denial of injury.	2	\$50	\$50	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	32	\$875	\$875	\$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 10% self-imposed increase for any late paid indemnity benefits.	0	\$0	\$0	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	41	\$2,455	\$2,455	\$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-09-12-R1-1

Subject: Republic Indemnity Company of America

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 49 = 0.08163

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

Total unpd indem. = \$ 2,965.87 divide by # of claims with obligation to pay indem. 49
 Avg Unpd Ind = \$ 60.53

C. Severity Rate

Avg Unpd Indem \$ 60.53 divide by avg unpd indem 2008-2010 of \$ 211.41 = 0.28631

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.08163 X Severity rate 0.28631 X modifier of 2
 = 0.04674

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

# claims with late 1st TD	7	divide by # with TD payments	47	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	7	divide by	47	=
				0.14894

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

# claims with late first PD	2	divide by # with first PD	25	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	2	divide by	25	=
				0.08000

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 3 divide by # with subsequent payments 35 =
0.08571

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation: 0 divide by # requiring notices 48 =
0.00000

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2012 0.36139

Profile Audit Review Performance Rating of 1.74515 or greater is a failing score.

Calendar Year: 2012

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	50
Indemnity	49
Medical Only	0
Denied	0
Complaints	1
Additional	0

Audit No: LAO-09-12-R1-1

Subject: Republic Indemnity Company of America

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)	10	\$3,165	\$3,165	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	3	\$2,400	\$2,400	\$0	\$0	
Late subsequent payment of indemnity benefits.	8	\$965	\$965	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	0	\$0	\$0	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	3	\$3,400	\$3,400	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	1	\$300	\$300	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	25	\$10,230	\$10,230	\$0	\$0	

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

Calendar Year: 2012
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-09-12-R1-1

Subject: Republic Indemnity Company of America

Location: San Diego

Type: INS

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$37.93		\$3.79			\$41.72
2	\$242.02		\$24.20			\$266.22
3	\$2,332.66		\$233.27			\$2,565.93
4			\$92.00			\$92.00
TOTAL	\$2,612.61	\$0.00	\$353.26	\$0.00	\$0.00	\$2,965.87

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: OAK-04-12-R1-2

Subject: Safeway, Inc.

Location: Pleasanton

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. = \$ 2,363.94 divide by # of claims with obligation to pay indem. 57
Avg Unpd Ind = \$ 41.47

C. Severity Rate

Avg Unpd Indem \$ 41.47 divide by avg unpd indem 2008-2010 of \$ 211.41 = 0.19617

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.08772 X Severity rate 0.19617 X modifier of 2
= 0.03442

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

# claims with late 1st TD	9	divide by # with TD payments	57	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	9	divide by	Totals 57	=

0.15789

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

# claims with late first PD	3	divide by # with first PD	14	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	3	divide by	Totals 14	=

0.21429

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 3 divide by # with subsequent payments 42 =
0.07143

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation 29 divide by # requiring notices 55 =
0.52727

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2012 1.00530

Profile Audit Review Performance Rating of 1.74515 or greater is a failing score.

Calendar Year: 2012

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: OAK-04-12-R1-2

Subject: Safeway, Inc.

Location: Pleasanton

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	\$5,490	\$5,490	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	4	\$1,360	\$1,360	\$0	\$0	
Late subsequent payment of indemnity benefits.	3	\$510	\$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 denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	48	\$1,875	\$1,875	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	5	\$1,200	\$1,200	\$0	\$0	
Failure to pay any PD indemnity benefit.	1	\$800	\$800	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	1	\$50	\$50	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	74	\$11,285	\$11,285	\$0	\$0	

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

Calendar Year: 2012
Notices of Compensation Due

Individual Exhibit 3

Audit No: OAK-04-12-R1-2

Subject: Safeway, Inc.

Location: Pleasanton

Type: SI

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$147.81		\$14.78			\$162.59
2	\$260.18		\$26.02			\$286.20
3	\$193.58					\$193.58
4	\$90.64	\$1,422.58				\$1,513.22
5	\$195.33		\$13.02			\$208.35
TOTAL	\$887.54	\$1,422.58	\$53.82	\$0.00	\$0.00	\$2,363.94

Profile Audit Review Performance Rating of Randomly Selected Claims

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

Subject: Santa Ana Unified School District

Location: Santa Ana

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 3 divide by # claims with payable indem 40 = 0.07500

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

Total unpd indem. = \$ 1,552.75 divide by # of claims with obligation to pay indem. 40
 Avg Unpd Ind = \$ 38.82

C. Severity Rate

Avg Unpd Indem \$ 38.82 divide by avg unpd indem 2008-2010 of \$ 211.41 = 0.18362

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.07500 X Severity rate 0.18362 X modifier of 2
 = 0.02754

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

# claims with late 1st TD	1	divide by # with TD payments	12	
# claims with first SC notice violations	6	divide by # with salary continuation	34	
Totals	7	divide by	46	=
				0.15217

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

# claims with late first PD	3	divide by # with first PD	12	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	3	divide by	12	=
				0.25000

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 3 divide by # with subsequent payments 10 =
0.30000

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation 3 divide by # requiring notices 40 =
0.07500

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2012 **0.80472**

Profile Audit Review Performance Rating of 1.74515 or greater is a failing score.

Calendar Year: 2012

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	40
Indemnity	40
Medical Only	0
Denied	0
Complaints	0
Additional	0

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

Subject: Santa Ana Unified School District

Location: Santa Ana

Type: SI

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	1	\$800	\$800	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	3	\$1,360	\$1,360	\$0	\$0	
Late subsequent payment of indemnity benefits.	4	\$990	\$990	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for denial of liability.	1	\$100	\$100	\$0	\$0	
Late provision of benefit notices other than specific notices for denial of injury.	5	\$310	\$310	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	3	\$1,025	\$1,025	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	3	\$1,200	\$1,200	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 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.	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	21	\$5,885	\$5,885	\$0	\$0	

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

Calendar Year: 2012
Notices of Compensation Due

Individual Exhibit 3

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

Subject: Santa Ana Unified School District

Location: Santa Ana

Type: SI

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$1,218.47		\$83.22			\$1,301.69
2			\$138.00			\$138.00
3	\$102.78		\$10.28			\$113.06
TOTAL	\$1,321.25	\$0.00	\$231.50	\$0.00	\$0.00	\$1,552.75

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: OAK-09-12-R1-5

Subject: Sedgwick Claims Management Services

Location: Portland, OR

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 6 divide by # claims with payable indem 51 = 0.11765

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

Total unpd indem. = \$ 1,942.54 divide by # of claims with obligation to pay indem. 51
Avg Unpd Ind = \$ 38.09

C. Severity Rate

Avg Unpd Indem \$ 38.09 divide by avg unpd indem 2008-2010 of \$ 211.41 = 0.18017

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.11765 X Severity rate 0.18017 X modifier of 2
= 0.04239

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

# claims with late 1st TD	14	divide by # with TD payments	48	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	14	divide by	Totals 48	=
				0.29167

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

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

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 2 divide by # with subsequent payments 33 =
0.06061

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation 43 divide by # requiring notices 50 =
0.86000

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2012 1.49604

Profile Audit Review Performance Rating of 1.74515 or greater is a failing score.

Calendar Year: 2012

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: OAK-09-12-R1-5

Subject: Sedgwick Claims Management Services

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)	18	\$12,160	\$12,160	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	11	\$8,270	\$8,270	\$0	\$0	
Late subsequent payment of indemnity benefits.	3	\$320	\$320	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	88	\$4,165	\$4,165	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	4	\$1,600	\$1,600	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	4	\$1,550	\$1,550	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	128	\$28,065	\$28,065	\$0	\$0	

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

Calendar Year: 2012
Notices of Compensation Due

Individual Exhibit 3

Audit No: OAK-09-12-R1-5

Subject: Sedgwick Claims Management Services

Location: Portland, OR

Type: TPA

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1			\$317.40			\$317.40
2	\$46.42					\$46.42
3	\$91.41		\$48.75			\$140.16
4	\$777.20		\$77.72			\$854.92
5			\$446.53			\$446.53
6	\$137.11					\$137.11
TOTAL	\$1,052.14	\$0.00	\$890.40	\$0.00	\$0.00	\$1,942.54

Calendar Year: 2012

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	36
Indemnity	36
Medical Only	0
Denied	0
Complaints	0
Additional	0

Audit No: OAK-22-12-R1-5

Subject: Sedgwick Claims Management Services

Location: Albany, NY

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	\$6,600	\$6,600	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	7	\$1,680	\$1,680	\$0	\$0	
Late subsequent payment of indemnity benefits.	29	\$5,480	\$5,480	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	50	\$4,250	\$4,250	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	1	\$600	\$600	\$0	\$0	
Failure to pay any PD indemnity benefit.	1	\$400	\$400	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	5	\$1,450	\$1,450	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB.	1	\$1,000	\$1,000	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	102	\$21,460	\$21,460	\$0	\$0	

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

Calendar Year: 2012
Notices of Compensation Due

Individual Exhibit 3

Audit No: OAK-22-12-R1-5

Subject: Sedgwick Claims Management Services

Location: Albany, NY

Type: TPA

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1			\$2,860.36			\$2,860.36
2		\$310.50	\$222.65			\$533.15
3			\$28.19			\$28.19
4	\$1,651.52		\$356.76			\$2,008.28
5			\$483.00		\$42.35	\$525.35
TOTAL	\$1,651.52	\$310.50	\$3,950.96	\$0.00	\$42.35	\$5,955.33

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: OAK-05-12-R1-5

Subject: Sedgwick Claims Management Services

Location: Concord

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

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

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

Total unpd indem. = \$ 2,800.75 divide by # of claims with obligation to pay indem. 54
Avg Unpd Ind = \$ 51.87

C. Severity Rate

Avg Unpd Indem \$ 51.87 divide by avg unpd indem 2008-2010 of \$ 211.41 = 0.24533

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.11111 X Severity rate 0.24533 X modifier of 2
= 0.05452

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

# claims with late 1st TD	9	divide by # with TD payments	46	
# claims with first SC notice violations	2	divide by # with salary continuation	6	
Totals	11	divide by	Totals 52	=
				0.21154

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

# claims with late first PD	0	divide by # with first PD	8	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	0	divide by	Totals 8	=
				0.00000

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 1 divide by # with subsequent payments 22 = 0.04545

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation 22 divide by # requiring notices 54 = 0.40741

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2012 0.71892

Profile Audit Review Performance Rating of 1.74515 or greater is a failing score.

Calendar Year: 2012

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: OAK-05-12-R1-5

Subject: Sedgwick Claims Management Services

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)	10	\$1,225	\$1,225	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	4	\$650	\$650	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for denial of injury.	2	\$75	\$75	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	39	\$1,950	\$1,950	\$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.	3	\$1,200	\$1,200	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	3	\$300	\$300	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	63	\$6,000	\$6,000	\$0	\$0	

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

Calendar Year: 2012
Notices of Compensation Due

Individual Exhibit 3

Audit No: OAK-05-12-R1-5

Subject: Sedgwick Claims Management Services

Location: Concord

Type: TPA

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1		\$283.64	\$28.36			\$312.00
2		\$512.62	\$51.26			\$563.88
3	\$73.77		\$42.36			\$116.13
4	\$327.20		\$16.30			\$343.50
5		\$1,026.78	\$102.68			\$1,129.46
6			\$335.78			\$335.78
TOTAL	\$400.97	\$1,823.04	\$576.74	\$0.00	\$0.00	\$2,800.75

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: LAO-14-12-R2-5

Subject: Sedgwick Claims Management Services

Location: Culver City

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 15 divide by # claims with payable indem 55 = 0.27273

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

Total unpd indem. = \$ 35,109.59 divide by # of claims with obligation to pay indem. 55
Avg Unpd Ind = \$ 638.36

C. Severity Rate

Avg Unpd Indem \$ 638.36 divide by avg unpd indem 2008-2010 of \$ 211.41 = 3.01952

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.27273 X Severity rate 3.01952 X modifier of 2
= 1.64701

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

# claims with late 1st TD	24	divide by # with TD payments	55	
# claims with first SC notice violations	0	divide by # with salary continuation	1	
Totals	24	divide by	Totals 56	=
				0.42857

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

# claims with late first PD	0	divide by # with first PD	4	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	0	divide by	Totals 4	=
				0.00000

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 7 divide by # with subsequent payments 28 = 0.25000

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation 12 divide by # requiring notices 52 = 0.23077

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2012 2.55635

Profile Audit Review Performance Rating of 1.74515 or greater is a failing score.

Calendar Year: 2012

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	119
Indemnity	119
Medical Only	0
Denied	0
Complaints	0
Additional	0

Audit No: LAO-14-12-R2-5

Subject: Sedgwick Claims Management Services

Location: Culver City

Type: TPA

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	55	\$12,984	\$2,597	\$10,387	\$10,387	
Late first payment of permanent disability indemnity benefits (PD).	2	\$1,920	\$384	\$1,536	\$1,536	
Late subsequent payment of indemnity benefits.	31	\$4,105	\$821	\$3,284	\$3,284	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	58	\$2,200	\$2,200	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	25	\$18,800	\$3,760	\$15,040	\$15,040	
Failure to pay any PD indemnity benefit.	3	\$4,400	\$880	\$3,520	\$3,520	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	20	\$3,500	\$700	\$2,800	\$2,800	
Failure to pay any indemnity as ordered by the WCAB.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	194	\$47,909	\$11,342	\$36,567	\$36,567	

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

Calendar Year: 2012
Notices of Compensation Due

Individual Exhibit 3
Page 1 of 2

Audit No: LAO-14-12-R2-5

Subject: Sedgwick Claims Management Services

Location: Culver City

Type: TPA

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$664.62		\$54.37			\$718.99
2	\$5,078.08					\$5,078.08
3	\$480.13		\$48.01			\$528.14
4	\$524.98	\$7,985.01	\$1,279.06			\$9,789.05
5		\$207.00	\$20.70			\$227.70
6			\$133.85			\$133.85
7	\$3,075.42		\$323.87			\$3,399.29
8	\$834.70					\$834.70
9	\$1,197.00		\$119.70			\$1,316.70
10	\$422.87					\$422.87
11			\$256.00			\$256.00
12			\$125.47			\$125.47
13	\$95.26		\$6.33			\$101.59
14	\$59.52					\$59.52
15	\$137.55		\$13.76			\$151.31
16	\$84.58					\$84.58
17	\$69.74		\$6.97			\$76.71
18	\$1,481.21		\$148.12			\$1,629.33
19	\$1,772.20	\$7,028.14	\$867.62			\$9,667.96
20	\$38.80		\$2.80			\$41.60
21	\$4,020.93		\$402.09			\$4,423.02
SUBTOTAL	\$20,037.59	\$15,220.15	\$3,808.72	\$0.00	\$0.00	\$39,066.46

Calendar Year: 2012
Notices of Compensation Due

Individual Exhibit 3
Page 2 of 2

Audit No: LAO-14-12-R2-5

Subject: Sedgwick Claims Management Services

Location: Culver City

Type: TPA

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
22	\$51.82		\$10.71			\$62.53
23	\$176.92		\$8.19			\$185.11
24			\$32.37			\$32.37
Page 2 SUBTOTAL	\$228.74	\$0.00	\$51.27	\$0.00	\$0.00	\$280.01
Page 1 SUBTOTAL	\$20,037.59	\$15,220.15	\$3,808.72	\$0.00	\$0.00	\$39,066.46
TOTAL	\$20,266.33	\$15,220.15	\$3,859.99	\$0.00	\$0.00	\$39,346.47

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: OAK-17-12-R1-5

Subject: Sedgwick Claims Management Services

Location: Oakland

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 2 divide by # claims with payable indem 49 = 0.04082

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

Total unpd indem. = \$ 2,484.20 divide by # of claims with obligation to pay indem. 49
Avg Unpd Ind = \$ 50.70

C. Severity Rate

Avg Unpd Indem \$ 50.70 divide by avg unpd indem 2008-2010 of \$ 211.41 = 0.23981

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.04082 X Severity rate 0.23981 X modifier of 2
= 0.01958

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

# claims with late 1st TD	2	divide by # with TD payments	7	
# claims with first SC notice violations	11	divide by # with salary continuation	44	
Totals	13	divide by	51	=
				0.25490

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

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

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 3 divide by # with subsequent payments 12 = 0.25000

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation 26 divide by # requiring notices 49 = 0.53061

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2012 1.17274

Profile Audit Review Performance Rating of 1.74515 or greater is a failing score.

Calendar Year: 2012

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: OAK-17-12-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)	2	\$4,100	\$4,100	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	2	\$200	\$200	\$0	\$0	
Late subsequent payment of indemnity benefits.	6	\$1,195	\$1,195	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for denial of liability.	8	\$800	\$800	\$0	\$0	
Late provision of benefit notices other than specific notices for denial of injury.	5	\$230	\$230	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	38	\$2,505	\$2,505	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	0	\$0	\$0	\$0	\$0	
Failure to pay any PD indemnity benefit.	1	\$800	\$800	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	2	\$1,000	\$1,000	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	64	\$10,830	\$10,830	\$0	\$0	

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

Calendar Year: 2012
Notices of Compensation Due

Individual Exhibit 3

Audit No: OAK-17-12-R1-5

Subject: Sedgwick Claims Management Services

Location: Oakland

Type: TPA

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1			\$207.20			\$207.20
2		\$2,070.00	\$207.00			\$2,277.00
TOTAL	\$0.00	\$2,070.00	\$414.20	\$0.00	\$0.00	\$2,484.20

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: LAO-15-12-R1-5

Subject: Sedgwick Claims Management Services

Location: Ontario

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 3 divide by # claims with payable indem 57 = 0.05263

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

Total unpd indem. = \$ 4,642.18 divide by # of claims with obligation to pay indem. 57
 Avg Unpd Ind = \$ 81.44

C. Severity Rate

Avg Unpd Indem \$ 81.44 divide by avg unpd indem 2008-2010 of \$ 211.41 = 0.38523

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.05263 X Severity rate 0.38523 X modifier of 2
 = 0.04055

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

# claims with late 1st TD	13	divide by # with TD payments	56		
# claims with first SC notice violations	13	divide by # with salary continuation	50		
Totals	26	divide by	106	=	0.24528

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

# claims with late first PD	0	divide by # with first PD	7		
# claims with late first DB	0	divide by # with first DB paid	0		
Totals	0	divide by	7	=	0.00000

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 5 divide by # with subsequent payments 43 =
0.11628

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation 23 divide by # requiring notices 54 =
0.42593

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2012 0.82804

Profile Audit Review Performance Rating of 1.74515 or greater is a failing score.

Calendar Year: 2012

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	58
Indemnity	57
Medical Only	0
Denied	0
Complaints	1
Additional	0

Audit No: LAO-15-12-R1-1

Subject: Sedgwick Claims Management Services

Location: Ontario

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	\$5,160	\$5,160	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	13	\$5,375	\$5,375	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for denial of liability.	7	\$700	\$700	\$0	\$0	
Late provision of benefit notices other than specific notices for denial of injury.	7	\$390	\$390	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	33	\$3,675	\$3,675	\$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.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	4	\$200	\$200	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	79	\$20,500	\$20,500	\$0	\$0	

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

Calendar Year: 2012
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-15-12-R1-1

Subject: Sedgwick Claims Management Services

Location: Ontario

Type: TPA

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1			\$42.29			\$42.29
2	\$3,899.66		\$192.78			\$4,092.44
3			\$507.45			\$507.45
TOTAL	\$3,899.66	\$0.00	\$742.52	\$0.00	\$0.00	\$4,642.18

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: SAC-02-12-R1-5

Subject: Sedgwick Claims Management Services

Location: Rancho Cordova

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

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

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

Total unpd indem. = \$ 16,769.57 divide by # of claims with obligation to pay indem. 57
Avg Unpd Ind = \$ 294.20

C. Severity Rate

Avg Unpd Indem \$ 294.20 divide by avg unpd indem 2008-2010 of \$ 211.41 = 1.39162

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.17544 X Severity rate 1.39162 X modifier of 2
= 0.48829

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	55	
# claims with first SC notice violations	0	divide by # with salary continuation	1	
Totals	13	divide by	Totals 56	=
				0.23214

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

# claims with late first PD	6	divide by # with first PD	15	
# 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 3 divide by # with subsequent payments 36 = 0.08333

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation 26 divide by # requiring notices 54 = 0.48148

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2012 1.68525

Profile Audit Review Performance Rating of 1.74515 or greater is a failing score.

Calendar Year: 2012

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	59
Indemnity	57
Medical Only	0
Denied	0
Complaints	2
Additional	0

Audit No: SAC-02-12-R1-5

Subject: Sedgwick Claims Management Services

Location: Rancho Cordova

Type: TPA

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	17	\$3,670	\$3,670	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	5	\$3,690	\$3,690	\$0	\$0	
Late subsequent payment of indemnity benefits.	5	\$1,290	\$1,290	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	36	\$4,705	\$4,705	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	6	\$11,800	\$11,800	\$0	\$0	
Failure to pay any PD indemnity benefit.	3	\$3,200	\$3,200	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	8	\$1,800	\$1,800	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB.	1	\$1,600	\$1,600	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	81	\$31,755	\$31,755	\$0	\$0	

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

Calendar Year: 2012
Notices of Compensation Due

Individual Exhibit 3

Audit No: SAC-02-12-R1-5

Subject: Sedgwick Claims Management Services

Location: Rancho Cordova

Type: TPA

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$1,501.57					\$1,501.57
2	\$428.71					\$428.71
3		\$2,676.22	\$501.82		\$164.24	\$3,342.28
4		\$931.50				\$931.50
5	\$2,077.88					\$2,077.88
6	\$148.32					\$148.32
7	\$370.29					\$370.29
8	\$1,103.74		\$270.72			\$1,374.46
9		\$2,326.28				\$2,326.28
10		\$4,853.34				\$4,853.34
11	\$133.00					\$133.00
12			\$1,212.22			\$1,212.22
TOTAL	\$5,763.51	\$10,787.34	\$1,984.76	\$0.00	\$164.24	\$18,699.85

Full Compliance Audit Performance Rating of Randomly Selected Claims

Audit No: SAC-12-12-R1-5

Subject: Sedgwick Claims Management Services

Location: Roseville

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 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 = \$ 4,872.41 divide by # of claims with obligation to pay indem. 58
 Avg Unpd Ind = \$ 84.01

C. Severity Rate

Avg Unpd Ind. \$ 84.01 divide by avg unpd indem 2008-2010 of \$ 211.41 = 0.39737

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.18966 X Severity rate 0.39737 X modifier of 2
 = 0.15072

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

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

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

# claims with late first PD	1	divide by # with first PD	8	
# claims/late first death benefits	<u>0</u>	divide by # with first death ben paid	<u>0</u>	
Totals	1	divide by	Totals 8	=
				0.12500

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subseq payments 7 divide by # with subseq payments 36 =
0.19444

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation 21 divide by # requiring notices 58 =
0.36207

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2012

Profile Audit Review Performance Rating of 1.74515 or greater is a failing score.

1.09540

Calendar Year: 2012

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: SAC-12-12-R1-5

Subject: Sedgwick Claims Management Services

Location: Roseville

Type: TPA

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	19	\$10,910	\$10,910	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	2	\$570	\$570	\$0	\$0	
Late subsequent payment of indemnity benefits.	22	\$7,475	\$7,475	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	23	\$4,285	\$4,285	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	6	\$4,200	\$4,200	\$0	\$0	
Failure to pay any PD indemnity benefit.	1	\$400	\$400	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	10	\$1,750	\$1,750	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB.	1	\$800	\$800	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	84	\$30,390	\$30,390	\$0	\$0	

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

Calendar Year: 2012
Notices of Compensation Due

Individual Exhibit 3

Audit No: SAC-12-12-R1-5

Subject: Sedgwick Claims Management Services

Location: Roseville

Type: TPA

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1			\$213.45			\$213.45
2	\$582.84	\$20.53				\$603.37
3		\$729.43	\$72.94		\$89.67	\$892.04
4			\$50.44			\$50.44
5	\$336.16					\$336.16
6			\$168.65			\$168.65
7			\$76.61			\$76.61
8	\$986.91		\$40.69			\$1,027.60
9	\$292.01					\$292.01
10	\$1,120.70					\$1,120.70
11	\$91.38					\$91.38
TOTAL	\$3,410.00	\$749.96	\$622.78	\$0.00	\$89.67	\$4,872.41

Calendar Year: 2012

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	115
Indemnity	115
Medical Only	0
Denied	0
Complaints	0
Additional	0

Audit No: OAK-14-12-R2-3

Subject: Sentry Insurance / Parker Services, Inc.

Location: Scottsdale, AZ

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)	46	\$22,850	\$4,570	\$18,280	\$18,280	
Late first payment of permanent disability indemnity benefits (PD).	18	\$8,415	\$1,683	\$6,732	\$6,732	
Late subsequent payment of indemnity benefits.	55	\$8,975	\$1,795	\$7,180	\$7,180	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	98	\$10,395	\$10,395	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	8	\$6,600	\$1,320	\$5,280	\$5,280	
Failure to pay any PD indemnity benefit.	3	\$2,300	\$460	\$1,840	\$1,840	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	2	\$400	\$80	\$320	\$320	
Failure to pay any indemnity as ordered by the WCAB.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	230	\$59,935	\$20,303	\$39,632	\$39,632	

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

Calendar Year: 2012
Notices of Compensation Due

Individual Exhibit 3

Audit No: OAK-14-12-R2-3

Subject: Sentry Insurance / Parker Services, Inc.

Location: Scottsdale, AZ

Type: INS / TPA

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$161.77					\$161.77
2	\$45.98					\$45.98
3	\$31.69					\$31.69
4	\$81.43		\$8.14			\$89.57
5		\$124.42				\$124.42
6	\$764.17					\$764.17
7	\$75.66					\$75.66
8	\$25.16		\$2.52			\$27.68
9		\$4,197.50	\$498.61			\$4,696.11
10		\$1,380.00	\$38.19			\$1,418.19
11	\$2,264.06					\$2,264.06
TOTAL	\$3,449.92	\$5,701.92	\$547.46	\$0.00	\$0.00	\$9,699.30

Calendar Year: 2012

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	26
Indemnity	26
Medical Only	0
Denied	0
Complaints	0
Additional	0

Audit No: LAO-19-12-R1-5

Subject: Southland Claim Services, Inc.

Location: Garden Grove

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	\$1,880	\$1,880	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	1	\$300	\$300	\$0	\$0	
Late subsequent payment of indemnity benefits.	2	\$650	\$650	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	37	\$1,400	\$1,400	\$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	\$1,200	\$1,200	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	0	\$0	\$0	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	51	\$10,430	\$10,430	\$0	\$0	

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

Calendar Year: 2012
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-19-12-R1-5

Subject: Southland Claims Services, Inc.

Location: Garden Grove

Type: TPA

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$1,810.68	\$759.00	\$256.08			\$2,825.76
2		\$1,483.50	\$148.35			\$1,631.85
TOTAL	\$1,810.68	\$2,242.50	\$404.43	\$0.00	\$0.00	\$4,457.61

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: LAO-10-12-R1-1

Subject: Springfield Insurance Company

Location: Covina

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

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

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

Total unpd indem. = \$ 8,905.42 divide by # of claims with obligation to pay indem. 55
 Avg Unpd Ind = \$ 161.92

C. Severity Rate

Avg Unpd Indem \$ 161.92 divide by avg unpd indem 2008-2010 of \$ 211.41 = 0.76589

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.18182 X Severity rate 0.76589 X modifier of 2
 = 0.27851

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

# claims with late 1st TD	11	divide by # with TD payments	54	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	11	divide by	54	=
				0.20370

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

# claims with late first PD	6	divide by # with first PD	16	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	6	divide by	16	=
				0.37500

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 15 divide by # with subsequent payments 48 =
0.31250

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation 9 divide by # requiring notices 47 =
0.19149

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2012 **1.36120**

Profile Audit Review Performance Rating of 1.74515 or greater is a failing score.

Calendar Year: 2012

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: LAO-10-12-51-1

Subject: Springfield Insurance Company

Location: Covina

Type: INS

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	14	\$3,510	\$3,510	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	6	\$3,810	\$3,810	\$0	\$0	
Late subsequent payment of indemnity benefits.	29	\$5,500	\$5,500	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	9	\$3,625	\$3,625	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	6	\$2,800	\$2,800	\$0	\$0	
Failure to pay any PD indemnity benefit.	4	\$2,700	\$2,700	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	8	\$1,550	\$1,550	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	76	\$23,495	\$23,495	\$0	\$0	

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

Calendar Year: 2012
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-10-12-R1-1

Subject: Springfield Insurance Company

Location: Covina

Type: INS

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$27.95		\$55.15			\$83.10
2	\$32.12		\$1.61			\$33.73
3		\$81.21	\$8.12			\$89.33
4			\$222.33			\$222.33
5	\$1,444.99		\$106.40			\$1,551.39
6		\$639.05	\$295.72			\$934.77
7	\$1,175.15		\$105.15			\$1,280.30
8		\$3,495.17	\$349.52			\$3,844.69
9	\$459.58	\$248.63	\$80.77			\$788.98
10			\$76.80			\$76.80
TOTAL	\$3,139.79	\$4,464.06	\$1,301.57	\$0.00	\$0.00	\$8,905.42

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: SAC-10-12-R1-1

Subject: State Compensation Insurance Fund

Location: Stockton

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. = \$ 6,486.75 divide by # of claims with obligation to pay indem. 58
Avg Unpd Ind = \$ 111.84

C. Severity Rate

Avg Unpd Indem \$ 111.84 divide by avg unpd indem 2008-2010 of \$ 211.41 = 0.52902

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.13793 X Severity rate 0.52902 X modifier of 2
= 0.14594

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

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

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

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

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

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

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation 37 divide by # requiring notices 57 = 0.64912

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2012 1.49794

Profile Audit Review Performance Rating of 1.74515 or greater is a failing score.

Calendar Year: 2012

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: SAC-10-12-R1-1

Subject: State Compensation Insurance Fund

Location: Stockton

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	\$3,430	\$3,430	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	5	\$2,620	\$2,620	\$0	\$0	
Late subsequent payment of indemnity benefits.	7	\$700	\$700	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	49	\$7,050	\$7,050	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	5	\$4,800	\$4,800	\$0	\$0	
Failure to pay any PD indemnity benefit.	1	\$400	\$400	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	2	\$250	\$250	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	89	\$19,250	\$19,250	\$0	\$0	

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

Calendar Year: 2012
Notices of Compensation Due

Individual Exhibit 3

Audit No: SAC-10-12-R1-1

Subject: State Compensation Insurance Fund

Location: Stockton

Type: INS

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$126.88					\$126.88
2			\$49.53			\$49.53
3	\$68.81					\$68.81
4			\$124.54			\$124.54
5	\$4,319.73					\$4,319.73
6	\$255.90		\$11.76			\$267.66
7	\$1,285.65		\$101.62			\$1,387.27
8		\$129.39	\$12.94			\$142.33
TOTAL	\$6,056.97	\$129.39	\$300.39	\$0.00	\$0.00	\$6,486.75

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: OAK-12-12-R1-6

Subject: The Cities Group

Location: Burlingame

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 14 divide by # claims with payable indem 36 = 0.38889

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

Total unpd indem. = \$ 8,539.77 divide by # of claims with obligation to pay indem. 36
Avg Unpd Ind = \$ 237.22

C. Severity Rate

Avg Unpd Indem \$ 237.22 divide by avg unpd indem 2008-2010 of \$ 211.41 = 1.12207

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.38889 X Severity rate 1.12207 X modifier of 2
= 0.87272

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

# claims with late 1st TD	1	divide by # with TD payments	28	
# claims with first SC notice violations	0	divide by # with salary continuation	9	
Totals	1	divide by	Totals 37	=
				0.02703

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

# claims with late first PD	1	divide by # with first PD	17	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	1	divide by	Totals 17	=
				0.05882

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 1 divide by # with subsequent payments 27 = 0.03704

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation 17 divide by # requiring notices 35 = 0.48571

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2012 1.48132

Profile Audit Review Performance Rating of 1.74515 or greater is a failing score.

Calendar Year: 2012

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	36
Indemnity	36
Medical Only	0
Denied	0
Complaints	0
Additional	0

Audit No: OAK-12-12-R1-6

Subject: The Cities Group

Location: Burlingame

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).	1	\$400	\$400	\$0	\$0	
Late subsequent payment of indemnity benefits.	1	\$160	\$160	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	29	\$725	\$725	\$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.	12	\$5,200	\$5,200	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	1	\$500	\$500	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	48	\$7,785	\$7,785	\$0	\$0	

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

Calendar Year: 2012
Notices of Compensation Due

Individual Exhibit 3

Audit No: OAK-12-12-R1-6

Subject: The Cities Group

Location: Burlingame

Type: SI

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1		\$207.00	\$20.70			\$227.70
2	\$351.77	\$103.50	\$39.66			\$494.93
3		\$53.96	\$5.40			\$59.36
4		\$381.14	\$38.11			\$419.25
5			\$619.67			\$619.67
6		\$103.50	\$10.35			\$113.85
7		\$310.50	\$31.05			\$341.55
8		\$949.21	\$94.92			\$1,044.13
9		\$73.93	\$7.39			\$81.32
10		\$1,242.00	\$124.20			\$1,366.20
11		\$310.50	\$30.55			\$341.05
12		\$951.09	\$95.11			\$1,046.20
13	\$35.72	\$2,087.25	\$210.15			\$2,333.12
14	\$47.85		\$3.59			\$51.44
TOTAL	\$435.34	\$6,773.58	\$1,330.85	\$0.00	\$0.00	\$8,539.77

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: SAC-01-12-R1-1

Subject: The Hartford

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 59 = 0.08475

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

Total unpd indem. = \$ 1,751.69 divide by # of claims with obligation to pay indem. 59
Avg Unpd Ind = \$ 29.69

C. Severity Rate

Avg Unpd Indem \$ 29.69 divide by avg unpd indem 2008-2010 of \$ 211.41 = 0.14044

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.08475 X Severity rate 0.14044 X modifier of 2
= 0.02380

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

# claims with late 1st TD	8	divide by # with TD payments	56	
# claims with first SC notice violations	0	divide by # with salary continuation	1	
Totals	8	divide by	Totals 57	=
				0.14035

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

# claims with late first PD	1	divide by # with first PD	9	
# 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 8 divide by # with subsequent payments 36 = 0.22222

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation 26 divide by # requiring notices 47 = 0.55319

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2012 1.05068

Profile Audit Review Performance Rating of 1.74515 or greater is a failing score.

Calendar Year: 2012

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	62
Indemnity	59
Medical Only	0
Denied	0
Complaints	3
Additional	0

Audit No: SAC-01-12-R1-1

Subject: The Hartford

Location: Rancho Cordova

Type: INS

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	16	\$8,320	\$8,320	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	3	\$3,520	\$3,520	\$0	\$0	
Late subsequent payment of indemnity benefits.	17	\$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 denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	37	\$3,295	\$3,295	\$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	\$400	\$400	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	3	\$700	\$700	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	79	\$20,275	\$20,275	\$0	\$0	

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

Calendar Year: 2012
Notices of Compensation Due

Individual Exhibit 3

Audit No: SAC-01-12-R1-1

Subject: The Hartford

Location: Rancho Cordova

Type: INS

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1		\$1,179.98				\$1,179.98
2	\$59.91					\$59.91
3			\$211.44			\$211.44
4	\$228.33					\$228.33
5			\$72.03			\$72.03
TOTAL	\$288.24	\$1,179.98	\$283.47	\$0.00	\$0.00	\$1,751.69

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: LAO-20-12-R1-3

Subject: Travelers Company

Location: Diamond Bar

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. = \$ 4,490.60 divide by # of claims with obligation to pay indem. 59
 Avg Unpd Ind = \$ 76.11

C. Severity Rate

Avg Unpd Indem \$ 76.11 divide by avg unpd indem 2008-2010 of \$ 211.41 = 0.36002

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.15254 X Severity rate 0.36002 X modifier of 2
 = 0.10984

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

# claims with late 1st TD	16	divide by # with TD payments	58	
# claims with first SC notice violations	1	divide by # with salary continuation	1	
Totals	17	divide by	59	=
				0.28814

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

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

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 8 divide by # with subsequent payments 38 =
0.21053

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation 8 divide by # requiring notices 59 =
0.13559

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2012 **0.74409**

Profile Audit Review Performance Rating of 1.74515 or greater is a failing score.

Calendar Year: 2012

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	65
Indemnity	59
Medical Only	0
Denied	0
Complaints	6
Additional	0

Audit No: LAO-20-12-R1-3

Subject: Travelers Company

Location: Diamond Bar

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	\$7,830	\$7,830	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	19	\$3,205	\$3,205	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for denial of injury.	1	\$25	\$25	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	9	\$1,175	\$1,175	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	9	\$6,300	\$6,300	\$0	\$0	
Failure to pay any PD indemnity benefit.	2	\$1,200	\$1,200	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	5	\$650	\$650	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB.	1	\$600	\$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	62	\$20,985	\$20,985	\$0	\$0	

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

Calendar Year: 2012
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-20-12-R1-3

Subject: Travelers Company

Location: Diamond Bar

Type: INS / TPA

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$278.88					\$278.88
2	\$49.88					\$49.88
3	\$2,377.38		\$46.61			\$2,423.99
4	\$238.80		\$88.97			\$327.77
5	\$821.24	\$1,776.83	\$259.80			\$2,857.87
6	\$219.22					\$219.22
7			\$196.38			\$196.38
8					\$385.64	\$385.64
9	\$38.10					\$38.10
10	\$98.74	\$32.86	\$13.16			\$144.76
11	\$136.86					\$136.86
TOTAL	\$4,259.10	\$1,809.69	\$604.92	\$0.00	\$385.64	\$7,059.35

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: OAK-21-12-R1-5

Subject: Travelers Company

Location: Ft. Smith, AR

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 5 divide by # claims with payable indem 36 = 0.13889

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

Total unpd indem. = \$ 1,107.29 divide by # of claims with obligation to pay indem. 36
 Avg Unpd Ind = \$ 30.76

C. Severity Rate

Avg Unpd Indem \$ 30.76 divide by avg unpd indem 2008-2010 of \$ 211.41 = 0.14549

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.13889 X Severity rate 0.14549 X modifier of 2
 = 0.04041

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	34	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	5	divide by	Totals 34	=
				0.14706

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

# claims with late first PD	3	divide by # with first PD	13	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	3	divide by	Totals 13	=
				0.23077

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 5 divide by # with subsequent payments 26 =
0.19231

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation 7 divide by # requiring notices 36 =
0.19444

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2012 **0.80499**

Profile Audit Review Performance Rating of 1.74515 or greater is a failing score.

Calendar Year: 2012

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	36
Indemnity	36
Medical Only	0
Denied	0
Complaints	0
Additional	0

Audit No: OAK-21-12-R1-5

Subject: Travelers Company

Location: Ft. Smith, AR

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	\$3,670	\$3,670	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	6	\$3,895	\$3,895	\$0	\$0	
Late subsequent payment of indemnity benefits.	11	\$1,520	\$1,520	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	7	\$425	\$425	\$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 10% self-imposed increase for any late paid indemnity benefits.	2	\$200	\$200	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	35	\$11,310	\$11,310	\$0	\$0	

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

Calendar Year: 2012
Notices of Compensation Due

Individual Exhibit 3

Audit No: OAK-21-12-R1-5

Subject: Travelers Company

Location: Ft. Smith, AR

Type: TPA

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$25.12		\$1.16			\$26.28
2			\$42.29			\$42.29
3			\$70.21			\$70.21
4	\$415.80					\$415.80
5	\$502.46		\$50.25			\$552.71
TOTAL	\$943.38	\$0.00	\$163.91	\$0.00	\$0.00	\$1,107.29

Calendar Year: 2012

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	59
Indemnity	56
Medical Only	0
Denied	0
Complaints	3
Additional	0

Audit No: OAK-15-12-R1-3

Subject: Travelers Company

Location: St. Paul, MN

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)	5	\$850	\$850	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	3	\$3,200	\$3,200	\$0	\$0	
Late subsequent payment of indemnity benefits.	4	\$2,660	\$2,660	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	10	\$1,775	\$1,775	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	7	\$3,300	\$3,300	\$0	\$0	
Failure to pay any PD indemnity benefit.	2	\$1,200	\$1,200	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	2	\$600	\$600	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB.	1	\$1,200	\$1,200	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	34	\$14,785	\$14,785	\$0	\$0	

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

Calendar Year: 2012
Notices of Compensation Due

Individual Exhibit 3

Audit No: OAK-15-12-R1-3

Subject: Travelers Company

Location: St. Paul, MN

Type: INS / TPA

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1		\$1,073.23	\$803.07			\$1,876.30
2	\$563.76		\$28.19			\$591.95
3		\$122.35	\$12.24			\$134.59
4	\$503.05		\$35.61			\$538.66
5	\$72.19		\$6.36			\$78.55
6	\$600.00		\$60.00		\$133.15	\$793.15
7	\$599.10		\$55.92			\$655.02
8	\$2,290.25					\$2,290.25
9	\$99.04					\$99.04
10	\$47.74					\$47.74
TOTAL	\$4,775.13	\$1,195.58	\$1,001.39	\$0.00	\$133.15	\$7,105.25

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: LAO-21-12-R1-5

Subject: TriStar Risk Management

Location: Alhambra

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. = \$ 11,656.42 divide by # of claims with obligation to pay indem. 58
Avg Unpd Ind = \$ 200.97

C. Severity Rate

Avg Unpd Indem \$ 200.97 divide by avg unpd indem 2008-2010 of \$ 211.41 = 0.95063

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.13793 X Severity rate 0.95063 X modifier of 2
= 0.26224

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

# claims with late 1st TD	1	divide by # with TD payments	1	
# claims with first SC notice violations	34	divide by # with salary continuation	57	
Totals	35	divide by	58	=
				0.60345

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

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

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

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

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation 21 divide by # requiring notices 54 = 0.38889

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2012 1.61895

Profile Audit Review Performance Rating of 1.74515 or greater is a failing score.

Calendar Year: 2012

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	61
Indemnity	58
Medical Only	0
Denied	0
Complaints	3
Additional	0

Audit No: LAO-21-12-R1-5

Subject: TriStar Risk Management

Location: Alhambra

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).	5	\$3,650	\$3,650	\$0	\$0	
Late subsequent payment of indemnity benefits.	2	\$1,300	\$1,300	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for denial of liability.	12	\$1,200	\$1,200	\$0	\$0	
Late provision of benefit notices other than specific notices for denial of injury.	25	\$1,455	\$1,455	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	25	\$3,950	\$3,950	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	2	\$800	\$800	\$0	\$0	
Failure to pay any PD indemnity benefit.	3	\$2,000	\$2,000	\$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.	1	\$800	\$800	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	78	\$16,055	\$16,055	\$0	\$0	

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

Calendar Year: 2012
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-21-12-R1-5

Subject: TriStar Risk Management

Location: Alhambra

Type: TPA

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$1,140.55					\$1,140.55
2		\$3,187.21	\$318.72			\$3,505.93
3			\$476.43			\$476.43
4	\$1,372.79					\$1,372.79
5		\$1,173.00	\$117.30			\$1,290.30
6		\$328.55	\$32.86		\$1.51	\$362.92
7		\$1,610.00	\$161.00			\$1,771.00
8			\$1,736.50			\$1,736.50
TOTAL	\$2,513.34	\$6,298.76	\$2,842.81	\$0.00	\$1.51	\$11,656.42

Calendar Year: 2012

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: SAC-05-12-R1-5

Subject: TriStar Risk Management

Location: Rancho Cordova

Type: TPA

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	2	\$450	\$450	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	5	\$1,190	\$1,190	\$0	\$0	
Late subsequent payment of indemnity benefits.	2	\$350	\$350	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for denial of injury.	1	\$50	\$50	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	22	\$2,975	\$2,975	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	5	\$1,400	\$1,400	\$0	\$0	
Failure to pay any PD indemnity benefit.	1	\$400	\$400	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	2	\$300	\$300	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	40	\$7,115	\$7,115	\$0	\$0	

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

Calendar Year: 2012
Notices of Compensation Due

Individual Exhibit 3

Audit No: SAC-05-12-R1-5

Subject: TriStar Risk Management

Location: Rancho Cordova

Type: TPA

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$113.57					\$113.57
2			\$32.85			\$32.85
3	\$303.60					\$303.60
4	\$140.87					\$140.87
5	\$133.07		\$4.57			\$137.64
6		\$310.50	\$31.05			\$341.55
7			\$32.86			\$32.86
8	\$558.06					\$558.06
TOTAL	\$1,249.17	\$310.50	\$101.33	\$0.00	\$0.00	\$1,661.00

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: LA0-26-12-R1-5

Subject: TriStar Risk Management

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 59 = 0.13559

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

Total unpd indem. = \$ 19,348.69 divide by # of claims with obligation to pay indem. 59
Avg Unpd Ind = \$ 327.94

C. Severity Rate

Avg Unpd Indem \$ 327.94 divide by avg unpd indem 2008-2010 of \$ 211.41 = 1.55122

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.13559 X Severity rate 1.55122 X modifier of 2
= 0.42067

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

# claims with late 1st TD	9	divide by # with TD payments	39	
# claims with first SC notice violations	4	divide by # with salary continuation	19	
Totals	13	divide by	Totals 58	=
				0.22414

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

# claims with late first PD	4	divide by # with first PD	28	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	4	divide by	Totals 28	=
				0.14286

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 5 divide by # with subsequent payments 38 = 0.13158

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation 5 divide by # requiring notices 57 = 0.08772

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2012 1.00696

Profile Audit Review Performance Rating of 1.74515 or greater is a failing score.

Calendar Year: 2012

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	61
Indemnity	58
Medical Only	0
Denied	0
Complaints	2
Additional	1

Audit No: LAO-26-12-R1-5

Subject: TriStar Risk Management

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)	10	\$1,995	\$1,995	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	7	\$4,880	\$4,880	\$0	\$0	
Late subsequent payment of indemnity benefits.	10	\$4,350	\$4,350	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for denial of liability.	3	\$300	\$300	\$0	\$0	
Late provision of benefit notices other than specific notices for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	7	\$1,025	\$1,025	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	4	\$6,400	\$6,400	\$0	\$0	
Failure to pay any PD indemnity benefit.	4	\$3,100	\$3,100	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	4	\$1,000	\$1,000	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	49	\$23,050	\$23,050	\$0	\$0	

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

Calendar Year: 2012
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-26-12-R1-5

Subject: TriStar Risk Management

Location: San Diego

Type: TPA

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1		\$1,429.29	\$142.93			\$1,572.22
2			\$142.20			\$142.20
3	\$137.85		\$8.92			\$146.77
4	\$8,285.60		\$814.09			\$9,099.69
5		\$4,427.50	\$442.75			\$4,870.25
6		\$810.75	\$459.43			\$1,270.18
7	\$150.49	\$1,097.43	\$124.08			\$1,372.00
8	\$875.38					\$875.38
TOTAL	\$9,449.32	\$7,764.97	\$2,134.40	\$0.00	\$0.00	\$19,348.69

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: OAK-19-12-R1-5

Subject: Workers' Compensation Administrators, LLC

Location: Santa Maria

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 3 divide by # claims with payable indem 52 = 0.05769

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

Total unpd indem. = \$ 1,751.99 divide by # of claims with obligation to pay indem. 52
 Avg Unpd Ind = \$ 33.69

C. Severity Rate

Avg Unpd Indem \$ 33.69 divide by avg unpd indem 2008-2010 of \$ 211.41 = 0.15937

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.05769 X Severity rate 0.15937 X modifier of 2
 = 0.01839

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

# claims with late 1st TD	4	divide by # with TD payments	20	
# claims with first SC notice violations	3	divide by # with salary continuation	29	
Totals	7	divide by	49	=
				0.14286

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

# claims with late first PD	1	divide by # with first PD	16	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	1	divide by	16	=
				0.06250

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

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

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation 36 divide by # requiring notices 52 =
0.69231

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2012 0.96605

Profile Audit Review Performance Rating of 1.74515 or greater is a failing score.

Calendar Year: 2012

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: OAK-19-12-R1-5

Subject: Workers' Compensation Administrators, LLC

Location: Santa Maria

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	\$2,750	\$2,750	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	1	\$250	\$250	\$0	\$0	
Late subsequent payment of indemnity benefits.	1	\$100	\$100	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for denial of injury.	3	\$125	\$125	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	47	\$2,600	\$2,600	\$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.	1	\$400	\$400	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	0	\$0	\$0	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	60	\$7,825	\$7,825	\$0	\$0	

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

Calendar Year: 2012
Notices of Compensation Due

Individual Exhibit 3

Audit No: OAK-19-12-R1-5

Subject: Workers' Compensation Administrators, LLC

Location: Santa Maria

Type: TPA

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$619.05	\$52.57				\$671.62
2	\$48.00					\$48.00
3	\$1,032.37					\$1,032.37
TOTAL	\$1,699.42	\$52.57	\$0.00	\$0.00	\$0.00	\$1,751.99

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: SAC-11-12-R1-5

Subject: York Risk Services Group, Inc.

Location: El Dorado Hills

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

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

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

Total unpd indem. = \$ 7,347.00 divide by # of claims with obligation to pay indem. 58
Avg Unpd Ind = \$ 126.67

C. Severity Rate

Avg Unpd Indem \$ 126.67 divide by avg unpd indem 2008-2010 of \$ 211.41 = 0.59918

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.17241 X Severity rate 0.59918 X modifier of 2
= 0.20661

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

# claims with late 1st TD	11	divide by # with TD payments	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 AND DEATH BENEFITS

# claims with late first PD	5	divide by # with first PD	26	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	5	divide by	Totals 26	=
				0.19231

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 15 divide by # with subsequent payments 44 =
0.34091

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation 30 divide by # requiring notices 56 =
0.53571

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2012 1.47197

Profile Audit Review Performance Rating of 1.74515 or greater is a failing score.

Calendar Year: 2012

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: SAC-11-12-R1-5

Subject: York Risk Services Group, Inc.

Location: El Dorado Hills

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	\$3,365	\$3,365	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	7	\$4,460	\$4,460	\$0	\$0	
Late subsequent payment of indemnity benefits.	26	\$4,165	\$4,165	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	52	\$4,085	\$4,085	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	3	\$10,200	\$10,200	\$0	\$0	
Failure to pay any PD indemnity benefit.	3	\$1,200	\$1,200	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	10	\$1,900	\$1,900	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB.	1	\$800	\$800	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	117	\$30,175	\$30,175	\$0	\$0	

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

Calendar Year: 2012
Notices of Compensation Due

Individual Exhibit 3

Audit No: SAC-11-12-R1-5

Subject: York Risk Services Group, Inc.

Location: El Dorado Hills

Type: TPA

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$45.04					\$45.04
2	\$157.98					\$157.98
3			\$527.85			\$527.85
4	\$377.31		\$36.82			\$414.13
5			\$40.19			\$40.19
6			\$62.91			\$62.91
7	\$3,726.14		\$392.89			\$4,119.03
8	\$635.79		\$68.20			\$703.99
9		\$469.89	\$46.99			\$516.88
10		\$690.00	\$69.00			\$759.00
TOTAL	\$4,942.26	\$1,159.89	\$1,244.85	\$0.00	\$0.00	\$7,347.00

Calendar Year: 2012

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: LAO-28-12-R1-1

Subject: Zenith Insurance Company

Location: Orange

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)	11	\$2,780	\$2,780	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	1	\$250	\$250	\$0	\$0	
Late subsequent payment of indemnity benefits.	5	\$1,080	\$1,080	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	12	\$2,675	\$2,675	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	2	\$800	\$800	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	2	\$350	\$350	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	33	\$7,935	\$7,935	\$0	\$0	

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

Calendar Year: 2012
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-28-12-R1-1

Subject: Zenith Insurance Company

Location: Orange

Type: INS

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1			\$103.37			\$103.37
2	\$112.16		\$11.22			\$123.38
3	\$360.00					\$360.00
TOTAL	\$472.16	\$0.00	\$114.59	\$0.00	\$0.00	\$586.75

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: OAK-01-12-R1-1

Subject: Zenith Insurance Company

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 57 = 0.05263

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

Total unpd indem. = \$ 434.95 divide by # of claims with obligation to pay indem. 57
Avg Unpd Ind = \$ 7.63

C. Severity Rate

Avg Unpd Indem \$ 7.63 divide by avg unpd indem 2008-2010 of \$ 211.41 = 0.03609

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.05263 X Severity rate 0.03609 X modifier of 2
= 0.00380

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

# claims with late 1st TD	6	divide by # with TD payments	54	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	6	divide by	Totals 54	=
				0.11111

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

# claims with late first PD	0	divide by # with first PD	15	
# 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 1 divide by # with subsequent payments 40 = 0.02500

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation 13 divide by # requiring notices 55 = 0.23636

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2012 0.37627

Profile Audit Review Performance Rating of 1.74515 or greater is a failing score.

Calendar Year: 2012

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: OAK-01-12-R1-1

Subject: Zenith Insurance Company

Location: Pleasanton

Type: INS

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	6	\$1,480	\$1,480	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	2	\$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 denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	14	\$875	\$875	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	2	\$400	\$400	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	2	\$300	\$300	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB.	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	\$3,555	\$3,555	\$0	\$0	

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

Calendar Year: 2012
Notices of Compensation Due

Individual Exhibit 3

Audit No: OAK-01-12-R1-1

Subject: Zenith Insurance Company

Location: Pleasanton

Type: INS

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1			\$92.00			\$92.00
2	\$160.66		\$16.07			\$176.73
3	\$166.22					\$166.22
TOTAL	\$326.88	\$0.00	\$108.07	\$0.00	\$0.00	\$434.95

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: SAC-03-12-R1-3

Subject: Zurich North America

Location: Rancho Cordova

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

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

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

Total unpd indem. = \$ 5,834.53 divide by # of claims with obligation to pay indem. 58
Avg Unpd Ind = \$ 100.60

C. Severity Rate

Avg Unpd Indem \$ 100.60 divide by avg unpd indem 2008-2010 of \$ 211.41 = 0.47583

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.22414 X Severity rate 0.47583 X modifier of 2
= 0.21330

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

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

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

# claims with late first PD	5	divide by # with first PD	18	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	5	divide by	Totals 18	=
				0.27778

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

claims with AME/QME notice violation 34 divide by # requiring notices 49 =
0.69388

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2012 1.74082

Profile Audit Review Performance Rating of 1.74515 or greater is a failing score.

Calendar Year: 2012

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: SAC-03-12-R1-3

Subject: Zurich North America

Location: Rancho Cordova

Type: INS / TPA

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	25	\$8,660	\$8,660	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	7	\$4,090	\$4,090	\$0	\$0	
Late subsequent payment of indemnity benefits.	16	\$4,070	\$4,070	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	60	\$3,975	\$3,975	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	10	\$4,100	\$4,100	\$0	\$0	
Failure to pay any PD indemnity benefit.	1	\$400	\$400	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	11	\$2,400	\$2,400	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	130	\$27,695	\$27,695	\$0	\$0	

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

Calendar Year: 2012
Notices of Compensation Due

Individual Exhibit 3

Audit No: SAC-03-12-R1-3

Subject: Zurich North America

Location: Rancho Cordova

Type: INS / TPA

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$205.61					\$205.61
2	\$2,090.13					\$2,090.13
3	\$422.87	\$103.50	\$10.35			\$536.72
4	\$923.31		\$92.33			\$1,015.64
5	\$300.57					\$300.57
6			\$29.57			\$29.57
7			\$253.73			\$253.73
8	\$194.68		\$101.03			\$295.71
9	\$86.93		\$101.71			\$188.64
10		\$468.01	\$45.93			\$513.94
11		\$108.64				\$108.64
12		\$153.44				\$153.44
13			\$142.19			\$142.19
TOTAL	\$4,224.10	\$833.59	\$776.84	\$0.00	\$0.00	\$5,834.53