

Audit Unit2424 Arden Way, Suite #305
Sacramento, CA 95825-2403Tel: (916) 263-2710
Fax: (916) 263-2712**TO: Workers' Compensation Claims Administrators****RE: 2009 Annual Report of Inventory for Claims Reported During Calendar Year (CY) 2008**

Title 8, California Code of Regulations, Section 10104 requires claims administrators of California workers' compensation claims to file with the Administrative Director, by April 1 of each year, an Annual Report of Inventory indicating the number of claims reported at each adjusting location for the preceding calendar year. The report for CY 2008 must be filed by April 1, 2009. Enclosed is the form for the [Annual Report of Inventory](#). Even if you had no claims reported in the prior year, you must complete and submit the report. Each adjusting location is required to submit an Annual Report of Inventory, whether or not they receive a form for reporting claims from this office.

When completing the Annual Report of Inventory, be mindful of the following requirements:

- The population of claims reported must distinguish the claims by type: indemnity claims, denied claims, and medical-only claims.
- The DWC Audit Unit definition of "indemnity claim" is: a claim "... that *has resulted* in the payment..." of indemnity [8CCR§10100.2(q)].
- The DWC Audit Unit definition of "adjusting location": "Separate underwriting companies, self-administered, self-insured employers, and/or third party administrators operating at one location shall be combined as one audit subject..." (but) "... only if claims are administered under the same management at that location." [8CCR§10100.2(a)].

Instructions for Completion of the Annual Report of Inventory

Part 1 of the Annual Report of Inventory must be completed for each adjusting location of California workers' compensation claims, including self-insured claims and/or insured claims, whether insured under specific workers' compensation policies, under commercial line policies, or the workers' compensation endorsement of homeowner commercial line policies. The report must include all workers' compensation claims, open and closed, reported at the location during the preceding year.

Part 2 of the Annual Report of Inventory must be completed for each adjusting location that administers claims for more than one entity. For instance, if claims are administered for separate underwriting companies that are part of an insurance group and/or for self-insured employers, the

numbers of claims reported for each separate underwriting company of the insurer group and/or client (insurer or self-insured employer) of the TPA must be indicated separately on Part 2 of the Report of Inventory.

- Claims Administrators having two types of operations at the same location (i.e., - self-administered insurer and a third-party administrator for insurers, self-insured employers or legally uninsured employers) must submit individual reports for each operation if the separate entities (e.g., the insurer and the TPA) are under separate management.
- If claims reported to an adjusting location in 2008 were subsequently transferred during CY 2008 to another adjusting location, the claims shall be reported for the adjusting location of record on January 1 of the present year.

Should your operations relocate, open new locations, close locations, change from TPA-administered to self-administered or from self-administered to TPA-administered, or change from self-insured to insured, please advise the Administrative Director by way of the Audit Unit - ARI Desk at the address listed on the enclosed form.

Penalties of up to \$500 per location for failure to timely file this Annual Report of Inventory may be assessed under Title 8, California Code of Regulations, Section 10111.1(b)(11) or 10111.2(b)(25). This report must be filed no later than April 1, 2009.

- First class mail:
State of California
Department of Industrial Relations
Division of Workers' Compensation – Audit Unit
2424 Arden Way, Suite #305
Sacramento, CA 95825-2403
- Facsimile: 916.263.2712
- Audit Unit mailbox: DWCAuditUnit@dir.ca.gov

If you have any questions, please contact the Sacramento Audit Unit office at (916) 263-2710.

Department of Industrial Relations
Division of Workers' Compensation Audit Unit

Encl.

2009 ANNUAL REPORT OF INVENTORY

**TO: State of California, Department of Industrial Relations
 Division of Workers' Compensation, Audit Unit ~ Attn: ARI Desk
 2424 Arden Way, Suite 305
 Sacramento, CA 95825**

PART 1

<p>COMPANY NAME:</p> <p>STREET ADDRESS:</p> <p>CITY/STATE/ZIP</p> <p>P. O. BOX</p> <p>CITY/STATE/ZIP</p> <p>MANAGER NAME:</p> <p>TELEPHONE:</p> <p>FAX NO.</p> <p>E-MAIL:</p>	<p>CHECK ONE:</p> <p><input type="checkbox"/> Self-Administered Insurance Company or Group</p> <p><input type="checkbox"/> Third-Party Administrator</p> <p><input type="checkbox"/> Self-Administered Self-Insured Employer (private or public)</p> <p><input type="checkbox"/> Self-Administered Joint Powers Authority</p> <p><input type="checkbox"/> Combination of any of the following, but only if administered under the same local management.</p> <p>(Check two or more):</p> <p><input type="checkbox"/> Self-Administered Insurance Company or Group</p> <p><input type="checkbox"/> Self-Administered Self-Insured Employer</p> <p><input type="checkbox"/> Third-Party Administrator</p>
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Number of California workers' compensation claims reported at this location during the 2008 calendar year:

TYPE OF CLAIM	NUMBER		NUMBER
• Indemnity	_____	<input checked="" type="checkbox"/> Designated indemnity claims with indemnity payments	_____
• Denied	_____		
• Medical-only	_____		
TOTAL:	_____		

Signature _____

Title: _____

Date: _____

NOTE: Insurer Groups (more than one underwriting company at the same location), third-party administrators, and combinations of the two must complete Part 2.

- The Annual Report of Inventory for each adjusting location of California workers' compensation claims is due by **April 1, 2009**
- Failure to timely submit reports may subject you to penalty assessments of up to \$500 per location.

2009 ANNUAL REPORT OF INVENTORY

PART 2

For each individual underwriting company in an insurance group or client of a third-party administrator (whether a self-insured employer or an insurer), whose claims are administered at the adjusting location during calendar year 2008, complete the following:

<p>COMPANY NAME:</p> <p>STREET ADDRESS:</p> <p>CITY/STATE/ZIP:</p> <p>MAILING ADDRESS: (P. O. BOX; CITY/STATE/ZIP)</p> <p>MANAGER NAME:</p> <p>TELEPHONE:</p> <p>FAX NO:</p> <p>E-MAIL:</p>	<p>CHECK ONE:</p> <p><input type="checkbox"/> Insurance Company</p> <p><input type="checkbox"/> Self-insured employer (private or public including joint powers authority)</p> <table style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; border-bottom: 1px solid black;">TYPE OF CLAIM</th> <th style="text-align: right; border-bottom: 1px solid black;">NUMBER</th> </tr> </thead> <tbody> <tr> <td style="border-bottom: 1px solid black;">• Indemnity</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td style="border-bottom: 1px solid black;">• Denied</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td style="border-bottom: 1px solid black;">• Medical Only</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td style="text-align: right; border-bottom: 1px solid black;">Total</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td style="border-bottom: 1px solid black;">• Designated indemnity claims with indemnity payments</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> </tbody> </table>	TYPE OF CLAIM	NUMBER	• Indemnity	_____	• Denied	_____	• Medical Only	_____	Total	_____	• Designated indemnity claims with indemnity payments	_____
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Total	_____												
• Designated indemnity claims with indemnity payments	_____												

Complete and attach additional sheets if necessary.

****Note: The sum of the totals for claims of all entities reported for Part 2 must equal the total of claims reported for Part 1.**