



2013 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**

2013 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 24th annual workers' compensation report summarizing the results of audits conducted by the DWC Audit Unit.

2013 Audit Results

Profile Audit Review (PAR) standard – 1.70104 / Full Compliance Audit (FCA) standard – 1.85393

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 performance factors.

The DWC Audit Unit completed a total of 70 profile audit reviews (PAR audits). Of the PAR audits, 68 were routinely selected and two were target audits, which were conducted based upon failure of a prior audit. The total number of PAR audit subjects included 24 insurance companies, 19 self-administered / self-insured employers, 22 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 (CCR), Title 8, Sections 10107.1 (c)(2), (d)(2), and (e)(2).

Pursuant to CCR, 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. CCR, Title 8, Section 10107.1(e), provides for a "sample" of up to 67 denied claims that may be audited. The sample size depends on the claims

administrator's performance, as measured in specific areas of benefit provision and determined by reviewing all audits done of indemnity claims in the "FCA stage 1 sample."

In 2013, within the PAR/FCA audits, compliance officers audited 3,678 claim files, of which 3,496 were randomly selected claims in which some form of indemnity benefits was paid. Targeted claims audited included 55 files based on complaints received by the DWC. One claim was designated as an "additional" file.

"Additional" files include the following:

- 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 in excess of the number of claims in the random sample, audited because the files selected were incorrectly designated on the log.

Basis for the PAR Performance Rating

The current audit regulations CCR, 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 (PD) indemnity will not be payable to an injured employee until it is awarded by the Workers' Compensation Appeals Board. In addition to PD payments, Audit Unit oversight is also diminished for 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 CCR, Title 8, Section 10107.1(c)(3), when the Audit Unit conducts a 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 following:

- 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 PD 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 either (1) the process for selecting Agreed Medical Examiners and/or Qualified Medical Examiners or (2) 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 CCR, Title 8, Section 10107.1 (c)(3), low performance rating numbers reflect good claims handling performance, and high rating numbers 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 2013 audit that falls within the range of the 80% best scores of all audits conducted from 2009 through 2011 will meet or exceed the PAR performance standard for 2013, which is 1.70104.

Performance Ratings of Audit Subjects

The performance for the 70 audit subjects in 2013 is broken down as follows:

- Sixty-eight audit subjects (97.1%) met or exceeded the PAR 2013 performance standard and therefore had no penalty citations assessed in accordance with Labor Code section 129.5(c) and CCR, Title 8, Section 10107.1(c)(4). These audit subjects were, however, ordered to pay all unpaid compensation.
- Two audit subjects (2.9%) failed to meet or exceed the PAR standard and their audits expanded into full compliance audit of indemnity claims (FCA stage 1 and FCA stage 2) pursuant to Labor Code section 129.5(c) and CCR, Title 8, Sections 10107.1(d) and 10107.1(e), adding a sample of denied claims to be reviewed. These audit subjects were assessed administrative penalties for all penalty citations in accordance with Labor Code section 129.5(c) and CCR, Title 8, Section 10107.1(e).

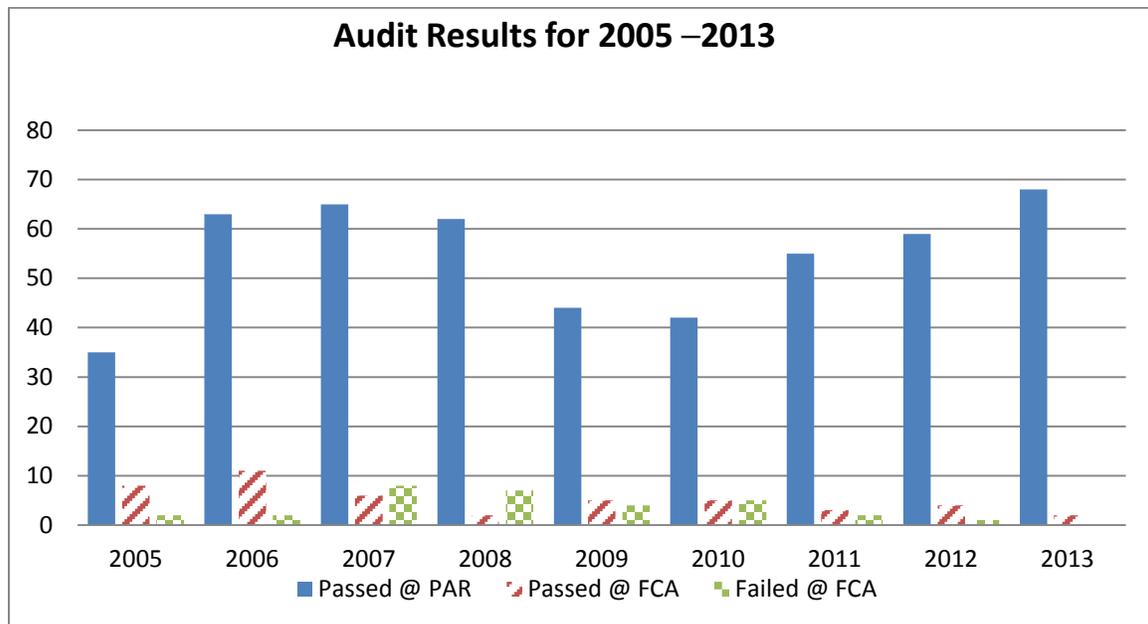
The **DWC Administrative Director's 2013 Audit Ranking Report** ([Statewide Exhibit 4](#)) is part of this annual report, and the complete list of the performance ratings for the 70 audit subjects can be reviewed in order, from the best to worst performer.

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 FCA of indemnity files. An administrator that fails to meet or exceed the FCA Standard is deemed to have failed the audit. While the determination and rating are set at the conclusion of the FCA 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. Accompanying each audit conducted in 2013, an exhibit provides 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 of 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 from 2005 through 2013.



PAR and FCA Standards Comparison

Regarding 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 files; at FCA stage 1, from one to 138 indemnity files; at FCA stage 2, the same range of indemnity files noted for FCA stage 1 and one to 67 denial files).

Appeals

In 2013, two claims administrators disputed one or more penalties cited in the course of their respective audits.

- Berkley Specialty Underwriting Managers—Irving, Texas—has challenged the entire audit findings including the Notices of Compensation Due. These Notices must be reviewed by the Workers' Compensation Appeals Board (WCAB). Once the WCAB has ruled on the issue, the appeal penalties assessed by the Audit Unit will proceed.

- Acclamation Insurance Management Services—Santa Clarita—has challenged the entire audit findings including the Notices of Compensation Due. These Notices must be reviewed by the WCAB. Once the WCAB has ruled on the issue, the appeal penalties assessed by the Audit Unit will proceed.

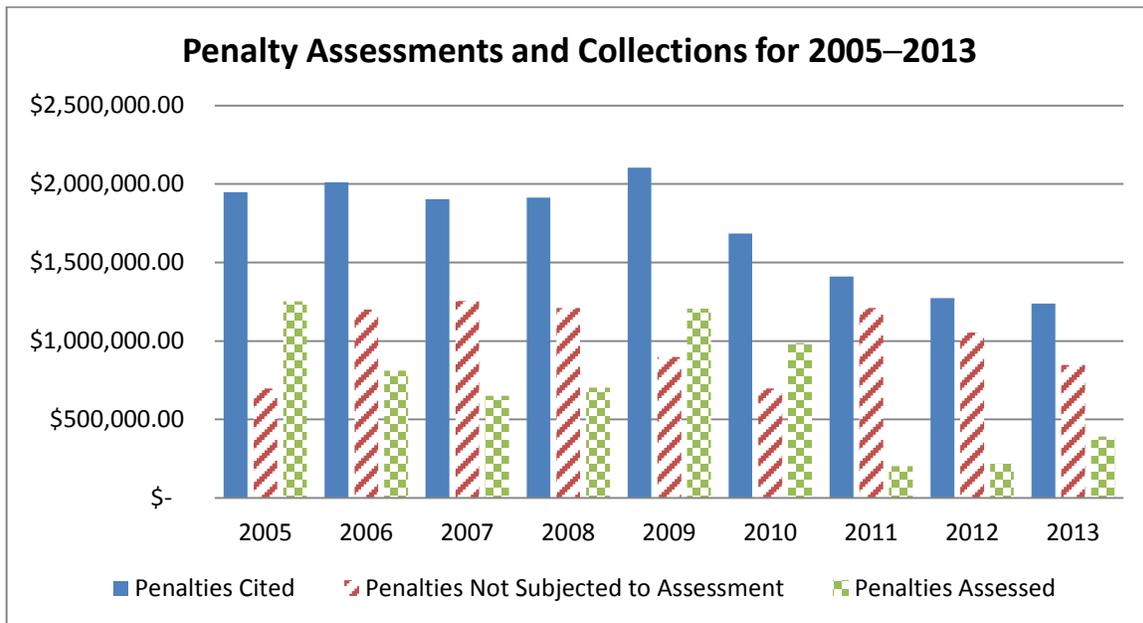
Berkley Specialty Underwriting Managers, Acclamation Insurance Management Services, and audit subjects from prior years with pending appeals have requested conferences for the disputed issues. The Administrative Director will assign a designee to conduct each of the appeal conferences. All parties will receive notice of the conference date at least thirty (30) days prior to the conference.

Violations of Administrative Director's Regulations

As a result of PAR/FCA audits conducted during the calendar year 2013, the Audit Unit found and cited 4,859 violations against claims administrators with administrative penalties totaling \$1,238,826 ([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 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 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 CCR, 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 \$847,220 for administrative penalties of the cited violations. The violations which, by law, were not assessed occurred within 68 of the audits that met or exceeded the PAR 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 came to a total of \$391,606. The following table provides an analysis of violations cited and penalties assessed and collected in the PAR/FCA audit process for calendar years 2005 through 2013:



Unpaid Compensation Due to Employees

Reviewing files of the PAR/FCA audits revealed that 11.09% of the claims reviewed had unpaid indemnity. The Audit Unit issued 408 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 \$408,870.37 ([Statewide Exhibit 3](#)), an average of \$1,002.13 per file in which there was unpaid compensation. The unpaid compensation is broken down as follows: \$328,031.60 was found owed in 402 randomly selected claims; and, \$80,838.72 was found owed in six claims audited because of complaints submitted to the Audit Unit.

- \$315,575.50 in temporary disability indemnity and salary continuation in lieu of temporary disability (77.18% of the unpaid compensation)
- \$49,046.47 in permanent disability indemnity (11.99% of the unpaid compensation)

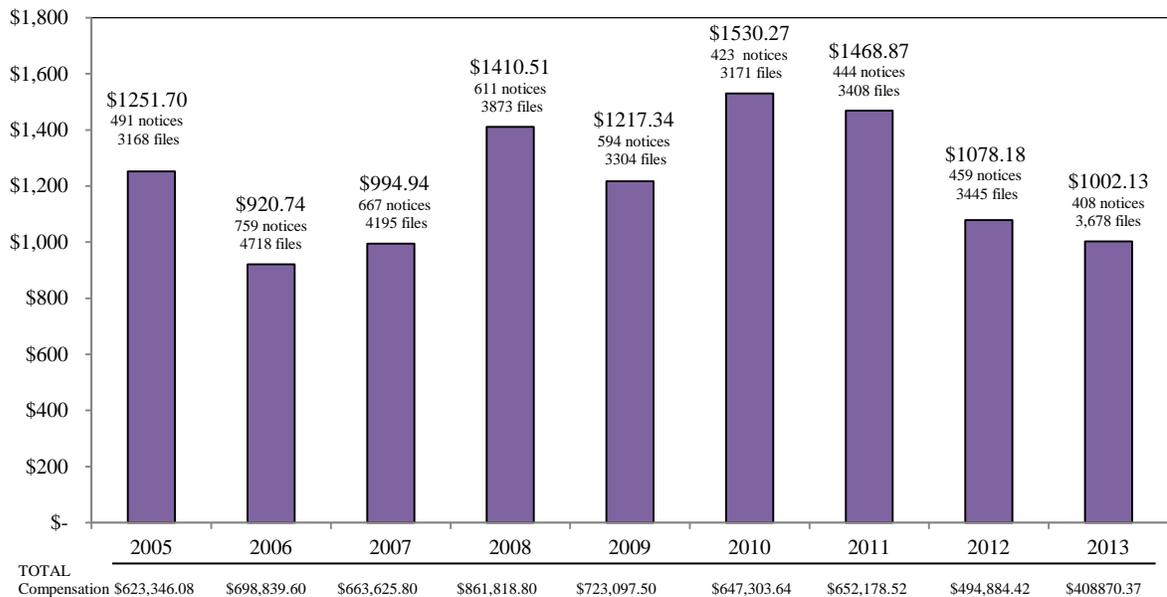
- \$42,491.06 in 10% self-imposed increases for late indemnity payments (10.39% of the unpaid compensation)
- \$597.66 death benefits (00.14% of the unpaid compensation)
- \$1,159.68 in interest and penalty and/or failure to reimburse medical expenses (00.28% of the unpaid compensation)

The claims administrator is required to pay these employees within fifteen (15) days after receipt of a notice advising the claims administrator of the amount due, unless the administrator appealed the notice in accordance with CCR, 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, an employee can apply to the DWC for payment of moneys deposited by claims administrators into this fund. For audits conducted in 2013, \$6,637.26 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 2005.

Average Compensation Due per File for 2005–2013



When a Notice of Compensation Due is issued with the final audit findings and becomes final, the compensation is 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 CCR, Title 8, 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 to 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 2013, the Audit Unit conducted a target audit of Ameron International Corporation and Alaska National Insurance as a consequence of a failed routine audit. They showed improvement of their claims practices and their performances met or exceeded the profile audit review.

Other Issues

The Annual Report of Inventory

CCR, Title 8, Section 10104, requires claims administrators to file an annual report of inventory (ARI) with the Administrative Director (more specifically, with the Audit Unit) for all claims reported to each of their adjusting locations in the prior calendar year. The report is due by April 1 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 2013 identify 371 locations adjusting claims, of which 298 are in California and 73 are out-of-state.

In addition to the penalty assessments totaling \$391,606 that were assessed as a result of audits conducted in 2013, an additional 17 penalties totaling \$4,800 were assessed based on the failure of claims administrators to either file or timely file the ARI with the Audit Unit. The penalty assessments are issued pursuant to CCR, Title 8, 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 ARI, beginning with the report due April 1, 2008. CCR, 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 2013 were reviewed and compared with WCIS submissions for claims reported in that year as indemnity, medical-only, or denied. Claims reported in 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.

Because claims administrators failed to file many SROI reports for 2013, many claims remain unclassified in WCIS. As a result, the number of exemptions is limited for 2013: no entities qualified for exemption for the filing of the Audit Unit ARI. In previous years, there have been 13 exemptions granted for filing the ARI. Any entity with an ARI waiver is required to file an Annual Report of Adjusting Locations annually by April 1.

The Audit Unit is working closely with the WCIS to confirm that the numbers of claims reported is accurate. 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 ARI and in the WCIS reporting elements.

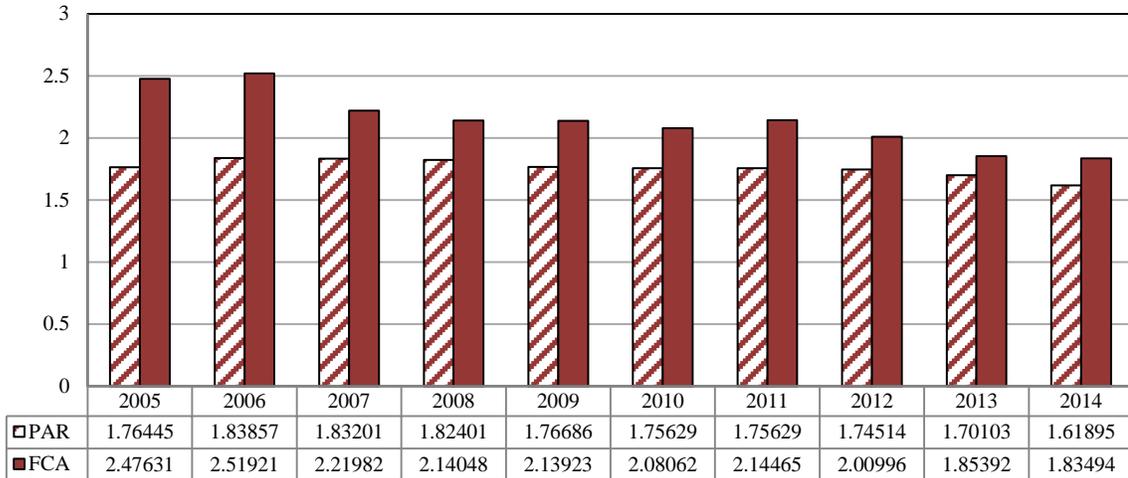
Profile Audit Performance Standards / Full Compliance Audit Standards for 2014

The PAR and FCA performance standards have been updated pursuant to Labor Code section 129(b) and CCR, Title 8, Sections 10107.1(c), (d), and (e). This was accomplished by taking the 2012 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 2010 and 2011 performance rating scores to develop the 2014 meet (as noted earlier, the lower the number, the better the rating). For 2014, the PAR standard for is 1.61895 and

the FCA standard is 1.83494. PAR audits commencing after January 1, 2014 use the new standards. The Audit Unit continues to act as a deterrent to poor claims handling and works to ensure that injured workers receive their workers' compensation benefits.

The following table provides an historical analysis of the PAR/FCA performance standards set for audits conducted in the years 2005 through 2014.

PAR/FCA Performance Ratings for 2005–2014



Description of Statewide Exhibits

[Statewide Exhibit 1](#) ~ **Audit Penalty Assessments and Collections** is a listing of audits conducted. It 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** describes and separates the schedule of administrative penalties in California Code of Regulations, title 8, 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 408 audited claims for which notices of compensation due were issued.

[Statewide Exhibit 4](#) ~ The **DWC Administrative Director's 2013 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 2013 according to their performance measured by the profile audit review and full compliance audit performance standards

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
PAR/FCA Audits														
Accelerated Claims Service / Santa Ana	R	TPA	14	0	0	0	14	13	\$3,550	\$3,550	\$0	\$0		X
Acclaim Risk Management, Inc. / Irvine	R	TPA	32	0	0	0	32	27	\$6,450	\$6,450	\$0	\$0		X
Acclamation Insurance Management Services / Fresno	R	TPA	57	0	2	0	59	32	\$3,655	\$3,655	\$0	\$0		X
Acclamation Insurance Mgmt Services / Santa Clarita	R	TPA	132	65	20	0	217	847	\$252,514	\$0	\$252,514	\$252,514	X	
ACME, Administrators, Inc. / Temecula	R	TPA	35	0	0	0	35	51	\$12,505	\$12,505	\$0	\$0		X
Adventist Health System West / Roseville	R	SI	54	0	0	0	54	29	\$3,650	\$3,650	\$0	\$0		X
Alaska National Ins. Co. / San Francisco	R	INS	54	0	0	0	54	23	\$4,990	\$4,990	\$0	\$0		X
Alaska National Insurance / Seattle, WA	T	INS	32	0	0	0	32	16	\$9,055	\$9,055	\$0	\$0		X
Allied Insurance, A Nationwide Ins. Co. / Lincoln, NE	R	INS	18	0	0	0	18	24	\$8,465	\$8,465	\$0	\$0		X
Alpha Fund / Granite Bay	R	SI	57	0	1	0	58	68	\$11,180	\$11,180	\$0	\$0		X
Ameron International Corp. / Pasadena	T	SI	16	0	0	0	16	16	\$12,215	\$12,215	\$0	\$0		X
AmTrust North America / San Francisco	R	INS/TPA	56	0	0	0	56	73	\$15,480	\$15,480	\$0	\$0		X
Applied Risk Services / Omaha, NE	R	INS	57	0	1	0	58	15	\$11,810	\$11,810	\$0	\$0		X
Argonaut Insurance Group / San Francisco	R	INS	48	0	0	0	48	84	\$22,165	\$22,165	\$0	\$0		X
Berkley Specialty Underwriting Managers / Irving, TX	R	TPA	70	61	0	0	131	488	\$139,092	\$0	\$139,092	\$139,092	X	
Berkshire Hathaway Homestate Companies / San Francisco	R	INS/TPA	58	0	0	0	58	46	\$17,010	\$17,010	\$0	\$0		X
Cannon Cochran Management Svc., Inc. / Scottsdale, AZ	R	TPA	45	0	0	0	45	128	\$11,160	\$11,160	\$0	\$0		X
Chartis Claims, Inc. / San Ramon	R	TPA	57	0	1	0	58	44	\$15,450	\$15,450	\$0	\$0		X
City & County of San Francisco / San Francisco	R	SI	58	0	0	0	58	59	\$4,420	\$4,420	\$0	\$0		X
City of Santa Ana / Santa Ana	R	SI	48	0	0	0	48	28	\$7,325	\$7,325	\$0	\$0		X
City of Simi Valley / Simi Valley	R	SI	33	0	0	0	33	44	\$4,465	\$4,465	\$0	\$0		X
City Of Torrance / Torrance	R	SI	43	0	0	0	43	9	\$2,255	\$2,255	\$0	\$0		X
CNA Insurance / Brea	R	INS	58	0	1	0	59	66	\$20,390	\$20,390	\$0	\$0		X
CompWest Insurance Company / Santa Ana	R	INS	57	0	1	0	58	44	\$16,590	\$16,590	\$0	\$0		X
Contra Costa County Schools Ins. Group / Pleasant Hill	R	SI	54	0	0	0	54	75	\$6,965	\$6,965	\$0	\$0		X
County of San Bernardino / San Bernardino	R	SI	55	0	0	0	55	42	\$10,870	\$10,870	\$0	\$0		X
County of Santa Clara & Fire District / San Jose Crawford	R	SI	55	0	0	0	55	61	\$8,345	\$8,345	\$0	\$0		X
& Company / Rancho Cucamonga	R	TPA	41	0	0	0	41	109	\$30,840	\$30,840	\$0	\$0		X
Crum & Forster Insurance / Orange	R	INS	58	0	1	0	59	91	\$19,020	\$19,020	\$0	\$0		X
Crum & Forster Insurance / Plano, TX	R	INS	51	0	0	0	51	59	\$10,465	\$10,465	\$0	\$0		X
ESIS (An Ace Group Company) / San Diego	R	TPA	56	0	0	0	56	64	\$29,245	\$29,245	\$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
Farmers Insurance Exchange / Orange	R	INS	53	0	0	0	53	112	\$27,325	\$27,325	\$0	\$0		X
Fireman's Fund Insurance Company / Novato	R	INS	48	0	0	0	48	31	\$5,820	\$5,820	\$0	\$0		X
Ford Motor Co. / Sacramento HVC / Manteca	R	SI	13	0	0	0	13	16	\$3,760	\$3,760	\$0	\$0		X
Great West Casualty Company / South Sioux City, NE	R	INS	21	0	0	0	21	19	\$10,560	\$10,560	\$0	\$0		X
Guard Insurance Group / Wilkes-Barre, PA	R	INS	54	0	0	0	54	61	\$19,825	\$19,825	\$0	\$0		X
Guide One Insurance Co. /West Des Moines, IA	R	INS	48	0	0	0	48	70	\$5,540	\$5,540	\$0	\$0		X
ICW Group / Pleasanton	R	INS	57	0	0	0	57	73	\$19,630	\$19,630	\$0	\$0		X
JT2 Integrated Resources / Lathrop	R	TPA	55	0	0	0	55	21	\$2,730	\$2,730	\$0	\$0		X
Keenan & Associates / San Jose	R	TPA	57	0	0	0	57	67	\$8,890	\$8,890	\$0	\$0		X
Keenan & Associates / Torrance	R	TPA	58	0	2	0	60	43	\$8,190	\$8,190	\$0	\$0		X
Liberty Mutual Ins. Grp. & Helmsman Mgmt Svcs / Glendale	R	INS	58	0	3	0	61	83	\$28,155	\$28,155	\$0	\$0		X
Liberty Mutual Insurance Group / Beaverton, OR	R	INS	58	0	3	0	61	81	\$19,260	\$19,260	\$0	\$0		X
Matrix Absense Management, Inc. / Roseville	R	TPA	56	0	1	0	57	56	\$8,450	\$8,450	\$0	\$0		X
North Bay Schools Insurance Authority / Fairfield	R	SI	48	0	0	0	48	76	\$3,590	\$3,590	\$0	\$0		X
No. California Special District Ins. Authority / Elk Grove	R	SI	42	0	0	0	42	74	\$7,475	\$7,475	\$0	\$0		X
Preferred Employers Insurance Company / Walnut Creek	R	INS	55	0	0	0	55	48	\$11,065	\$11,065	\$0	\$0		X
PTSC/MTA Risk Mgmt. Authority (PRMA) / Los Angeles	R	SI	56	0	0	0	56	56	\$14,080	\$14,080	\$0	\$0		X
San Bernardino City U.S.D. / San Bernadino	R	SI	51	0	0	0	51	75	\$25,310	\$25,310	\$0	\$0		X
Sedgwick Claims Management Services / Orange	R	TPA	59	0	2	0	61	70	\$27,455	\$27,455	\$0	\$0		X
Sedgwick Claims Management Services / Ontario	R	TPA	52	0	0	0	52	52	\$10,730	\$10,730	\$0	\$0		X
Sedgwick Claims Management Services, Inc. / Brea	R	TPA	54	0	0	0	54	53	\$18,745	\$18,745	\$0	\$0		X
Sedgwick Claims Management Services, Inc. / Pasadena	R	TPA	59	0	4	0	63	56	\$20,230	\$20,230	\$0	\$0		X
Sempra Energy Corp./Southern California Gas Co. / LA	R	SI	46	0	0	1	47	66	\$11,630	\$11,630	\$0	\$0		X
Sentry Insurance/Parker Services, Inc. / Stevens Point, WI	R	INS/TPA	51	0	1	0	52	46	\$13,835	\$13,835	\$0	\$0		X
Sierra Pacific Industries / Anderson	R	SI	44	0	0	0	44	52	\$9,300	\$9,300	\$0	\$0		X
Southern California Edison Co. / Rosemead	R	SI	54	0	0	0	54	9	\$3,515	\$3,515	\$0	\$0		X
State Compensation Insurance Fund / Bakersfield	R	INS	56	0	0	0	56	49	\$15,240	\$15,240	\$0	\$0		X
State Compensation Insurance Fund / Redding	R	INS	56	0	2	0	58	52	\$11,375	\$11,375	\$0	\$0		X
State Compensation Ins. Fund/IECS / Riverside	R	INS	57	0	3	0	60	57	\$25,960	\$25,960	\$0	\$0		X
State Farm Fire and Casualty Co. / Bakersfield	R	INS	56	0	0	0	56	96	\$35,165	\$35,165	\$0	\$0		X
Tri Star Risk Management / Concord	R	TPA	58	0	1	0	59	37	\$5,240	\$5,240	\$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
Tristar Risk Management, Inc. / Signal Hill	R	TPA	57	0	0	0	57	70	\$12,115	\$12,115	\$0	\$0		X
USS-POSCO Industries / Pittsburg	R	SI	15	0	0	0	15	10	\$1,450	\$1,450	\$0	\$0		X
Vanliner Insurance Company / St. Louis, MO	R	INS	18	0	0	0	18	27	\$6,610	\$6,610	\$0	\$0		X
York Risk Services Group, Inc. / Stockton	R	TPA	56	0	0	0	56	40	\$6,770	\$6,770	\$0	\$0		X
York Risk Services Group / Orange	R	TPA	58	0	4	0	62	27	\$5,050	\$5,050	\$0	\$0		X
Zenith Insurance Co. / Sacramento	R	INS	55	0	0	0	55	18	\$3,635	\$3,635	\$0	\$0		X
Zurich North America (Office 10) / Schaumburg, IL	R	INS/TPA	30	0	0	0	30	23	\$7,700	\$7,700	\$0	\$0		X
Zurich North America (Office 01) / San Francisco	R	INS/TPA	58	0	1	0	59	112	\$25,830	\$25,830	\$0	\$0		X
TOTALS			3496	126	55	1	3678	4859	\$ 1,238,826	\$ 847,220	\$ 391,606	\$ 391,606		

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

R - Routine	68
T - Target	2
<u>TOTAL</u>	<u>70</u>

INS	Insurer	24
SI	Self-Insured Employer	19
TPA	Third Party Administrator	22
INS / TPA	Insurer / Third Party Administrator	5
SI / TPA	Self-Insured/Third Party Administrator	0
<u>TOTAL</u>		<u>70</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)	785	\$312,233	\$282,845	\$29,388	\$0	X
Late first payment of permanent disability indemnity benefits (PD).	106	\$64,859	\$48,995	\$15,864	\$0	X
Late subsequent payment of indemnity benefits.	622	\$164,588	\$104,585	\$60,003	\$0	X
Late first payment of death benefits (DB).	1	\$200	\$200	\$0	\$0	
Failure to issue benefit notices other than specific notices for denial of liability.	189	\$27,064	\$2,380	\$24,684	\$0	X
Late provision of benefit notices other than specific notices for denial of injury.	384	\$31,284	\$7,425	\$23,859	\$0	X
Failure to comply with requirements to provide notice of the QME/AME process.	1,758	\$199,366	\$155,065	\$44,301	\$0	X
Failure to pay any TD or SC in lieu of TD.	322	\$223,200	\$194,400	\$28,800	\$0	X
Failure to pay any PD indemnity benefit.	22	\$15,160	\$13,000	\$2,160	\$0	X
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	189	\$33,535	\$25,825	\$7,710	\$0	X
Failure to pay any indemnity as ordered by the WCAB.	27	\$17,572	\$10,900	\$6,672	\$0	X
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.	20	\$17,080	\$1,600	\$15,480	\$0	

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.	136	\$42,860	\$0	\$42,860	\$0	X
Failure to pay or object to medical-legal expense in the manner required by law or regulation.	6	\$2,700	\$0	\$2,700	\$0	X
Failure to issue training or SJDB voucher (injuries on/after 01/01/04) in the manner required by law or regulation.	0	\$0	\$0	\$0	\$0	
Failure to provide notices denying all liability or death benefits as required.	1	\$180	\$0	\$180	\$0	X
Failure to timely respond to a request to provide or authorize medical treatment.	0	\$0	\$0	\$0	\$0	X
Failure to include specific items or properly designate entries on a claim log.	2	\$180	\$0	\$180	\$0	X
Materially incomplete or inaccurate benefit notices including denial for all liability.	178	\$15,915	\$0	\$15,915	\$0	X
Failure to investigate.	6	\$9,600	\$0	\$9,600	\$0	X
Failure to fully or timely comply with any award or order of the WCAB for issues other than payment of indemnity under 8CCR§10111.2(a).	0	\$0	\$0	\$0	\$0	
Penalties for failure to comply with any regulation of the AD not otherwise assessed.	97	\$17,000	\$0	\$17,000	\$0	
Unsupported denial of all liability for a claim.	8	\$44,250	\$0	\$44,250	\$0	
TOTAL	4,859	\$1,238,826	\$847,220	\$391,606	\$0	

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

Calendar Year 2013

Statewide Exhibit 3

**Statewide Summary of
408 Notices of Compensation Due**

Type of Compensation	Amount Found Due
Temporary Disability	\$ 315,575.50
Permanent Disability	\$ 49,046.47
Self-Imposed Increase	\$ 42,491.06
Death Benefits	\$ 597.66
Penalty, Interest or Other	\$ 1,159.68
Total Compensation Due:	\$ 408,870.37

DWC ADMINISTRATIVE DIRECTOR'S 2013 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	PAR Standard 1.70104	FCA Stage 1 Standard 1.85393	FCA Stage 2 Final Rating	Unpaid Compensation All Claim Files 402/\$328,031.65
<i>The following audit subjects under the Profile Audit Review (LC 129) met or exceeded the PAR standard (1.70104 or less). No administrative penalties were assessed pursuant to Labor Code Section 129.5(c)(1), but the unpaid compensation found due to injured workers within each claim file was ordered paid.</i>					
1	City of Torrance / Torrance	0.18030	n/a	n/a	1/ \$2,207.49
2	Applied Risk Services / Omaha, NE	0.25113	n/a	n/a	4/ \$428.95
3	Zenith Insurance Co. / Sacramento	0.29153	n/a	n/a	2/ \$483.00
4	York Risk Services Group, Inc. / Orange	0.30363	n/a	n/a	3/ \$3096.04
5	Southern California Edison Co. / Rosemead	0.31962	n/a	n/a	4/ \$3,046.11
6	Alaska National Ins. Co. / San Francisco	0.33271	n/a	n/a	6/ \$804.28
7	Adventist Health System West / Roseville	0.46979	n/a	n/a	2/ \$391.26
8	JT2 Integrated Resources / Lathrop	0.48147	n/a	n/a	4/ \$2,362.68
9	Acclamation Insurance Management Services / Fresno	0.50537	n/a	n/a	1/ \$53.67
10	Tri Star Risk Management / Concord	0.51400	n/a	n/a	3/ \$1,089.47
11	Alaska National Insurance / Seattle, WA	0.51589	n/a	n/a	2/ \$7,734.58
12	Fireman's Fund Insurance Company / Novato	0.56530	n/a	n/a	4/ \$1,234.20
13	USS-POSCO Industries / Pittsburg	0.60189	n/a	n/a	3/ \$1244.25
14	Acclaim Risk Management, Inc. / Irvine	0.65160	n/a	n/a	6/ \$1,112.07
15	County of Santa Clara & Fire District / San Jose	0.71295	n/a	n/a	3/ \$1,215.91
16	State Compensation Insurance Fund / Redding	0.71780	n/a	n/a	5/ \$1,021.37
17	CompWest Insurance Company / Santa Ana	0.77952	n/a	n/a	6/ \$4,379.13
18	State Compensation Insurance Fund / Bakersfield	0.79482	n/a	n/a	6/ \$4,098.34
19	Berkshire Hathaway Homestate Companies / San Francisco	0.79587	n/a	n/a	10/ \$7,824.14
20	Preferred Employers Insurance Company / Walnut Creek	0.79946	n/a	n/a	4/ \$1,038.51

DWC ADMINISTRATIVE DIRECTOR'S 2013 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	PAR Standard 1.70104	FCA Stage 1 Standard 1.85393	FCA Stage 2 Final Rating	Unpaid Compensation All Claim Files 402/\$328,031.65
21	Great West Casualty Company / South Sioux City, NE	0.79959	n/a	n/a	0/ \$0.00
22	County of San Bernardino / San Bernardino	0.81444	n/a	n/a	1/ \$37.30
23	Chartis Claims, Inc. / San Ramon	0.85854	n/a	n/a	9/ \$3,136.81
24	Sentry Insurance/Parker Services, Inc. / Stevens Point, WI	0.85968	n/a	n/a	7/ \$1,111.28
25	City & County of San Francisco / San Francisco	0.87317	n/a	n/a	3/ \$415.47
26	Sedgwick Claims Management Services, Inc. / Brea	0.87758	n/a	n/a	10/ \$8,568.24
27	Tristar Risk Management, Inc / Signal Hill	0.88437	n/a	n/a	7/ \$7,033.50
28	York Risk Services Group, Inc. / Stockton	0.90198	n/a	n/a	3/ \$1,582.67
29	State Compensation Insurance Fund/IECS / Riverside	0.91594	n/a	n/a	10/ \$10,930.53
30	Accelerated Claims Service / Santa Ana	0.94021	n/a	n/a	3/ \$1,263.98
31	Allied Insurance, A Nationwide Ins. Co. / Lincoln, NE	0.94967	n/a	n/a	0/ \$0.00
32	PTSC/MTA Risk Management Authority (PRMA) / Los Angeles	0.96956	n/a	n/a	5/ \$2,789.69
33	Keenan & Associates/ Torrance	1.01181	n/a	n/a	7/ \$5,020.76
34	City of Santa Ana / Santa Ana	1.01522	n/a	n/a	5/ \$9,316.68
35	North Bay Schools Insurance Authority / Fairfield	1.02480	n/a	n/a	0/ \$0.00
36	Zurich North America (Office 10) / Schaumburg, IL	1.02737	n/a	n/a	2/ \$127.64
37	Crum & Forster Insurance / Plano, TX	1.04058	n/a	n/a	5/ \$6,038.69
38	Sedgwick Claims Management Services, Inc. / Pasadena	1.04298	n/a	n/a	11/ \$7,405.39
39	Guide One Insurance Co. / West Des Moines, IA	1.05157	n/a	n/a	1/ \$76.13
40	CNA Insurance Co. / Brea	1.07904	n/a	n/a	6/ \$6,372.15
41	Liberty Mutual Insurance Group / Beaverton, OR	1.09087	n/a	n/a	7/ \$4,279.86
42	Contra Costa County Schools Insurance Group / Pleasant Hill	1.10276	n/a	n/a	5/ \$1,002.88
43	Amtrust North America / San Francisco	1.10653	n/a	n/a	5/ \$2,943.56
44	Keenan & Associates / San Jose	1.11403	n/a	n/a	7/ \$1,562.34
45	ICW Group / Pleasanton	1.13205	n/a	n/a	8/ \$4,496.21

Statewide Exhibit 4

DWC ADMINISTRATIVE DIRECTOR'S 2013 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	PAR Standard 1.70104	FCA Stage 1 Standard 1.85393	FCA Stage 2 Final Rating	Unpaid Compensation All Claim Files 402/\$328,031.65
46	Matrix Absense Management, Inc. / Roseville	1.14373	n/a	n/a	3/ \$2,580.77
47	Sempra Energy Corp./Southern California Gas Co. / Los Angeles	1.16216	n/a	n/a	7/ \$1,147.58
48	Liberty Mutual Ins. Grp. & Helmsman Mgmt., Services / Glendale	1.16955	n/a	n/a	5/ \$1,383.25
49	Vanliner Insurance Company / St. Louis, MO	1.19209	n/a	n/a	3/ \$3,565.15
50	Alpha Fund / Granite Bay	1.19536	n/a	n/a	5/ \$1,617.63
51	Ameron International Corp. / Pasadena	1.22232	n/a	n/a	2/ \$8,315.92
52	Sedgwick Claims Management Services / Ontario	1.25187	n/a	n/a	17/ \$3,761.95
53	Ford Motor Co./Sacramento HVC/ Manteca	1.26858	n/a	n/a	2/ \$4,972.20
54	ESIS (An Ace Group Company) / San Diego	1.27235	n/a	n/a	15/ \$12,859.28
55	San Bernardino City Unified School District / San Bernadino	1.28257	n/a	n/a	9/ \$8,346.25
56	Crum & Forster Insurance / Orange	1.31271	n/a	n/a	5/ \$2,013.66
57	Sierra Pacific Industries / Anderson	1.36657	n/a	n/a	10/ \$4,946.08
58	Cannon Cochran Management Services, Inc. / Scottsdale, AZ	1.37395	n/a	n/a	6/ \$4,824.33
59	Sedgwick Claims Management Services / Orange	1.43043	n/a	n/a	10/ \$14,605.25
60	Northern California Special District Ins. Authority / Elk Grove	1.48606	n/a	n/a	2/ \$1,641.77
61	Guard Insurance Group / Wilkes-Barre, PA	1.49096	n/a	n/a	8/ \$3,459.17
62	Argonaut Insurance Group / San Francisco	1.50960	n/a	n/a	8/ \$7,362.73
63	ACME, Administrators, Inc. / Temecula	1.52991	n/a	n/a	5/ \$2,858.81
64	City of Simi Valley / Simi Valley	1.59969	n/a	n/a	5/ \$1,085.57
65	Farmers Insurance Exchange / Orange	1.65228	n/a	n/a	11/ \$15,108.73
66	Zurich North America (Office 01) / San Francisco	1.65391	n/a	n/a	10/\$3,896.61
67	Crawford & Company / Rancho Cucamonga	1.67880	n/a	n/a	4/ \$3,606.11
68	State Farm Fire and Casualty Co. / Bakersfield	1.69862	n/a	n/a	5/ \$5,041.00

DWC ADMINISTRATIVE DIRECTOR'S 2013 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	PAR Standard 1.70104	FCA Stage 1 Standard 1.85393	FCA Stage 2 Final Rating	Unpaid Compensation All Claim Files 402/\$328,031.65
	<p><i>Two audit subjects under the Profile Audit Review (LC 129) failed to meet or exceed the PAR standard (1.70104 or less) and proceeded to the Full Compliance Audit Stage 1 [LC 129(b)(2)] where IT/THEY failed to meet or exceed the FCA standard (1.85393 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 to injured workers within each claim file was ordered paid.</i></p>				
69	Acclamation Insurance Mgmt Services / Santa Clarita	2.27043	2.68342	2.68342	18/ \$41,428.16
70	Berkley Specialty Underwriting Managers / Irving, TX	3.85272	3.89056	3.89056	21/ \$37,226.48

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 California Code of Regulations, title 8, section 10111.2, into various categories showing totals and amounts of assessable administrative penalties for this individual audit finding.

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

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: LAO-27-13-R1-5

Subject: Accelerated Claims Service

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 14 = 0.21429

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

Total unpd indem. = \$ 1,263.98 divide by # of claims with obligation to pay indem. 14
 Avg Unpd Ind = \$ 90.28

C. Severity Rate

Avg Unpd Indem \$ 90.28 divide by avg unpd indem 2009-2011 of \$ 191.44 = 0.47161

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.21429 X Severity rate 0.47161 X modifier of 2
 = 0.20212

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	14	
# claims with first SC notice violations	_____	divide by # with salary continuation	_____	
Totals	1	divide by	Totals 14	=
				0.07143

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	_____	divide by # with first DB paid	_____	
Totals	0	divide by	Totals 4	=
				0.00000

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 5 divide by # requiring notices 12 =
0.41667

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2013 0.94021

Profile Audit Review Performance Rating of 1.70104 or greater is a failing score.

Calendar Year: 2013

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	14
Indemnity	14
Medical Only	0
Denied	0
Complaints	0
Additional	0

Audit No: LAO-27-13-R1-5

Subject: Accelerated Claims Service

Location: Santa Ana

Type: TPA

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	1	\$480	\$480	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	3	\$1,120	\$1,120	\$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 liability.	0	\$0	\$0	\$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.	3	\$1,800	\$1,800	\$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.	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	\$3,550	\$3,550	\$0	\$0	

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

Calendar Year: 2013
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-27-13-R1-5

Subject: Accelerated Claims Service

Location: Santa Ana

Type: TPA

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$498.56		\$47.42			\$545.98
2	\$466.30		\$46.63			\$512.93
3	\$187.80		\$17.27			\$205.07
TOTAL	\$1,152.66	\$0.00	\$111.32	\$0.00	\$0.00	\$1,263.98

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: LAO-03-13-R1-5

Subject: Acclaim Risk Management, Inc.

Location: Irvine

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 6 divide by # claims with payable indem 32 = 0.18750

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

Total unpd indem. = \$ 1,112.07 divide by # of claims with obligation to pay indem. 32
Avg Unpd Ind = \$ 34.75

C. Severity Rate

Avg Unpd Indem \$ 34.75 divide by avg unpd indem 2009-2011 of \$191.44 = 0.18153

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.18750 X Severity rate 0.18153 X modifier of 2
= 0.06807

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	32	
# claims with late first SC notice violation	0	divide by # with salary continuation	0	
Totals	5	divide by	Totals 32	=
				0.15625

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

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

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

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

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation 6 divide by # requiring notices 30 =
0.20000

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2013 **0.65160**

Profile Audit Review Performance Rating of 1.70104 or greater is a failing score.

Calendar Year: 2013

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	32
Indemnity	32
Medical Only	0
Denied	0
Complaints	0
Additional	0

Audit No: LAO-03-13-R1-5

Subject: Acclaim Risk Management, Inc.

Location: Irvine

Type: TPA

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	5	\$1,170	\$1,170	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	7	\$1,430	\$1,430	\$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 liability.	0	\$0	\$0	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	6	\$2,050	\$2,050	\$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.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	5	\$800	\$800	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	27	\$6,450	\$6,450	\$0	\$0	

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

Calendar Year: 2013
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-03-13-R-5

Subject: Acclaim Risk Management, Inc.

Location: Irvine

Type: TPA

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1			\$154.67			\$154.67
2	\$182.74		\$15.81			\$198.55
3	\$245.56		\$2.89			\$248.45
4	\$47.89					\$47.89
5			\$426.69			\$426.69
6	\$32.86		\$2.96			\$35.82
TOTAL	\$509.05	\$0.00	\$603.02	\$0.00	\$0.00	\$1,112.07

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: SAC-01-13-R1-5

Subject: Acclamation Insurance Management Services

Location: Fresno

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 1 divide by # claims with payable indem 57 = 0.01754

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

Total unpd indem. = \$ 53.67 divide by # of claims with obligation to pay indem. 57
Avg Unpd Ind = \$ 0.94

C. Severity Rate

Avg Unpd Indem \$ 0.94 divide by avg unpd indem 2009-2011 of \$ 191.44 = 0.00492

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.01754 X Severity rate 0.00492 X modifier of 2
= 0.00017

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	22	
# claims with first SC notice violations	9	divide by # with salary continuation	34	
Totals	12	divide by	56	=
				0.21429

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	1	
Totals	0	divide by	5	=
				0.00000

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 16 divide by # requiring notices 55 = 0.29091

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2013 0.50537

Profile Audit Review Performance Rating of 1.70104 or greater is a failing score.

Calendar Year: 2013

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: SAC-01-13-R1-5

Subject: Acclamation Insurance Management 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)	4	\$820	\$820	\$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 liability.	9	\$455	\$455	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	18	\$2,180	\$2,180	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	1	\$200	\$200	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	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	\$3,655	\$3,655	\$0	\$0	

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

Calendar Year: 2013
Notices of Compensation Due

Individual Exhibit 3

Audit No: SAC-01-13-R1-5

Subject: Acclamation Insurance Management Services

Location: Fresno

Type: TPA

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$51.88		\$1.88			\$53.76
TOTAL	\$51.88	\$0.00	\$1.88	\$0.00	\$0.00	\$53.76

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: LAO-17-13-R2-5

Subject: Acclamation Insurance Management Services

Location: Santa Clarita

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 4 divide by # claims with payable indem 58 = 0.06897

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

Total unpd indem. = \$ 709.43 divide by # of claims with obligation to pay indem. 58
Avg Unpd Ind = \$ 12.23

C. Severity Rate

Avg Unpd Indem \$ 12.23 divide by avg unpd indem 2009-2011 of \$ 191.44 = 0.06389

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.06897 X Severity rate 0.06389 X modifier of 2
= 0.00881

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	5	
# claims with first SC notice violations	33	divide by # with salary continuation	54	
Totals	35	divide by	59	=
				0.59322

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

# claims with late first PD	4	divide by # with first PD	7	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	4	divide by	7	=
				0.57143

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 4 divide by # with subsequent payments 12 = 0.33333

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation 42 divide by # requiring notices 55 = 0.76364

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2013 2.27043

Profile Audit Review Performance Rating of 1.70104 or greater is a failing score.

Full Compliance Audit Performance Rating of Randomly Selected Claims

Audit No: LAO-17-13-R3-5

Subject: Acclamation Insurance Management Services

Location: Santa Clarita

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 18 divide by # claims with payable indem 132 = 0.13636

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

Total unpd indem = \$ 41,428.16 divide by # of claims with obligation to pay indem. 132
 Avg Unpd Ind = \$ 313.85

C. Severity Rate

Avg Unpd Ind. \$ 313.85 divide by avg unpd indem 2009-2011 of \$ 191.44 = 1.63942

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.13636 X Severity rate 1.63942 X modifier of 2
 = 0.44711

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	16	
# claims with first SC notice violations	<u>72</u>	divide by # with salary continuation	<u>122</u>	
Totals	80	divide by	Totals 138	=
				0.57971

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

# claims with late first PD	9	divide by # with first PD	22	
# claims/late first death benefits	<u>0</u>	divide by # with first death ben paid	<u>0</u>	
Totals	9	divide by	Totals 22	=
				0.40909

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subseq payments 15 divide by # with subseq payments 31 =
0.48387

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation 42 divide by # requiring notices 55 =
0.76364

FULL COMPLIANCE AUDIT PERFORMANCE RATING - 2013

Full Compliance Audit Performance Rating of indemnity files of 1.85393 or greater is a failing score.

2.68342

Calendar Year: 2013
Penalty Assessments and Collections

Individual Exhibit 2

Files Audited:	217
Indemnity	132
Medical Only	0
Denied	65
Complaints	20
Additional	0

Audit No: LAO-17-13-R3-5

Subject: Acclamation Insurance Management Services

Location: Santa Clarita

Type: TPA

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	9	\$10,260	\$0	\$10,260	\$0	X
Late first payment of permanent disability indemnity benefits (PD).	11	\$12,222	\$0	\$12,222	\$0	X
Late subsequent payment of indemnity benefits.	59	\$38,187	\$0	\$38,187	\$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.	90	\$16,164	\$0	\$16,164	\$0	X
Late provision of benefit notices other than specific notices for denial of liability.	202	\$22,419	\$0	\$22,419	\$0	X
Failure to comply with requirements to provide notice of the QME/AME process.	128	\$21,195	\$0	\$21,195	\$0	X
Failure to pay any TD or SC in lieu of TD.	3	\$1,800	\$0	\$1,800	\$0	X
Failure to pay any PD indemnity benefit.	1	\$720	\$0	\$720	\$0	X
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	10	\$3,510	\$0	\$3,510	\$0	X
Failure to pay any indemnity as ordered by the WCAB.	12	\$6,192	\$0	\$6,192	\$0	X
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.	17	\$15,480	\$0	\$15,480	\$0	X

Calendar Year: 2013
Penalty Assessments and Collections

Files Audited:	217
Indemnity	132
Medical Only	0
Denied	65
Complaints	20
Additional	0

Audit No: LAO-17-13-R3-5

Subject: Acclamation Insurance Management Services

Location: Santa Clarita

Type: TPA

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Failure to pay or object to medical treatment expense in the manner required by law or regulation.	87	\$26,540	\$0	\$26,540	\$0	X
Failure to pay or object to medical-legal expense in the manner required by law or regulation.	3	\$1,620	\$0	\$1,620	\$0	X
Failure to issue training or SJDB voucher (injuries on/after 01/01/04) in the manner required by law or regulation.	0	\$0	\$0	\$0	\$0	
Failure to provide notices denying all liability or death benefits as required.	1	\$180	\$0	\$180	\$0	X
Failure to timely respond to a request to provide or authorize medical treatment.	0	\$0	\$0	\$0	\$0	
Failure to include specific items or properly designate entries on a claim log.	2	\$180	\$0	\$180	\$0	X
Materially incomplete or inaccurate benefit notices including denial for all liability, other than specific vocational rehabilitation notices.	108	\$8,595	\$0	\$8,595	\$0	X
Failure to investigate.	5	\$9,000	\$0	\$9,000	\$0	X
Failure to fully or timely comply with any award or order of the WCAB for issues other than payment of indemnity under 8CCR§10111.2(a).	0	\$0	\$0	\$0	\$0	
Penalties for failure to comply with any regulation of the AD not otherwise assessed.	92	\$16,400	\$0	\$16,400	\$0	X
Unsupported denial of all liability for a claim.	7	\$41,850	\$0	\$41,850	\$0	X
TOTAL:	847	\$252,514	\$0	\$252,514	\$0	

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

Calendar Year: 2013
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-17-13-R3-5

Subject: Acclamation Insurance Management Services

Location: Santa Clarita

Type: TPA

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1			\$29.57		\$0.08	\$29.65
2	\$74.32		\$233.56		\$38.79	\$346.67
3	\$80.91					\$80.91
4		\$230.00	\$23.00		\$7.37	\$260.37
5	\$28.36					\$28.36
6	\$322.55					\$322.55
7	\$1,061.41					\$1,061.41
8	\$738.52					\$738.52
9	\$92.31					\$92.31
10			\$371.50			\$371.50
11	\$3,411.44					\$3,411.44
12	\$1,000.00		\$100.00		\$36.05	\$1,136.05
13	\$31,866.01					\$31,866.01
14	\$25.44					\$25.44
15	\$716.84					\$716.84
16		\$502.18	\$344.79			\$846.97
17	\$28.32					\$28.32
18			\$64.84			\$64.84
TOTAL	\$39,446.43	\$732.18	\$1,167.26	\$0.00	\$82.29	\$41,428.16

Calendar Year: 2013

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: LAO-16-13-R1-5

Subject: ACME Administrators, Inc.

Location: Temecula

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	\$4,365	\$4,365	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	4	\$950	\$950	\$0	\$0	
Late subsequent payment of indemnity benefits.	14	\$2,715	\$2,715	\$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 liability.	0	\$0	\$0	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	6	\$1,575	\$1,575	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	3	\$1,000	\$1,000	\$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	\$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	51	\$12,505	\$12,505	\$0	\$0	

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

Calendar Year: 2013
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-16-13-R1-5

Subject: ACME Administrators, Inc.

Location: Temecula

Type: TPA

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$51.94					\$51.94
2			\$238.99			\$238.99
3	\$1,214.76		\$121.48			\$1,336.24
4	\$91.86					\$91.86
5		\$510.04	\$629.74			\$1,139.78
TOTAL	\$1,358.56	\$510.04	\$990.21	\$0.00	\$0.00	\$2,858.81

Calendar Year: 2013

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: SAC-02-13-R1-2

Subject: Adventist Health System West

Location: Roseville

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	\$1,800	\$1,800	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	9	\$1,200	\$1,200	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for denial of liability.	0	\$0	\$0	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	6	\$400	\$400	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	1	\$200	\$200	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	1	\$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	29	\$3,650	\$3,650	\$0	\$0	

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

Calendar Year: 2013
Notices of Compensation Due

Individual Exhibit 3

Audit No: SAC-02-13-R1-2

Subject: Adventist Health System West

Location: Roseville

Type: SI

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1			\$164.18			\$164.18
2	\$227.08					\$227.08
TOTAL	\$227.08	\$0.00	\$164.18	\$0.00	\$0.00	\$391.26

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: OAK-25-13-R1-1

Subject: Alaska National Insurance Company

Location: San Francisco

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. = \$ 804.28 divide by # of claims with obligation to pay indem. 54
 Avg Unpd Ind = \$ 14.89

C. Severity Rate

Avg Unpd Indem \$ 14.89 divide by avg unpd indem 2009-2011 of \$ 191.44 = 0.07780

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.11111 X Severity rate 0.07780 X modifier of 2
 = 0.01729

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	51	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	8	divide by	51	=
				0.15686

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

# claims with late first PD	1	divide by # with first PD	13	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	1	divide by	13	=
				0.07692

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 0 divide by # with subsequent payments 31 =
0.00000

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation 4 divide by # requiring notices 49 =
0.08163

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2013 0.33271

Profile Audit Review Performance Rating of 1.70104 or greater is a failing score.

Calendar Year: 2013

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: OAK-25-13-R1-1

Subject: Alaska National Insurance Company

Location: San Francisco

Type: INS

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	10	\$2,290	\$2,290	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	2	\$350	\$350	\$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 liability.	0	\$0	\$0	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	5	\$950	\$950	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	6	\$1,400	\$1,400	\$0	\$0	
Failure to pay any PD indemnity benefit.	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	23	\$4,990	\$4,990	\$0	\$0	

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

Calendar Year: 2013
Notices of Compensation Due

Individual Exhibit 3

Audit No: OAK-25-13-R1-1

Subject: Alaska National Insurance Company

Location: San Francisco

Type: INS

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$90.10					\$90.10
2	\$30.48					\$30.48
3	\$48.71					\$48.71
4	\$137.19		\$11.78			\$148.97
5	\$391.96		\$27.81			\$419.77
6	\$66.25					\$66.25
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
TOTAL	\$764.69	\$0.00	\$39.59	\$0.00	\$0.00	\$804.28

Calendar Year: 2013

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	32
Indemnity	32
Medical Only	0
Denied	0
Complaints	0
Additional	0

Audit No: OAK-22-13-T1-1

Subject: Alaska National Insurance

Location: Seattle, WA

Type: INS

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	10	\$5,830	\$5,830	\$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 liability.	0	\$0	\$0	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	3	\$925	\$925	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	1	\$200	\$200	\$0	\$0	
Failure to pay any PD indemnity benefit.	1	\$2,000	\$2,000	\$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	16	\$9,055	\$9,055	\$0	\$0	

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

Calendar Year: 2013
Notices of Compensation Due

Individual Exhibit 3

Audit No: OAK-22-13-T1-1

Subject: Alaska National Insurance

Location: Seattle, WA

Type: INS

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1		\$6,957.50	\$695.75			\$7,653.25
2	\$47.84		\$33.49			\$81.33
TOTAL	\$47.84	\$6,957.50	\$729.24	\$0.00	\$0.00	\$7,734.58

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: OAK-16-13-R1-1

Subject: Allied Insurance, A Nationwide Insurance Company

Location: Lincoln, NE

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 0 divide by # claims with payable indem 18 = 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. 18
 Avg Unpd Ind = \$ -

C. Severity Rate

Avg Unpd Indem \$ - divide by avg unpd indem 2009-2011 of \$ 191.44 = 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	7	divide by # with TD payments	18	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	7	divide by	18	=
				0.38889

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 4 divide by # with subsequent payments 15 =
0.26667

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation 5 divide by # requiring notices 17 =
0.29412

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2013 0.94967

Profile Audit Review Performance Rating of 1.70104 or greater is a failing score.

Calendar Year: 2013

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	18
Indemnity	18
Medical Only	0
Denied	0
Complaints	0
Additional	0

Audit No: OAK-16-13-R1-1

Subject: Allied Insurance, A Nationwide Insurance Co.

Location: Lincoln, NE

Type: Ins

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	12	\$6,690	\$6,690	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	6	\$1,100	\$1,100	\$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 liability.	0	\$0	\$0	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	6	\$675	\$675	\$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	24	\$8,465	\$8,465	\$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-12-13-R1-6

Subject: ALPHA Fund

Location: Granite Bay

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. = \$ 1,617.63 divide by # of claims with obligation to pay indem. 57
 Avg Unpd Ind = \$ 28.38

C. Severity Rate

Avg Unpd Indem \$ 28.38 divide by avg unpd indem 2009-2011 of \$ 191.44 = 0.14824

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.08772 X Severity rate 0.14824 X modifier of 2
 = 0.02601

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	53	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	8	divide by	53	=
				0.15094

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	13	=
				0.23077

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 8 divide by # with subsequent payments 37 =
0.21622

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation 32 divide by # requiring notices 56 =
0.57143

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2013 **1.19536**

Profile Audit Review Performance Rating of 1.70104 or greater is a failing score.

Calendar Year: 2013

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	58
Indemnity	57
Medical Only	0
Denied	0
Complaints	1
Additional	0

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

Subject: ALPHA Fund

Location: Granite Bay

Type: SI

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	9	\$1,680	\$1,680	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	4	\$640	\$640	\$0	\$0	
Late subsequent payment of indemnity benefits.	9	\$2,510	\$2,510	\$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 liability.	0	\$0	\$0	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	38	\$3,150	\$3,150	\$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.	4	\$800	\$800	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB.	2	\$1,600	\$1,600	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	2	\$800	\$800	\$0	\$0	
TOTAL	68	\$11,180	\$11,180	\$0	\$0	

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

Calendar Year: 2013
Notices of Compensation Due

Individual Exhibit 3

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

Subject: ALPHA Fund

Location: Granite Bay

Type: SI

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1		\$309.45	\$207.20		\$34.00	\$550.65
2	\$371.32		\$37.13			\$408.45
3			\$82.80			\$82.80
4		\$460.00	\$46.00		\$77.19	\$583.19
5	\$100.63		\$3.10			\$103.73
TOTAL	\$471.95	\$769.45	\$376.23	\$0.00	\$111.19	\$1,728.82

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: LAO-26-13-T1-2

Subject: Ameron International Corporation

Location: Pasadena

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 2 divide by # claims with payable indem 16 = 0.12500

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

Total unpd indem. = \$ 8,315.92 divide by # of claims with obligation to pay indem. 16
Avg Unpd Ind = \$ 519.75

C. Severity Rate

Avg Unpd Indem \$ 519.75 divide by avg unpd indem 2009-2011 of \$191.44 = 2.71492

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.12500 X Severity rate 2.71492 X modifier of 2
= 0.67873

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

# claims with late 1st TD	2	divide by # with TD payments	15	
# claims with late first SC notice violation	0	divide by # with salary continuation	0	
Totals	2	divide by	Totals 15	=
				0.13333

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	1	
Totals	0	divide by	Totals 3	=
				0.00000

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 5 divide by # with subsequent payments 15 = 0.33333

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation 1 divide by # requiring notices 13 = 0.07692

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2013 1.22232

Profile Audit Review Performance Rating of 1.70104 or greater is a failing score.

Calendar Year: 2013

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	16
Indemnity	16
Medical Only	0
Denied	0
Complaints	0
Additional	0

Audit No: LAO-26-13-T1-2

Subject: Ameron International Corporation

Location: Pasadena

Type: SI

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	3	\$720	\$720	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	7	\$5,720	\$5,720	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for denial of liability.	0	\$0	\$0	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	3	\$75	\$75	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	2	\$5,600	\$5,600	\$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.	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	16	\$12,215	\$12,215	\$0	\$0	

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

Calendar Year: 2013
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-26-13-T1-2

Subject: Ameron International Corporation

Location: Pasadena

Type: SI

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$5,405.85		\$540.59			\$5,946.44
2	\$2,123.71		\$245.77			\$2,369.48
TOTAL	\$7,529.56	\$0.00	\$786.36	\$0.00	\$0.00	\$8,315.92

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: OAK-10-13-R1-3

Subject: Amtrust North America

Location: San Francisco

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

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

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

Total unpd indem. = \$ 2,943.56 divide by # of claims with obligation to pay indem. 56
 Avg Unpd Ind = \$ 52.56

C. Severity Rate

Avg Unpd Indem \$ 52.56 divide by avg unpd indem 2009-2011 of \$ 191.44 = 0.27457

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.08929 X Severity rate 0.27457 X modifier of 2
 = 0.04903

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

# claims with late 1st TD	28	divide by # with TD payments	55	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	28	divide by	55	=
				0.50909

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

# claims with late first PD	0	divide by # with first PD	9	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	0	divide by	9	=
				0.00000

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 5 divide by # with subsequent payments 32 =
0.15625

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation 20 divide by # requiring notices 51 =
0.39216

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2013 **1.10653**

Profile Audit Review Performance Rating of 1.70104 or greater is a failing score.

Calendar Year: 2013

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: OAK-10-13-R1-3

Subject: Amtrust North America

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)	32	\$9,080	\$9,080	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	7	\$1,690	\$1,690	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for denial of liability.	0	\$0	\$0	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	26	\$1,860	\$1,860	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	3	\$1,800	\$1,800	\$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.	4	\$650	\$650	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	73	\$15,480	\$15,480	\$0	\$0	

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

Calendar Year: 2013
Notices of Compensation Due

Individual Exhibit 3

Audit No: OAK-10-13-R1-3

Subject: Amtrust North America

Location: San Francisco

Type: INS/TPA

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1			\$174.74			\$174.74
2	\$184.48		\$18.45			\$202.93
3	\$291.27		\$29.13			\$320.40
4	\$1,600.11	\$310.50				\$1,910.61
5			\$334.88			\$334.88
TOTAL	\$2,075.86	\$310.50	\$557.20	\$0.00	\$0.00	\$2,943.56

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: OAK-15-13-R1-1

Subject: Applied Risk Services

Location: Omaha, NE

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 4 divide by # claims with payable indem 57 = 0.07018

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

Total unpd indem. = \$ 428.95 divide by # of claims with obligation to pay indem. 57
 Avg Unpd Ind = \$ 7.53

C. Severity Rate

Avg Unpd Indem \$ 7.53 divide by avg unpd indem 2009-2011 of \$ 191.44 = 0.03931

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.07018 X Severity rate 0.03931 X modifier of 2
 = 0.00552

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	57	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	8	divide by	57	=
				0.14035

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

# claims with late first PD	0	divide by # with first PD	3	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	0	divide by	3	=
				0.00000

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

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

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation 0 divide by # requiring notices 56 =
0.00000

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2013 0.25113

Profile Audit Review Performance Rating of 1.70104 or greater is a failing score.

Calendar Year: 2013

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	58
Indemnity	57
Medical Only	0
Denied	0
Complaints	1
Additional	0

Audit No: OAK-15-13-R1-1

Subject: Applied Risk Services, Inc.

Location: Omaha, NE

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)	7	\$10,350	\$10,350	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	4	\$460	\$460	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for denial of liability.	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.	4	\$1,000	\$1,000	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	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	15	\$11,810	\$11,810	\$0	\$0	

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

Calendar Year: 2013
Notices of Compensation Due

Individual Exhibit 3

Audit No: OAK-15-13-R1-1

Subject: Applied Risk Services, Inc.

Location: Omaha, NE

Type: INS

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$29.80					\$29.80
2	\$59.00					\$59.00
3	\$264.04		\$12.58			\$276.62
4	\$63.53					\$63.53
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
TOTAL	\$416.37	\$0.00	\$12.58	\$0.00	\$0.00	\$428.95

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: OAK-27-13-R1-1

Subject: Argonaut Insurance Group

Location: San Francisco

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 8 divide by # claims with payable indem 48 = 0.16667

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

Total unpd indem. = \$ 7,362.73 divide by # of claims with obligation to pay indem. 48
 Avg Unpd Ind = \$ 153.39

C. Severity Rate

Avg Unpd Indem \$ 153.39 divide by avg unpd indem 2009-2011 of \$ 191.44 = 0.80124

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.16667 X Severity rate 0.80124 X modifier of 2
 = 0.26708

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	47		
# claims with first SC notice violations	0	divide by # with salary continuation	0		
Totals	14	divide by	47	=	0.29787

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 9 divide by # with subsequent payments 35 =
0.25714

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation 21 divide by # requiring notices 48 =
0.43750

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2013 1.50960

Profile Audit Review Performance Rating of 1.70104 or greater is a failing score.

Calendar Year: 2013

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: OAK-27-13-R1-1

Subject: Argonaut Insurance Group

Location: San Francisco

Type: INS

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	23	\$4,755	\$4,755	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	4	\$2,320	\$2,320	\$0	\$0	
Late subsequent payment of indemnity benefits.	16	\$2,990	\$2,990	\$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.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for denial of liability.	0	\$0	\$0	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	31	\$2,850	\$2,850	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	7	\$8,600	\$8,600	\$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.	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	84	\$22,165	\$22,165	\$0	\$0	

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

Calendar Year: 2013
Notices of Compensation Due

Individual Exhibit 3

Audit No: OAK-27-13-R1-1

Subject: Argonaut Insurance Group

Location: San Francisco

Type: INS

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$183.19					\$183.19
2	\$2,531.56		\$382.02			\$2,913.58
3		\$320.47	\$32.05			\$352.52
4	\$36.98					\$36.98
5	\$511.31		\$47.93			\$559.24
6	\$138.35					\$138.35
7	\$81.34					\$81.34
8	\$3,097.53					\$3,097.53
TOTAL	\$6,580.26	\$320.47	\$462.00	\$0.00	\$0.00	\$7,362.73

Full Compliance Audit Performance Rating of Randomly Selected Claims

Audit No: OAK-26-13-R3-5

Subject: Berkley Specialty Underwriting Managers

Location: Irving, TX

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd inden 21 divide by # claims with payable indem 70 = 0.30000

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

Total unpd indem = \$ 37,226.48 divide by # of claims with obligation to pay indem. 70
 Avg Unpd Ind = \$ 531.81

C. Severity Rate

Avg Unpd Ind. \$ 531.81 divide by avg unpd indem 2009-2011 of \$ 191.44 = 2.77793

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.30000 X Severity rate 2.77793 X modifier of 2
 = 1.66676

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

# claims with late 1st TD	31	divide by # with TD payments	67	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	31	divide by	67	=
				0.46269

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/late first death benefits	0	divide by # with first death ben paid	0	
Totals	4	divide by	16	=
				0.25000

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subseq payments 23 divide by # with subseq payments 45 =
0.51111

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violatio 59 divide by # requiring notices 59 59
1.00000

FULL COMPLIANCE AUDIT PERFORMANCE RATING - 2013 **3.89056**

Full Compliance Audit Performance Rating of indemnity files of 1.85393 or greater is a failing score.

Calendar Year: 2013
Penalty Assessments and Collections

Individual Exhibit 2

Files Audited:	131
Indemnity	70
Medical Only	0
Denied	61
Complaints	0
Additional	0

Audit No: OAK-26-13-R3-5

Subject: Berkley Specialty Underwriting Managers, LLC

Location: Irving, TX

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)	39	\$19,128	\$0	\$19,128	\$0	
Late first payment of permanent disability indemnity benefits (PD).	9	\$3,642	\$0	\$3,642	\$0	
Late subsequent payment of indemnity benefits.	58	\$21,816	\$0	\$21,816	\$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.	71	\$8,520	\$0	\$8,520	\$0	
Late provision of benefit notices other than specific notices for denial of liability.	22	\$1,440	\$0	\$1,440	\$0	
Failure to comply with requirements to provide notice of the QME/AME process.	116	\$23,106	\$0	\$23,106	\$0	
Failure to pay any TD or SC in lieu of TD.	13	\$27,000	\$0	\$27,000	\$0	
Failure to pay any PD indemnity benefit.	2	\$1,440	\$0	\$1,440	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	28	\$4,200	\$0	\$4,200	\$0	
Failure to pay any indemnity as ordered by the WCAB.	1	\$480	\$0	\$480	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	

Calendar Year: 2013
Penalty Assessments and Collections

Files Audited:	131
Indemnity	70
Medical Only	0
Denied	61
Complaints	0
Additional	0

Audit No: OAK-26-13-R3-5

Subject: Berkley Specialty Underwriting Managers, LLC

Location: Irving, TX

Type: TPA

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Failure to pay or object to medical treatment expense in the manner required by law or regulation.	49	\$16,320	\$0	\$16,320	\$0	
Failure to pay or object to medical-legal expense in the manner required by law or regulation.	3	\$1,080	\$0	\$1,080	\$0	
Failure to issue training or SJDB voucher (injuries on/after 01/01/04) in the manner required by law or regulation.	0	\$0	\$0	\$0	\$0	
Failure to provide notices denying all liability or death benefits as required.	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.	0	\$0	\$0	\$0	\$0	
Materially incomplete or inaccurate benefit notices including denial for all liability, other than specific vocational rehabilitation notices.	70	\$7,320	\$0	\$7,320	\$0	
Failure to investigate.	1	\$600	\$0	\$600	\$0	
Failure to fully or timely comply with any award or order of the WCAB for issues other than payment of indemnity under 8CCR§10111.2(a).	0	\$0	\$0	\$0	\$0	
Penalties for failure to comply with any regulation of the AD not otherwise assessed.	5	\$600	\$0	\$600	\$0	
Unsupported denial of all liability for a claim.	1	\$2,400	\$0	\$2,400	\$0	
TOTAL	488	\$139,092	\$0	\$139,092	\$0	

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

Calendar Year: 2013
Notices of Compensation Due

Individual Exhibit 3

Audit No: OAK-26-13-R3-5

Subject: Berkley Specialty Underwriting Managers, LLC

Location: Irving, TX

Type: TPA

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$213.84					\$213.84
2	\$66.72					\$66.72
3	\$14,722.07	\$1,315.93	\$1,344.74			\$17,382.74
4			\$826.63			\$826.63
5	\$217.12		\$21.72		\$29.74	\$268.58
6	\$3,466.02		\$353.08			\$3,819.10
7			\$226.72			\$226.72
8	\$537.32		\$24.04			\$561.36
9	\$3,119.46		\$3.74			\$3,123.20
10	\$1,135.60					\$1,135.60
11		\$2,878.29				\$2,878.29
12	\$225.35					\$225.35
13			\$138.56			\$138.56
14			\$34.89			\$34.89
15	\$99.23		\$40.23			\$139.46
16			\$30.86			\$30.86
17			\$197.34			\$197.34
18			\$181.49			\$181.49
19			\$28.92			\$28.92
20	\$4,721.75		\$742.48			\$5,464.23
21	\$282.60					\$282.60
TOTAL	\$28,807.08	\$4,194.22	\$4,195.44	\$0.00	\$29.74	\$37,226.48

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: OAK-18-13-R1-3

Subject: Berkshire Hathaway Homestate Companies

Location: San Francisco

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. = \$ 7,824.14 divide by # of claims with obligation to pay indem. 58
 Avg Unpd Ind = \$ 134.90

C. Severity Rate

Avg Unpd Indem \$ 134.90 divide by avg unpd indem 2009-2011 of \$ 191.44 = 0.70465

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.17241 X Severity rate 0.70465 X modifier of 2
 = 0.24298

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	55	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	12	divide by	55	=
				0.21818

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

# claims with late first PD	1	divide by # with first PD	13	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	1	divide by	13	=
				0.07692

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

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

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation 13 divide by # requiring notices 56 =
0.23214

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2013 0.79587

Profile Audit Review Performance Rating of 1.70104 or greater is a failing score.

Calendar Year: 2013

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	<u>58</u>
Indemnity	<u>58</u>
Medical Only	<u>0</u>
Denied	<u>0</u>
Complaints	<u>0</u>
Additional	<u>0</u>

Audit No: OAK-18-13-R1-3

Subject: Berkshire Hathaway Homestate Companies

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)	13	\$10,950	\$10,950	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	1	\$25	\$25	\$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 liability.	0	\$0	\$0	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	19	\$1,525	\$1,525	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	10	\$2,800	\$2,800	\$0	\$0	
Failure to pay any PD indemnity benefit.	1	\$1,500	\$1,500	\$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	46	\$17,010	\$17,010	\$0	\$0	

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

Calendar Year: 2013
Notices of Compensation Due

Individual Exhibit 3

Audit No: OAK-18-13-R1-3

Subject: Berkshire Hathaway Homestate Companies

Location: San Francisco

Type: INS/TPA

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$626.89					\$626.89
2		\$5,757.29				\$5,757.29
3	\$125.71					\$125.71
4	\$143.69					\$143.69
5	\$113.21					\$113.21
6	\$491.81					\$491.81
7	\$102.86					\$102.86
8	\$288.78		\$20.83			\$309.61
9	\$90.50					\$90.50
10	\$48.89		\$13.68			\$62.57
TOTAL	\$2,032.34	\$5,757.29	\$34.51	\$0.00	\$0.00	\$7,824.14

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: OAK-28-13-R-5

Subject: Cannon Cochran Management Services, Inc.

Location: Scottsdale, AZ

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 6 divide by # claims with payable indem 45 = 0.13333

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

Total unpd indem. = \$ 4,824.33 divide by # of claims with obligation to pay indem. 45
Avg Unpd Ind = \$ 107.21

C. Severity Rate

Avg Unpd Indem \$ 107.21 divide by avg unpd indem 2009-2011 of \$191.44 = 0.56000

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.13333 X Severity rate 0.56000 X modifier of 2
= 0.14933

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

# claims with late 1st TD	9	divide by # with TD payments	44	
# claims with late first SC notice violation	0	divide by # with salary continuation	0	
Totals	9	divide by	Totals 44	=
				0.20455

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

# claims with late first PD	0	divide by # with first PD	10	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	0	divide by	Totals 10	=
				0.00000

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 2 divide by # with subsequent payments 31 = 0.06452

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation 43 divide by # requiring notices 45 = 0.95556

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2013 1.37395

Profile Audit Review Performance Rating of 1.70104 or greater is a failing score.

Calendar Year: 2013

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: OAK-28-13-R1-5

Subject: Cannon Cochran Management Services, Inc.

Location: Scottsdale, AZ

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	\$3,000	\$3,000	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	4	\$505	\$505	\$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 liability.	0	\$0	\$0	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	101	\$4,705	\$4,705	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	6	\$2,700	\$2,700	\$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	\$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	128	\$11,160	\$11,160	\$0	\$0	

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

Calendar Year: 2013
Notices of Compensation Due

Individual Exhibit 3

Audit No: OAK-28-13-R1-5

Subject: Cannon Cochran Management Saervices, Inc.

Location: Scottsdale, AZ

Type: TPA

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$215.07		\$107.54			\$322.61
2			\$144.36			\$144.36
3	\$623.78					\$623.78
4	\$144.34					\$144.34
5	\$3,025.42		\$302.54			\$3,327.96
6	\$261.28					\$261.28
TOTAL	\$4,269.89	\$0.00	\$554.44	\$0.00	\$0.00	\$4,824.33

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: OAK-01-13-R1-5

Subject: Chartis Claims, Inc.

Location: San Ramon

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

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

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

Total unpd indem. = \$ 3,136.81 divide by # of claims with obligation to pay indem. 57
 Avg Unpd Ind = \$ 55.03

C. Severity Rate

Avg Unpd Indem \$ 55.03 divide by avg unpd indem 2009-2011 of \$ 191.44 = 0.28746

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.15789 X Severity rate 0.28746 X modifier of 2
 = 0.09078

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	55	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	11	divide by	Totals 55	=
				0.20000

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

# claims with late first PD	2	divide by # with first PD	7	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	2	divide by	Totals 7	=
				0.28571

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 5 divide by # with subsequent payments 39 = 0.12821

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation: 8 divide by # requiring notices 52 = 0.15385

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2013 0.85854

Profile Audit Review Performance Rating of 1.70104 or greater is a failing score.

Calendar Year: 2013

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	58
Indemnity	57
Medical Only	0
Denied	0
Complaints	1
Additional	0

Audit No: OAK-01-13-R1-5

Subject: Chartis Claims, Inc.

Location: San Ramon

Type: TPA

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	12	\$4,095	\$4,095	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	7	\$5,150	\$5,150	\$0	\$0	
Late subsequent payment of indemnity benefits.	8	\$1,550	\$1,550	\$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 liability.	0	\$0	\$0	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	8	\$1,755	\$1,755	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	8	\$2,800	\$2,800	\$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.	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	44	\$15,450	\$15,450	\$0	\$0	

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

Calendar Year: 2013
Notices of Compensation Due

Individual Exhibit 3

Audit No: OAK-01-13-R1-5

Subject: Chartis Claims, Inc.

Location: San Ramon

Type: TPA

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$714.71					\$714.71
2	\$68.00					\$68.00
3			\$25.24			\$25.24
4	\$86.40		\$8.64			\$95.04
5	\$40.15					\$40.15
6	\$46.38					\$46.38
7	\$38.63		\$3.33			\$41.96
8	\$2,065.87					\$2,065.87
9	\$38.50		\$0.96			\$39.46
TOTAL	\$3,098.64	\$0.00	\$38.17	\$0.00	\$0.00	\$3,136.81

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: OAK-20-13-R1-6

Subject: City & County of San Francisco

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 58 = 0.05172

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

Total unpd indem. = \$ 415.47 divide by # of claims with obligation to pay indem. 58
Avg Unpd Ind = \$ 7.16

C. Severity Rate

Avg Unpd Indem \$ 7.16 divide by avg unpd indem 2009-2011 of \$ 191.44 = 0.03742

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rat 3 0.05172 X Severity rate 0.03742 X modifier of 2
= 0.00387

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	18	divide by # with salary continuation	48	
Totals	19	divide by	Totals 60	=
				0.31667

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

# claims with late first PD	0	divide by # with first PD	9	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	0	divide by	Totals 9	=
				0.00000

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 2 divide by # with subsequent payments 12 =
0.16667

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation 22 divide by # requiring notices 57 =
0.38596

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2013 0.87317

Profile Audit Review Performance Rating of 1.70104 or greater is a failing score.

Calendar Year: 2013

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: OAK-20-13-R1-6

Subject: City & County of San Francisco

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)	1	\$480	\$480	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	2	\$960	\$960	\$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 liability.	20	\$1,005	\$1,005	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	33	\$1,525	\$1,525	\$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.	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	59	\$4,420	\$4,420	\$0	\$0	

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

Calendar Year: 2013
Notices of Compensation Due

Individual Exhibit 3

Audit No: OAK-20-13-R1-6

Subject: City & County of San Francisco

Location: San Francisco

Type: SI

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$274.72					\$274.72
2	\$68.53		\$6.85			\$75.38
3			\$65.37			\$65.37
TOTAL	\$343.25	\$0.00	\$72.22	\$0.00	\$0.00	\$415.47

Calendar Year: 2013

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: LAO-11-13-R1-6

Subject: City of Santa Ana

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)	0	\$0	\$0	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	4	\$1,290	\$1,290	\$0	\$0	
Late subsequent payment of indemnity benefits.	2	\$475	\$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.	1	\$100	\$100	\$0	\$0	
Late provision of benefit notices other than specific notices for denial of liability.	5	\$285	\$285	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	8	\$375	\$375	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	8	\$4,800	\$4,800	\$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.	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	28	\$7,325	\$7,325	\$0	\$0	

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

Calendar Year: 2013
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-11-13-R1-6

Subject: City of Santa Ana

Location: Santa Ana

Type: SI

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$812.47					\$812.47
2	\$833.15					\$833.15
3	\$227.57					\$227.57
4	\$6,984.79		\$169.96			\$7,154.75
5	\$288.74					\$288.74
TOTAL	\$9,146.72	\$0.00	\$169.96	\$0.00	\$0.00	\$9,316.68

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: LAO-02-13-R1-6

Subject: City of Simi Valley

Location: Simi Valley

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 5 divide by # claims with payable indem 33 = 0.15152

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

Total unpd indem. = 1,085.57 divide by # of claims with obligation to pay indem. 33
 Avg Unpd Ind = \$32.90

C. Severity Rate

Avg Unpd Indem \$ 32.90 divide by avg unpd indem 2009-2011 of \$ 191.44 = 0.17183

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.15152 X Severity rate 0.17183 X modifier of 2
 = 0.05207

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	11	
# claims with first SC notice violations	1	divide by # with salary continuation	31	
Totals	2	divide by	42	=
				0.04762

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

# claims with late first PD	1	divide by # with first PD	2	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	1	divide by	2	=
				0.50000

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 0 divide by # with subsequent payments 7 =
0.00000

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation 30 divide by # requiring notices 30 =
1.00000

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2013 1.59969

Profile Audit Review Performance Rating of 1.70104 or greater is a failing score.

Calendar Year: 2013

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	33
Indemnity	33
Medical Only	0
Denied	0
Complaints	0
Additional	0

Audit No: LAO-02-13-R1-6

Subject: City of Simi Valley

Location: Simi Valley

Type: SI

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	1	\$100	\$100	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	3	\$1,060	\$1,060	\$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 liability.	1	\$80	\$80	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	34	\$2,275	\$2,275	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	4	\$800	\$800	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	1	\$150	\$150	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	44	\$4,465	\$4,465	\$0	\$0	

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

Calendar Year: 2013
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-02-13-R1-6

Subject: City of Simi Valley

Location: Simi Valley

Type: SI

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$173.84		\$17.38			\$191.22
2			\$98.40			\$98.40
3	\$146.66		\$10.93			\$157.59
4	\$324.07		\$32.41			\$356.48
5	\$281.88					\$281.88
TOTAL	\$926.45	\$0.00	\$159.12	\$0.00	\$0.00	\$1,085.57

Calendar Year: 2013

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: LAO-06-13-R1-6

Subject: City of Torrance

Location: Torrance

Type: SI

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	1	\$100	\$100	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	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 liability.	3	\$130	\$130	\$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.	2	\$1,000	\$1,000	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	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	\$2,255	\$2,255	\$0	\$0	

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

Calendar Year: 2013
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-06-13-R1-6

Subject: City of Torrance

Location: Torrance

Type: SI

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$2,139.99		\$67.50			\$2,207.49
TOTAL	\$2,139.99	\$0.00	\$67.50	\$0.00	\$0.00	\$2,207.49

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No.: LAO-28-13-R1-1

Subject: CNA Insurance Co.

Location: BREA

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. = \$ 6,372.15 divide by # of claims with obligation to pay indem. 58
Avg Unpd Ind = \$ 109.86

C. Severity Rate

Avg Unpd Indem \$ 109.86 divide by avg unpd indem 2009-2011 of \$191.44 = 0.57389

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.10345 X Severity rate 0.57389 X modifier of 2
= 0.11873

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

# claims with late 1st TD	9	divide by # with TD payments	57	
# claims with late first SC notice violation	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	16	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	3	divide by	Totals 16	=
				0.18750

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 2 divide by # with subsequent payments 46 =
0.04348

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation 32 divide by # requiring notices 56 =
0.57143

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2013 **1.07904**

Profile Audit Review Performance Rating of 1.70104 or greater is a failing score.

Calendar Year: 2013

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: LAO-28-13-R1-1

Subject: CNA Insurance Company

Location: Brea

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	\$4,150	\$4,150	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	2	\$1,300	\$1,300	\$0	\$0	
Late subsequent payment of indemnity benefits.	4	\$525	\$525	\$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 liability.	0	\$0	\$0	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	43	\$4,615	\$4,615	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	4	\$8,800	\$8,800	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	2	\$200	\$200	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	1	\$800	\$800	\$0	\$0	
TOTAL	66	\$20,390	\$20,390	\$0	\$0	

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

Calendar Year: 2013
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-28-13-R1-1

Subject: CNA Insurance Company

Location: Brea

Type: INS

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1					\$87.10	\$87.10
2			\$64.00			\$64.00
3	\$170.21					\$170.21
4	\$2,327.32		\$232.73			\$2,560.05
5	\$2,767.76		\$282.72			\$3,050.48
6	\$440.31					\$440.31
TOTAL	\$5,705.60	\$0.00	\$579.45	\$0.00	\$87.10	\$6,372.15

Calendar Year: 2013

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	58
Indemnity	57
Medical Only	0
Denied	0
Complaints	1
Additional	0

Audit No: LAO-04-13-R1-1

Subject: CompWest Insurance Company

Location: Santa Ana

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)	22	\$7,990	\$7,990	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	2	\$960	\$960	\$0	\$0	
Late subsequent payment of indemnity benefits.	11	\$1,715	\$1,715	\$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 liability.	1	\$25	\$25	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	2	\$1,000	\$1,000	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	4	\$4,000	\$4,000	\$0	\$0	
Failure to pay any PD indemnity benefit.	1	\$400	\$400	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	1	\$500	\$500	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	44	\$16,590	\$16,590	\$0	\$0	

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

Calendar Year: 2013
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-04-13-R1-1

Subject: CompWest Insurance Company

Location: Santa Ana

Type: INS

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$1,038.66		\$85.54			\$1,124.20
2	\$981.86		\$66.01			\$1,047.87
3	\$593.42					\$593.42
4		\$1,158.21				\$1,158.21
5			\$211.07			\$211.07
6	\$244.36					\$244.36
TOTAL	\$2,858.30	\$1,158.21	\$362.62	\$0.00	\$0.00	\$4,379.13

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: OAK-24-13-R1-6

Subject: Contra Costa County Schools Insurance Group

Location: Pleasant Hill

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 5 divide by # claims with payable indem 54 = 0.09259

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

Total unpd indem. = \$ 1,002.88 divide by # of claims with obligation to pay indem. 54
 Avg Unpd Ind = \$ 18.57

C. Severity Rate

Avg Unpd Indem \$ 18.57 divide by avg unpd indem 2009-2011 of \$ 191.44 = 0.09701

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.09259 X Severity rate 0.09701 X modifier of 2
 = 0.01797

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	14	
# claims with first SC notice violations	6	divide by # with salary continuation	47	
Totals	9	divide by	61	=
				0.14754

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

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

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 1 divide by # with subsequent payments 15 =
0.06667

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation 41 divide by # requiring notices 51 =
0.80392

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2013 1.10276

Profile Audit Review Performance Rating of 1.70104 or greater is a failing score.

Calendar Year: 2013

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: OAK-24-13-R1-6

Subject: Contra Costa County Schools Insurance Group

Location: Pleasant Hill

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).	2	\$500	\$500	\$0	\$0	
Late subsequent payment of indemnity benefits.	2	\$1,040	\$1,040	\$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 liability.	6	\$200	\$200	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	57	\$3,325	\$3,325	\$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.	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	75	\$6,965	\$6,965	\$0	\$0	

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

Calendar Year: 2013
Notices of Compensation Due

Individual Exhibit 3

Audit No: OAK-24-13-R1-6

Subject: Contra Costa County Schools Insurance Group

Location: Pleasant Hill

Type: SI

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$109.65					\$109.65
2		\$591.43	\$59.14			\$650.57
3	\$107.75					\$107.75
4	\$29.85					\$29.85
5	\$105.06					\$105.06
TOTAL	\$352.31	\$591.43	\$59.14	\$0.00	\$0.00	\$1,002.88

Calendar Year: 2013

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: LAO-21-13-R1-6

Subject: County of San Bernardino

Location: San Bernardino

Type: SI

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	10	\$5,450	\$5,450	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	3	\$1,700	\$1,700	\$0	\$0	
Late subsequent payment of indemnity benefits.	7	\$1,745	\$1,745	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for denial of liability.	4	\$400	\$400	\$0	\$0	
Late provision of benefit notices other than specific notices for denial of liability.	12	\$450	\$450	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	5	\$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.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	1	\$50	\$50	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	42	\$10,870	\$10,870	\$0	\$0	

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

Calendar Year: 2013
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-21-13-R1-6

Subject: County of San Bernardino

Location: San Bernardino

Type: SI

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1					\$37.30	\$37.30
TOTAL	\$0.00	\$0.00	\$0.00	\$0.00	\$37.30	\$37.30

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: OAK-06-13-R1-6

Subject: County of Santa Clara & Fire District

Location: San Jose

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

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

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

Total unpd indem. = \$ 1,215.91 divide by # of claims with obligation to pay indem. 55
 Avg Unpd Ind = \$ 22.11

C. Severity Rate

Avg Unpd Indem \$ 22.11 divide by avg unpd indem 2009-2011 of \$ 191.44 = 0.11548

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.05455 X Severity rate 0.11548 X modifier of 2
 = 0.01260

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	53	
# claims with first SC notice violations	2	divide by # with salary continuation	4	
Totals	8	divide by	57	=
				0.14035

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

# claims with late first PD	0	divide by # with first PD	3	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	0	divide by	3	=
				0.00000

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 0 divide by # with subsequent payments 34 =
0.00000

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation 28 divide by # requiring notices 50 =
0.56000

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2013

0.71295

Profile Audit Review Performance Rating of 1.70104 or greater is a failing score.

Calendar Year: 2013

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: OAK-06-13-R1-6

Subject: County of Santa Clara & Fire District

Location: San Jose

Type: SI

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	10	\$2,120	\$2,120	\$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 liability.	2	\$75	\$75	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	44	\$5,200	\$5,200	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	3	\$800	\$800	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	2	\$150	\$150	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	61	\$8,345	\$8,345	\$0	\$0	

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

Calendar Year: 2013
Notices of Compensation Due

Individual Exhibit 3

Audit No: OAK-06-13-R1-6

Subject: County of Santa Clara & Fire District

Location: San Jose

Type: SI

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$578.81		\$22.65			\$601.46
2	\$264.12		\$61.62			\$325.74
3	\$288.71					\$288.71
TOTAL	\$1,131.64	\$0.00	\$84.27	\$0.00	\$0.00	\$1,215.91

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: LAO-25-13-R1-5

Subject: Crawford & Company

Location: Rancho Cucamonga

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

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

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

Total unpd indem. = \$ 3,606.11 divide by # of claims with obligation to pay indem. 41
 Avg Unpd Ind = \$ 87.95

C. Severity Rate

Avg Unpd Indem \$ 87.95 divide by avg unpd indem 2009-2011 of \$ 191.44 = 0.45943

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.09756 X Severity rate 0.45943 X modifier of 2
 = 0.08965

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	41	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	14	divide by	41	=
				0.34146

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

# claims with late first PD	2	divide by # with first PD	14	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	2	divide by	14	=
				0.14286

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 11 divide by # with subsequent payments 31 =
0.35484

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation 30 divide by # requiring notices 40 =
0.75000

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2013 1.67880

Profile Audit Review Performance Rating of 1.70104 or greater is a failing score.

Calendar Year: 2013

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: LAO-25-13-R1-5

Subject: Crawford & Company

Location: Rancho Cucamonga

Type: TPA

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	27	\$17,350	\$17,350	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	2	\$740	\$740	\$0	\$0	
Late subsequent payment of indemnity benefits.	26	\$4,550	\$4,550	\$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 liability.	0	\$0	\$0	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	50	\$2,200	\$2,200	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	3	\$5,600	\$5,600	\$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	109	\$30,840	\$30,840	\$0	\$0	

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

Calendar Year: 2013
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-25-13-R1-13

Subject: Crawford & Company

Location: Rancho Cucamonga

Type: TPA

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$116.65					\$116.65
2	\$2,579.25					\$2,579.25
3	\$681.85					\$681.85
4		\$228.36				\$228.36
TOTAL	\$3,377.75	\$228.36	\$0.00	\$0.00	\$0.00	\$3,606.11

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: LAO-18-13-R1-1

Subject: Crum & Forster Insurance

Location: Orange

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 5 divide by # claims with payable indem 58 = 0.08621

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

Total unpd indem. = \$ 2,013.66 divide by # of claims with obligation to pay indem. 58
 Avg Unpd Ind = \$ 34.72

C. Severity Rate

Avg Unpd Indem \$ 34.72 divide by avg unpd indem 2009-2011 of \$ 191.44 = 0.18135

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.08621 X Severity rate 0.18135 X modifier of 2
 = 0.03127

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	55	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	18	divide by	55	=
				0.32727

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

# claims with late first PD	2	divide by # with first PD	13	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	2	divide by	13	=
				0.15385

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 7 divide by # with subsequent payments 46 =
0.15217

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation 35 divide by # requiring notices 54 =
0.64815

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2013 1.31271

Profile Audit Review Performance Rating of 1.70104 or greater is a failing score.

Calendar Year: 2013

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: LAO-18-13-R1-1

Subject: Crum and Forster Insurance

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)	21	\$8,750	\$8,750	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	2	\$960	\$960	\$0	\$0	
Late subsequent payment of indemnity benefits.	14	\$2,835	\$2,835	\$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 liability.	0	\$0	\$0	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	49	\$4,075	\$4,075	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	4	\$2,000	\$2,000	\$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	91	\$19,020	\$19,020	\$0	\$0	

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

Calendar Year: 2013
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-18-13-R1-1

Subject: Crum & Forster Insurance

Location: Orange

Type: INS

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$253.03					\$253.03
2	\$723.39					\$723.39
3	\$320.39		\$32.04			\$352.43
4	\$194.84					\$194.84
5		\$445.43	\$44.54			\$489.97
TOTAL	\$1,491.65	\$445.43	\$76.58	\$0.00	\$0.00	\$2,013.66

Calendar Year: 2013

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: OAK-14-13-R1-1

Subject: Crum & Forster Insurance

Location: Plano, 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)	12	\$2,620	\$2,620	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	6	\$1,370	\$1,370	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for denial of liability.	0	\$0	\$0	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	36	\$2,375	\$2,375	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	4	\$2,500	\$2,500	\$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.	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	59	\$10,465	\$10,465	\$0	\$0	

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

Calendar Year: 2013
Notices of Compensation Due

Individual Exhibit 3

Audit No: OAK-14-13-R1-1

Subject: Crum & Forster Insurance

Location: Plano, TX

Type: Ins

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$214.27		\$3.78			\$218.05
2	\$89.37		\$5.26			\$94.63
3	\$1,989.54		\$195.13			\$2,184.67
4	\$419.09		\$28.50			\$447.59
5		\$2,812.50	\$281.25		\$30.82	\$3,124.57
TOTAL	\$2,712.27	\$2,812.50	\$513.92	\$0.00	\$30.82	\$6,069.51

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: LAO-05-13-R1-5

Subject: ESIS (An ACE Group Company)

Location: San Diego

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 15 divide by # claims with payable indem 56 = 0.26786

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

Total unpd indem. = \$ 12,859.28 divide by # of claims with obligation to pay indem. 56
Avg Unpd Ind = \$ 229.63

C. Severity Rate

Avg Unpd Indem \$ 229.63 divide by avg unpd indem 2009-2011 of \$ 191.44 = 1.19949

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.26786 X Severity rate 1.19949 X modifier of 2
= 0.64258

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	54	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	12	divide by	Totals 54	=
				0.22222

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

# claims with late first PD	0	divide by # with first PD	11	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	0	divide by	Totals 11	=
				0.00000

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 9 divide by # with subsequent payments 45 = 0.20000

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation 11 divide by # requiring notices 53 = 0.20755

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2013 1.27235

Profile Audit Review Performance Rating of 1.70104 or greater is a failing score.

Calendar Year: 2013

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: LAO-05-13-R1-5

Subject: ESIS (An ACE Group Company)

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)	14	\$4,185	\$4,185	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	15	\$3,285	\$3,285	\$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 liability.	0	\$0	\$0	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	11	\$2,175	\$2,175	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	14	\$18,200	\$18,200	\$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.	10	\$1,400	\$1,400	\$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	64	\$29,245	\$29,245	\$0	\$0	

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

Calendar Year: 2013
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-05-13-R1-5

Subject: ESIS (An ACE Group Company)

Location: San Diego

Type: TPA

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$219.82		\$329.73			\$549.55
2	\$4,043.14		\$386.67			\$4,429.81
3	\$86.97		\$113.88			\$200.85
4	\$1,082.41					\$1,082.41
5	\$589.18		\$58.92			\$648.10
6	\$50.25		\$5.03			\$55.28
7	\$2,240.09		\$396.53			\$2,636.62
8	\$184.77		\$0.91			\$185.68
9	\$472.27		\$98.01			\$570.28
10	\$1,509.82		\$276.04			\$1,785.86
11			\$61.68			\$61.68
12	\$5.33		\$193.65			\$198.98
13	\$31.95					\$31.95
14	\$160.31		\$16.03			\$176.34
15	\$245.89					\$245.89
TOTAL	\$10,922.20	\$0.00	\$1,937.08	\$0.00	\$0.00	\$12,859.28

Calendar Year: 2013

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: LAO-07-13-R1-1

Subject: Farmers Insurance Exchange

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)	16	\$3,520	\$3,520	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	1	\$640	\$640	\$0	\$0	
Late subsequent payment of indemnity benefits.	48	\$8,040	\$8,040	\$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 liability.	0	\$0	\$0	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	29	\$2,625	\$2,625	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	11	\$11,400	\$11,400	\$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.	7	\$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	112	\$27,325	\$27,325	\$0	\$0	

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

Calendar Year: 2013
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-07-13-R1-1

Subject: Farmers Insurance Exchange

Location: Orange

Type: INS

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$237.07		\$21.11			\$258.18
2	\$72.00					\$72.00
3			\$68.88			\$68.88
4	\$185.72					\$185.72
5	\$4,934.52		\$606.09			\$5,540.61
6	\$48.18					\$48.18
7	\$5,011.13		\$810.04			\$5,821.17
8	\$776.60		\$22.50			\$799.10
9	\$1,182.59		\$62.84			\$1,245.43
10	\$153.87		\$15.39			\$169.26
11	\$820.75		\$79.45			\$900.20
TOTAL	\$13,422.43	\$0.00	\$1,686.30	\$0.00	\$0.00	\$15,108.73

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: OAK-03-13-R1-1

Subject: Fireman's Fund Insurance Co.

Location: Novato

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 4 divide by # claims with payable indem 48 = 0.08333

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

Total unpd indem. = \$ 1,234.20 divide by # of claims with obligation to pay indem. 48
Avg Unpd Ind = \$ 25.71

C. Severity Rate

Avg Unpd Indem \$ 25.71 divide by avg unpd indem 2009-2011 of \$ 191.44 = 0.13431

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.08333 X Severity rate 0.13431 X modifier of 2
= 0.22239

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

# claims with late 1st TD	10	divide by # with TD payments	48	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	10	divide by	Totals 48	=
				0.20833

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	Totals 2	=
				0.00000

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 2 divide by # with subsequent payments 28 = 0.07143

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation 10 divide by # requiring notices 38 = 0.26316

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2013 0.56530

Profile Audit Review Performance Rating of 1.70104 or greater is a failing score.

Calendar Year: 2013

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: OAK-03-13-R1-1

Subject: Fireman's Fund Insurance Company

Location: Novato

Type: INS

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	12	\$2,910	\$2,910	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	2	\$260	\$260	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for denial of liability.	0	\$0	\$0	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	11	\$1,000	\$1,000	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	4	\$1,400	\$1,400	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	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	31	\$5,820	\$5,820	\$0	\$0	

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

Calendar Year: 2013
Notices of Compensation Due

Individual Exhibit 3

Audit No: OAK-03-13-R1-1

Subject: Fireman's Fund Insurance Company

Location: Novato

Type: INS

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$66.95					\$66.95
2	\$468.18					\$468.18
3	\$513.80		\$138.62			\$652.42
4	\$46.65					\$46.65
TOTAL	\$1,095.58	\$0.00	\$138.62	\$0.00	\$0.00	\$1,234.20

Calendar Year: 2013

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	13
Indemnity	13
Medical Only	0
Denied	0
Complaints	0
Additional	0

Audit No: SAC-11-13-T1-2

Subject: Ford Motor Company/Sacramento HVC

Location: Manteca

Type: SI

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	5	\$685	\$685	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	5	\$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 liability.	0	\$0	\$0	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	2	\$125	\$125	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	1	\$2,000	\$2,000	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	3	\$450	\$450	\$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	16	\$3,760	\$3,760	\$0	\$0	

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

Calendar Year: 2013
Notices of Compensation Due

Individual Exhibit 3

Audit No: SAC-11-13-T1-2

Subject: Ford Motor Company/Sacramento HVC

Location: Manteca

Type: SI

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$4,045.67		\$396.54			\$4,442.21
2			\$529.99			\$529.99
TOTAL	\$4,045.67	\$0.00	\$926.53	\$0.00	\$0.00	\$4,972.20

Profile Audit Review Performance Rating of Randomly Selected Claims

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

Subject: Great West Casualty Company

Location: South Sioux City, NE

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 0 divide by # claims with payable indem 21 = 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. 21
 Avg Unpd Ind = \$ -

C. Severity Rate

Avg Unpd Indem \$ - divide by avg unpd indem 2009-2011 of \$ 191.44 = 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	5	divide by # with TD payments	21	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	5	divide by	Totals 21	=
				0.23810

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

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

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 1 divide by # with subsequent payments 11 =
0.09091

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation 8 divide by # requiring notices 17 =
0.47059

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2013 0.79959

Profile Audit Review Performance Rating of 1.70104 or greater is a failing score.

Calendar Year: 2013

Individual Exhibit 2

Penalty Assessments and Collections

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

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

Subject: Great West Casualty Company

Location: South Sioux City, NE

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	\$8,760	\$8,760	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	1	\$400	\$400	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for denial of liability.	0	\$0	\$0	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	12	\$1,400	\$1,400	\$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	19	\$10,560	\$10,560	\$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-23-13-R1-1

Subject: Guard Insurance Group

Location: Wilkes-Barre, PA

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 8 divide by # claims with payable indem 54 = 0.14815

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

Total unpd indem. = \$ 3,459.17 divide by # of claims with obligation to pay indem. 54
 Avg Unpd Ind = \$ 64.06

C. Severity Rate

Avg Unpd Indem \$ 64.06 divide by avg unpd indem 2009-2011 of \$ 191.44 = 0.33462

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.14815 X Severity rate 0.33462 X modifier of 2
 = 0.09915

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

# claims with late 1st TD	10	divide by # with TD payments	54	
# claims with first SC notice violations	1	divide by # with salary continuation	1	
Totals	11	divide by	55	=
				0.20000

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

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

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

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

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation 14 divide by # requiring notices 52 =
0.26923

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2013 1.49096

Profile Audit Review Performance Rating of 1.70104 or greater is a failing score.

Calendar Year: 2013

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: OAK-23-13-R1-1

Subject: Guard Insurance Group

Location: Wilkes-Barre, PA

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	\$4,870	\$4,870	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	5	\$3,540	\$3,540	\$0	\$0	
Late subsequent payment of indemnity benefits.	18	\$3,215	\$3,215	\$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 liability.	1	\$25	\$25	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	16	\$2,375	\$2,375	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	6	\$4,800	\$4,800	\$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.	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	61	\$19,825	\$19,825	\$0	\$0	

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

Calendar Year: 2013
Notices of Compensation Due

Individual Exhibit 3

Audit No: OAK-23-13-R1-1

Subject: Guard Insurance Group

Location: Wilkes-Barre, PA

Type: INS

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$687.54		\$68.75			\$756.29
2			\$130.77			\$130.77
3	\$1,113.40		\$108.07			\$1,221.47
4			\$887.54			\$887.54
5	\$38.10					\$38.10
6	\$138.77					\$138.77
7	\$250.00					\$250.00
8	\$36.23					\$36.23
TOTAL	\$2,264.04	\$0.00	\$1,195.13	\$0.00	\$0.00	\$3,459.17

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: OAK-09-13-R1-1

Subject: Guide One Insurance Company

Location: West Des Moines, IA

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 1 divide by # claims with payable indem 48 = 0.02083

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

Total unpd indem. = \$ 76.13 divide by # of claims with obligation to pay indem. 48
 Avg Unpd Ind = \$ 1.59

C. Severity Rate

Avg Unpd Indem \$ 1.59 divide by avg unpd indem 2009-2011 of \$ 191.44 = 0.00828

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.02083 X Severity rate 0.00828 X modifier of 2
 = 0.00035

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	40	
# claims with first SC notice violations	4	divide by # with salary continuation	8	
Totals	13	divide by	48	=
				0.27083

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

# claims with late first PD	0	divide by # with first PD	5	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	0	divide by	5	=
				0.00000

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 1 divide by # with subsequent payments 28 =
0.03571

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation 35 divide by # requiring notices 47 =
0.74468

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2013 1.05157

Profile Audit Review Performance Rating of 1.70104 or greater is a failing score.

Calendar Year: 2013

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: OAK-09-13-R1-1

Subject: Guide One Insurance Company

Location: West Des Moines, IA

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	\$1,890	\$1,890	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	0	\$0	\$0	\$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 liability.	4	\$125	\$125	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	53	\$2,975	\$2,975	\$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.	1	\$50	\$50	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB.	1	\$400	\$400	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	70	\$5,540	\$5,540	\$0	\$0	

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

Calendar Year: 2013
Notices of Compensation Due

Individual Exhibit 3

Audit No: OAK-09-13-R1-1

Subject: Guide One Insurance Company

Location: West Des Moines, IA

Type: INS

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$42.30		\$33.83			\$76.13
TOTAL	\$42.30	\$0.00	\$33.83	\$0.00	\$0.00	\$76.13

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: OAK-04-13-R1-1

Subject: ICW Group

Location: Pleasanton

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 8 divide by # claims with payable indem 57 = 0.14035

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

Total unpd indem. = \$ 4,496.21 divide by # of claims with obligation to pay indem. 57
Avg Unpd Ind = \$ 78.88

C. Severity Rate

Avg Unpd Indem \$ 78.88 divide by avg unpd indem 2009-2011 of \$ 191.44 = 0.41204

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.14035 X Severity rate 0.41204 X modifier of 2
= 0.11566

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	55	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	15	divide by	Totals 55	=
				0.27273

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

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

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 9 divide by # with subsequent payments 38 = 0.23684

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation 21 divide by # requiring notices 55 = 0.38182

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2013 1.13205

Profile Audit Review Performance Rating of 1.70104 or greater is a failing score.

Calendar Year: 2013

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: OAK-04-13-R1-1

Subject: ICW Group

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)	16	\$3,800	\$3,800	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	2	\$1,920	\$1,920	\$0	\$0	
Late subsequent payment of indemnity benefits.	19	\$3,405	\$3,405	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for denial of liability.	0	\$0	\$0	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	20	\$5,955	\$5,955	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	6	\$3,000	\$3,000	\$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.	9	\$1,150	\$1,150	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	73	\$19,630	\$19,630	\$0	\$0	

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

Calendar Year: 2013
Notices of Compensation Due

Individual Exhibit 3

Audit No: OAK-04-13-R1-1

Subject: ICW Group

Location: Pleasanton

Type: INS

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1			\$64.00			\$64.00
2	\$72.42		\$6.12			\$78.54
3	\$762.40		\$63.99			\$826.39
4	\$362.83		\$354.96			\$717.79
5	\$781.56		\$47.36			\$828.92
6	\$140.18					\$140.18
7			\$291.83			\$291.83
8		\$1,407.78	\$140.78			\$1,548.56
TOTAL	\$2,119.39	\$1,407.78	\$969.04	\$0.00	\$0.00	\$4,496.21

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: SAC-04-13-R1-5

Subject: JT2 Integrated Resources

Location: Lathrop

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 4 divide by # claims with payable indem 55 = 0.07273

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

Total unpd indem. = \$ 2,362.68 divide by # of claims with obligation to pay indem. 55
 Avg Unpd Ind = \$ 42.96

C. Severity Rate

Avg Unpd Indem \$ 42.96 divide by avg unpd indem 2009-2011 of \$ 191.44 = 0.22439

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.07273 X Severity rate 0.22439 X modifier of 2
 = 0.03264

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	8	
# claims with first SC notice violations	8	divide by # with salary continuation	44	
Totals	9	divide by	52	=
				0.17308

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

# claims with late first PD	0	divide by # with first PD	12	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	0	divide by	12	=
				0.00000

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 2 divide by # with subsequent payments 12 =
0.16667

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation 6 divide by # requiring notices 55 =
0.10909

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2013 **0.48147**

Profile Audit Review Performance Rating of 1.70104 or greater is a failing score.

Calendar Year: 2013

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: SAC-04-13-R1-5

Subject: JT2 Integrated Resources

Location: Lathrop

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).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	2	\$400	\$400	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for denial of liability.	8	\$430	\$430	\$0	\$0	
Late provision of benefit notices other than specific notices for denial of liability.	0	\$0	\$0	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	6	\$600	\$600	\$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.	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	21	\$2,730	\$2,730	\$0	\$0	

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

Calendar Year: 2013
Notices of Compensation Due

Individual Exhibit 3

Audit No: SAC-04-13-R1-5

Subject: JT2 Integrated Resources

Location: Lathrop

Type: TPA

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$128.93		\$11.18			\$140.11
2	\$60.28					\$60.28
3	\$1,236.43					\$1,236.43
4	\$925.86					\$925.86
TOTAL	\$2,351.50	\$0.00	\$11.18	\$0.00	\$0.00	\$2,362.68

Profile Audit Review Performance Rating of Randomly Selected Claims

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

Subject: Keenan & Associates

Location: San Jose

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 7 divide by # claims with payable indem 57 = 0.12281

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

Total unpd indem. = \$ 1,562.34 divide by # of claims with obligation to pay indem. 57
 Avg Unpd Ind = \$ 27.41

C. Severity Rate

Avg Unpd Indem \$ 27.41 divide by avg unpd indem 2009-2011 of \$ 191.44 = 0.14318

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.12281 X Severity rate 0.14318 X modifier of 2
 = 0.03517

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	17	
# claims with first SC notice violations	11	divide by # with salary continuation	47	
Totals	18	divide by	64	=
				0.28125

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

# claims with late first PD	1	divide by # with first PD	6	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	1	divide by	6	=
				0.16667

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 2 divide by # with subsequent payments 12 =
0.16667

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation 26 divide by # requiring notices 56 =
0.46429

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2013 1.11403

Profile Audit Review Performance Rating of 1.70104 or greater is a failing score.

Calendar Year: 2013

Individual Exhibit 2

Penalty Assessments and Collections

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

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

Subject: Keenan & Associates

Location: San Jose

Type: TPA

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	7	\$1,550	\$1,550	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	1	\$400	\$400	\$0	\$0	
Late subsequent payment of indemnity benefits.	5	\$955	\$955	\$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 liability.	10	\$430	\$430	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	35	\$3,155	\$3,155	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	5	\$1,800	\$1,800	\$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	\$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	67	\$8,890	\$8,890	\$0	\$0	

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

Calendar Year: 2013
Notices of Compensation Due

Individual Exhibit 3

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

Subject: Keenan & Associates

Location: San Jose

Type: TPA

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$76.62					\$76.62
2	\$39.01					\$39.01
3	\$656.28					\$656.28
4			\$62.80			\$62.80
5	\$428.30					\$428.30
6			\$25.37			\$25.37
7	\$273.96					\$273.96
TOTAL	\$1,474.17	\$0.00	\$88.17	\$0.00	\$0.00	\$1,562.34

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: LAO-30-13-R1-5

Subject: Keenan & Associates

Location: Torrance

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

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

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

Total unpd indem. = \$ 5,020.76 divide by # of claims with obligation to pay indem. 58
 Avg Unpd Ind = \$ 86.56

C. Severity Rate

Avg Unpd Indem \$ 86.56 divide by avg unpd indem 2009-2011 of \$ 191.44 = 0.45218

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.12069 X Severity rate 0.45218 X modifier of 2
 = 0.10915

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	19	
# claims with first SC notice violations	10	divide by # with salary continuation	43	
Totals	15	divide by	62	=
				0.24194

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

# claims with late first PD	2	divide by # with first PD	8	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	2	divide by	8	=
				0.25000

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

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

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation 10 divide by # requiring notices 57 =
0.17544

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2013

1.01181

Profile Audit Review Performance Rating of 1.70104 or greater is a failing score.

Calendar Year: 2013

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: LAO-30-13-R1-5

Subject: Keenan & Associates

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)	5	\$1,300	\$1,300	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	2	\$570	\$570	\$0	\$0	
Late subsequent payment of indemnity benefits.	5	\$1,035	\$1,035	\$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 liability.	10	\$535	\$535	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	13	\$1,750	\$1,750	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	3	\$1,200	\$1,200	\$0	\$0	
Failure to pay any PD indemnity benefit.	1	\$800	\$800	\$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	43	\$8,190	\$8,190	\$0	\$0	

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

Calendar Year: 2013
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-30-13-R1-5

Subject: Keenan & Associates

Location: Torrance

Type: TPA

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1			\$243.57			\$243.57
2		\$2,399.97	\$240.00			\$2,639.97
3			\$620.74			\$620.74
4	\$1,124.93		\$112.49			\$1,237.42
5	\$167.35		\$16.74			\$184.09
6			\$57.00			\$57.00
7	\$34.52		\$3.45			\$37.97
TOTAL	\$1,326.80	\$2,399.97	\$1,293.99	\$0.00	\$0.00	\$5,020.76

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: OAK-02-13-R1-1

Subject: Liberty Mutual Insurance Group

Location: Beaverton, OR

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

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

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

Total unpd indem. = \$ 4,279.86 divide by # of claims with obligation to pay indem. 58
 Avg Unpd Ind = \$ 73.79

C. Severity Rate

Avg Unpd Indem \$ 73.79 divide by avg unpd indem 2009-2011 of \$ 191.44 = 0.38545

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.12069 X Severity rate 0.38545 X modifier of 2
 = 0.09304

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	55	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	9	divide by	55	=
				0.16364

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

# claims with late first PD	0	divide by # with first PD	5	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	0	divide by	5	=
				0.00000

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 41 divide by # requiring notices 53 =
0.77358

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2013 1.09087

Profile Audit Review Performance Rating of 1.70104 or greater is a failing score.

Calendar Year: 2013

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	61
Indemnity	58
Medical Only	0
Denied	0
Complaints	3
Additional	0

Audit No: OAK-02-13-R1-1

Subject: Liberty Mutual Insurance Group

Location: Beaverton, 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)	13	\$3,485	\$3,485	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	0	\$0	\$0	\$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 liability.	0	\$0	\$0	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	57	\$7,725	\$7,725	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	6	\$6,800	\$6,800	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	2	\$100	\$100	\$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	81	\$19,260	\$19,260	\$0	\$0	

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

Calendar Year: 2013
Notices of Compensation Due

Individual Exhibit 3

Audit No: OAK-02-13-R1-1

Subject: Liberty Mutual Insurance Group

Location: Beaverton, OR

Type: INS

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1		\$460.00	\$46.00		\$45.62	\$551.62
2	\$1,720.62					\$1,720.62
3	\$1,147.20		\$95.72			\$1,242.92
4	\$87.94					\$87.94
5	\$97.14					\$97.14
6	\$584.20					\$584.20
7	\$41.04					\$41.04
TOTAL	\$3,678.14	\$460.00	\$141.72	\$0.00	\$45.62	\$4,325.48

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: LAO-08-13-R1-3

Subject: Liberty Mutual Insurance Group and Helmsman Management Services

Location: Glendale

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 5 divide by # claims with payable indem 58 0.08621

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

Total unpd indem. = \$ 1,383.25 divide by # of claims with obligation to pay indem. 58
 Avg Unpd Ind = \$ 23.85

C. Severity Rate

Avg Unpd Indem \$ 23.85 divide by avg unpd indem 2009-2011 of \$ 191.44 = 0.12458

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.08621 X Severity rate 0.12458 X modifier of 2
 = 0.02148

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

# claims with late 1st TD	11	divide by # with TD payments	54	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	11	divide by	Totals 54	=
				0.20370

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

# claims with late first PD	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 5 divide by # with subsequent payments 43 =
0.11628

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation 38 divide by # requiring notices 53 =
0.71698

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2013 1.16955

Profile Audit Review Performance Rating of 1.70104 or greater is a failing score.

Calendar Year: 2013

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	61
Indemnity	58
Medical Only	0
Denied	0
Complaints	3
Additional	0

Audit No: LAO-08-13-R1-3

**Subject: Liberty Mutual Insurance Group
and Helmsman Management Services**

Location: Glendale

Type: INS

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	14	\$17,930	\$17,930	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	1	\$1,200	\$1,200	\$0	\$0	
Late subsequent payment of indemnity benefits.	7	\$1,350	\$1,350	\$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 liability.	0	\$0	\$0	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	54	\$5,525	\$5,525	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	2	\$800	\$800	\$0	\$0	
Failure to pay any PD indemnity benefit.	1	\$400	\$400	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	4	\$950	\$950	\$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	83	\$28,155	\$28,155	\$0	\$0	

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

Calendar Year: 2013
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-08-13-R1-3

Subject: Liberty Mutual Insurance Group and Helmsman Management Se

Location: Glendale

Type: INS

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$272.41		\$27.24			\$299.65
2			\$340.02			\$340.02
3		\$201.97	\$25.14			\$227.11
4	\$168.03					\$168.03
5	\$323.44		\$24.99			\$348.43
TOTAL	\$763.88	\$201.97	\$417.39	\$0.00	\$0.00	\$1,383.24

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: SAC-07-13-R1-5

Subject: Matrix Absence Management, Inc.

Location: Roseville

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 3 divide by # claims with payable indem 56 = 0.05357

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

Total unpd indem. = \$ 2,580.77 divide by # of claims with obligation to pay indem. 56
Avg Unpd Ind = \$ 46.09

C. Severity Rate

Avg Unpd Indem \$ 46.09 divide by avg unpd indem 2009-2011 of \$ 191.44 = 0.24073

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.05357 X Severity rate 0.24073 X modifier of 2
= 0.2579

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	1	
Totals	12	divide by	Totals 54	=
				0.22222

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

# claims with late first PD	2	divide by # with first PD	9	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	2	divide by	Totals 9	=
				0.22222

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 25 divide by # requiring notices 54 = 0.46296

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2013 1.14373

Profile Audit Review Performance Rating of 1.70104 or greater is a failing score.

Calendar Year: 2013

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	57
Indemnity	56
Medical Only	0
Denied	0
Complaints	1
Additional	0

Audit No: SAC-07-13-R1-5

Subject: Matrix Absence Management, Inc.

Location: Roseville

Type: TPA

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	15	\$2,700	\$2,700	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	1	\$250	\$250	\$0	\$0	
Late subsequent payment of indemnity benefits.	9	\$1,650	\$1,650	\$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 liability.	0	\$0	\$0	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	28	\$2,100	\$2,100	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	2	\$1,700	\$1,700	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	1	\$50	\$50	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	56	\$8,450	\$8,450	\$0	\$0	

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

Calendar Year: 2013
Notices of Compensation Due

Individual Exhibit 3

Audit No: SAC-07-13-R1-5

Subject: Matrix Absence Management, Inc.

Location: Roseville

Type: TPA

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1			\$97.99			\$97.99
2	\$381.08					\$381.08
3	\$1,910.64		\$191.06			\$2,101.70
TOTAL	\$2,291.72	\$0.00	\$289.05	\$0.00	\$0.00	\$2,580.77

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: SAC-06-13-R1-6

Subject: North Bay Schools Insurance Authority

Location: Fairfield

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 0 divide by # claims with payable indem 48 = 0.00000

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

Total unpd indem. = \$0 divide by # of claims with obligation to pay indem. 48
 Avg Unpd Ind = \$ -

C. Severity Rate

Avg Unpd Indem \$0 divide by avg unpd indem 2009-2011 of \$ 191.44 = 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	2	divide by # with TD payments	12	
# claims with first SC notice violations	5	divide by # with salary continuation	37	
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	9	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	1	divide by	9	=
				0.11111

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 0 divide by # with subsequent payments 13 =
0.00000

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation 37 divide by # requiring notices 48 =
0.77083

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2013 1.02480

Profile Audit Review Performance Rating of 1.70104 or greater is a failing score.

Calendar Year: 2013

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: SAC-06-13-R1-6

Subject: North Bay Schools Insurance Authority

Location: Fairfield

Type: SI

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	2	\$350	\$350	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	2	\$760	\$760	\$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 liability.	4	\$155	\$155	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	67	\$2,225	\$2,225	\$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	76	\$3,590	\$3,590	\$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-08-13-R1-6

Subject: Northern California Special Districts Insurance Authority

Location: Elk Grove

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 2 divide by # claims with payable indem 42 = 0.04762

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

Total unpd indem. = \$ 1,641.77 divide by # of claims with obligation to pay indem. 42
 Avg Unpd Ind = \$ 39.09

C. Severity Rate

Avg Unpd Indem \$ 39.09 divide by avg unpd indem 2009-2011 of \$ 191.44 = 0.20419

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.04762 X Severity rate 0.20419 X modifier of 2
 = 0.01945

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	10		
# claims with first SC notice violations	1	divide by # with salary continuation	31		
Totals	4	divide by	41	=	0.09756

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

# claims with late first PD	1	divide by # with first PD	4		
# claims with late first DB	0	divide by # with first DB paid	0		
Totals	1	divide by	4	=	0.25000

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 3 divide by # with subsequent payments 9 =
0.33333

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation 33 divide by # requiring notices 42 =
0.78571

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2013 1.48606

Profile Audit Review Performance Rating of 1.70104 or greater is a failing score.

Calendar Year: 2013

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: SAC-08-13-R1-6

Subject: N California Special Districts Ins. Authority

Location: Elk 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)	4	\$500	\$500	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	1	\$2,400	\$2,400	\$0	\$0	
Late subsequent payment of indemnity benefits.	7	\$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.	1	\$50	\$50	\$0	\$0	
Late provision of benefit notices other than specific notices for denial of liability.	0	\$0	\$0	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	53	\$2,725	\$2,725	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	0	\$0	\$0	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	8	\$950	\$950	\$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	\$7,475	\$7,475	\$0	\$0	

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

Calendar Year: 2013
Notices of Compensation Due

Individual Exhibit 3

Audit No: SAC-08-13-R1-6

Subject: Northern California Special Districts Insurance Authority

Location: Elk Grove

Type: SI

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1			\$115.49			\$115.49
2			\$1,526.28			\$1,526.28
TOTAL	\$0.00	\$0.00	\$1,641.77	\$0.00	\$0.00	\$1,641.77

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: OAK-17-13-R1-1

Subject: Preferred Employers Insurance Company

Location: Walnut Creek

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 4 divide by # claims with payable indem 55 = 0.07273

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

Total unpd indem. = \$ 1,038.51 divide by # of claims with obligation to pay indem. 55
 Avg Unpd Ind = \$ 18.88

C. Severity Rate

Avg Unpd Indem \$ 18.88 divide by avg unpd indem 2009-2011 of \$ 191.44 = 0.09863

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.07273 X Severity rate 0.09863 X modifier of 2
 = 0.01435

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	52		
# claims with first SC notice violations	0	divide by # with salary continuation	0		
Totals	13	divide by	52	=	0.25000

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

# claims with late first PD	0	divide by # with first PD	5		
# claims with late first DB	0	divide by # with first DB paid	0		
Totals	0	divide by	5	=	0.00000

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 21 divide by # requiring notices 53 =
0.39623

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2013 0.79946

Profile Audit Review Performance Rating of 1.70104 or greater is a failing score.

Calendar Year: 2013

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: OAK-17-13-R1-1

Subject: Preferred Employers Insurance Company

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)	13	\$4,630	\$4,630	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	6	\$810	\$810	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for denial of liability.	0	\$0	\$0	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	25	\$4,425	\$4,425	\$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.	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	48	\$11,065	\$11,065	\$0	\$0	

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

Calendar Year: 2013
Notices of Compensation Due

Individual Exhibit 3

Audit No: OAK-17-13-R1-1

Subject: Preferred Employers Insurance Company

Location: Walnut Creek

Type: INS

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$178.93					\$178.93
2	\$25.16		\$0.66			\$25.82
3	\$715.64		\$71.56			\$787.20
4	\$46.56					\$46.56
TOTAL	\$966.29	\$0.00	\$72.22	\$0.00	\$0.00	\$1,038.51

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: LAO-19-13-R1-6

Subject: PTSC/MTA Risk Management Authority (PRMA) Metro Transportation Authority

Location: Los Angeles

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

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

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

Total unpd indem. = \$ 2,789.69 divide by # of claims with obligation to pay indem. 56
 Avg Unpd Ind = \$ 49.82

C. Severity Rate

Avg Unpd Indem \$ 49.82 divide by avg unpd indem 2009-2011 of \$ 191.44 = 0.26022

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.08929 X Severity rate 0.26022 X modifier of 2
 = 0.04647

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

# claims with late 1st TD	10	divide by # with TD payments	55	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	10	divide by	55	=
				0.18182

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

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

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 27 divide by # requiring notices 54 =
0.50000

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2013 **0.96956**

Profile Audit Review Performance Rating of 1.70104 or greater is a failing score.

Calendar Year: 2013

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: LAO-19-13-R1-6

**Subject: PTSC/MTA Risk Management Authority
(PRMA) Metro Transportation Authority**

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)	10	\$7,680	\$7,680	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	2	\$1,700	\$1,700	\$0	\$0	
Late subsequent payment of indemnity benefits.	6	\$1,450	\$1,450	\$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.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for denial of liability.	0	\$0	\$0	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	32	\$800	\$800	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	4	\$2,100	\$2,100	\$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	56	\$14,080	\$14,080	\$0	\$0	

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

Calendar Year: 2013
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-19-13-R1-6

**Subject: PTSC/MTA Risk Management Authority
 (PRMA) Metro Transportation Authority**

Location: Los Angeles

Type: SI

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$111.27					\$111.27
2	\$30.30					\$30.30
3			\$86.91			\$86.91
4	\$32.13		\$3.12			\$35.25
5	\$2,293.34		\$232.62			\$2,525.96
TOTAL	\$2,467.04	\$0.00	\$322.65	\$0.00	\$0.00	\$2,789.69

Calendar Year: 2013

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: LAO-23-13-R1-6

Subject: San Bernardino City Unified School District

Location: San Bernardino

Type: SI

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	4	\$700	\$700	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	8	\$3,340	\$3,340	\$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 liability.	12	\$620	\$620	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	31	\$9,150	\$9,150	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	14	\$10,600	\$10,600	\$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	75	\$25,310	\$25,310	\$0	\$0	

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

Calendar Year: 2013
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-23-13-R1-6

Subject: San Bernardino City Unified School District

Location: San Bernardino

Type: SI

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$1,160.73		\$89.55			\$1,250.28
2	\$1,452.03		\$31.30			\$1,483.33
3	\$2,343.79					\$2,343.79
4	\$878.59		\$18.83			\$897.42
5		\$839.04	\$83.90			\$922.94
6	\$303.75		\$8.12			\$311.87
7	\$539.98		\$20.27			\$560.25
8	\$240.55		\$1.08			\$241.63
9	\$334.74					\$334.74
TOTAL	\$7,254.16	\$839.04	\$253.05	\$0.00	\$0.00	\$8,346.25

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: LAO-14-13-R1-1

Subject: State Compensation Insurance Fund

Location: Bakersfield

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 6 divide by # claims with payable indem 56 = 0.10714

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

Total unpd indem. = \$ 4,098.34 divide by # of claims with obligation to pay indem. 56
 Avg Unpd Ind = \$ 73.18

C. Severity Rate

Avg Unpd Indem \$ 73.18 divide by avg unpd indem 2009-2011 of \$ 191.44 = 0.38229

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.10714 X Severity rate 0.38229 X modifier of 2
 = 0.08192

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	55		
# claims with first SC notice violations	0	divide by # with salary continuation	0		
Totals	15	divide by	55	=	0.27273

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

# claims with late first PD	3	divide by # with first PD	20		
# claims with late first DB	0	divide by # with first DB paid	0		
Totals	3	divide by	20	=	0.15000

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 7 divide by # with subsequent payments 45 =
0.15556

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation 7 divide by # requiring notices 52 =
0.13462

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2013 0.79482

Profile Audit Review Performance Rating of 1.70104 or greater is a failing score.

Calendar Year: 2013

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: LAO-14-13-R1-1

Subject: State Compensation Insurance Fund

Location: Bakersfield

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	\$6,720	\$6,720	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	3	\$600	\$600	\$0	\$0	
Late subsequent payment of indemnity benefits.	16	\$2,770	\$2,770	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for denial of liability.	0	\$0	\$0	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	7	\$1,950	\$1,950	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	4	\$2,300	\$2,300	\$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	\$900	\$900	\$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	\$15,240	\$15,240	\$0	\$0	

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

Calendar Year: 2013
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-14-13-R1-1

Subject: State Compensation Insurance Fund

Location: Bakersfield

Type: INS

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1			\$264.96			\$264.96
2	\$168.26					\$168.26
3	\$100.00					\$100.00
4			\$254.10			\$254.10
5	\$2,975.38		\$297.54			\$3,272.92
6	\$38.10					\$38.10
TOTAL	\$3,281.74	\$0.00	\$816.60	\$0.00	\$0.00	\$4,098.34

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: SAC-10-13-R1-1

Subject: State Compensation Insurance Fund

Location: Redding

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

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

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

Total unpd indem. = \$ 1,021.37 divide by # of claims with obligation to pay indem. 56
 Avg Unpd Ind = \$ 18.24

C. Severity Rate

Avg Unpd Indem \$ 18.24 divide by avg unpd indem 2009-2011 of \$ 191.44 = 0.09527

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.08929 X Severity rate 0.09527 X modifier of 2
 = 0.01701

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

# claims with late 1st TD	10	divide by # with TD payments	54	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	10	divide by	54	=
				0.18519

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

# claims with late first PD	0	divide by # with first PD	9	
# claims with late first DB	1	divide by # with first DB paid	1	
Totals	1	divide by	10	=
				0.10000

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 7 divide by # with subsequent payments 37 =
0.18919

5. FACTOR FOR PROVISION OF AME/QME NOTICES

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

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2013 0.71780

Profile Audit Review Performance Rating of 1.70104 or greater is a failing score.

Calendar Year: 2013

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: SAC-10-13-R1-1

Subject: State Compensation Insurance Fund

Location: Redding

Type: INS

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	13	\$2,750	\$2,750	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	11	\$2,390	\$2,390	\$0	\$0	
Late first payment of death benefits (DB).	1	\$200	\$200	\$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 liability.	0	\$0	\$0	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	20	\$3,385	\$3,385	\$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.	3	\$1,050	\$1,050	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	52	\$11,375	\$11,375	\$0	\$0	

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

Calendar Year: 2013
Notices of Compensation Due

Individual Exhibit 3

Audit No: SAC-10-13-R1-1

Subject: State Compensation Insurance Fund

Location: Redding

Type: INS

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$104.00					\$104.00
2			\$197.27			\$197.27
3			\$154.18			\$154.18
4	\$65.41					\$65.41
5	\$462.22		\$38.29			\$500.51
TOTAL	\$631.63	\$0.00	\$389.74	\$0.00	\$0.00	\$1,021.37

Calendar Year: 2013

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	60
Indemnity	57
Medical Only	0
Denied	0
Complaints	3
Additional	0

Audit No: LAO-20-13-R1-1

**Subject: State Compensation Insurance Fund -
Inland Empire Claims Services**

Location: Riverside

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	\$14,040	\$14,040	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	14	\$2,445	\$2,445	\$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 liability.	0	\$0	\$0	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	7	\$2,550	\$2,550	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	9	\$4,800	\$4,800	\$0	\$0	
Failure to pay any PD indemnity benefit.	1	\$1,500	\$1,500	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	5	\$625	\$625	\$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	\$25,960	\$25,960	\$0	\$0	

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

Calendar Year: 2013
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-20-13-R1-1

**Subject: State Compensation Insurance Fund -
 Inland Empire Claim Services**

Location: Riverside

Type: INS

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$253.33		\$25.33			\$278.66
2	\$1,039.96		\$64.65			\$1,104.61
3	\$47.15		\$4.71			\$51.86
4	\$1,279.47		\$127.95			\$1,407.42
5	\$39.43					\$39.43
6			\$38.40			\$38.40
7	\$56,537.82		\$6,123.79			\$62,661.61
8		\$6,440.00	\$644.00			\$7,084.00
9	\$430.11		\$15.94			\$446.05
10	\$42.28					\$42.28
11	\$293.11		\$144.71			\$437.82
TOTAL	\$59,962.66	\$6,440.00	\$7,189.48	\$0.00	\$0.00	\$73,592.14

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: LAO-13-13-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 17 divide by # claims with payable indem 52 = 0.32692

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

Total unpd indem. = \$ 3,761.95 divide by # of claims with obligation to pay indem. 52
Avg Unpd Ind = \$ 72.35

C. Severity Rate

Avg Unpd Indem \$ 72.35 divide by avg unpd indem 2009-2011 of \$ 191.44 = 0.37790

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.32692 X Severity rate 0.37790 X modifier of 2
= 0.24709

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	49	
# claims with first SC notice violations	2	divide by # with salary continuation	2	
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	2	divide by # with first PD	4	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	2	divide by	Totals 4	=
				0.50000

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 4 divide by # with subsequent payments 31 = 0.12903

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation 4 divide by # requiring notices 49 = 0.08163

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2013 1.25187

Profile Audit Review Performance Rating of 1.70104 or greater is a failing score.

Calendar Year: 2013

Individual Exhibit 2

Penalty Assessments and Collections

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

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

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)	16	\$2,610	\$2,610	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	2	\$960	\$960	\$0	\$0	
Late subsequent payment of indemnity benefits.	4	\$1,160	\$1,160	\$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.	1	\$100	\$100	\$0	\$0	
Late provision of benefit notices other than specific notices for denial of liability.	1	\$50	\$50	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	5	\$500	\$500	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	15	\$3,600	\$3,600	\$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.	7	\$1,350	\$1,350	\$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	52	\$10,730	\$10,730	\$0	\$0	

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

Calendar Year: 2013
Notices of Compensation Due

Individual Exhibit 3

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

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	\$72.32		\$60.24			\$132.56
2	\$96.41		\$9.64			\$106.05
3	\$46.52					\$46.52
4	\$158.64					\$158.64
5		\$532.29	\$552.33			\$1,084.62
6	\$97.24		\$9.72			\$106.96
7	\$43.61					\$43.61
8	\$420.74		\$42.07			\$462.81
9			\$34.30			\$34.30
10	\$379.68		\$28.49			\$408.17
11	\$79.50					\$79.50
12	\$340.45		\$45.50			\$385.95
13	\$220.00		\$22.00			\$242.00
14	\$128.24		\$1.73			\$129.97
15	\$121.99					\$121.99
16	\$68.44					\$68.44
17	\$149.86					\$149.86
TOTAL	\$2,423.64	\$532.29	\$806.02	\$0.00	\$0.00	\$3,761.95

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: LAO-22-13-R1-5

Subject: Sedgwick Claims Management Services

Location: Orange

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 10 divide by # claims with payable indem 59 = 0.16949

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

Total unpd indem. = \$ 14,605.25 divide by # of claims with obligation to pay indem. 59
Avg Unpd Ind = \$ 247.55

C. Severity Rate

Avg Unpd Indem \$ 247.55 divide by avg unpd indem 2009-2011 of \$ 191.44 = 1.29308

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.16949 X Severity rate 1.29308 X modifier of 2
= 0.43833

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	59	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	17	divide by	Totals 59	=
				0.28814

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

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

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 14 divide by # with subsequent payments 45 = 0.31111

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation 8 divide by # requiring notices 56 = 0.14286

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2013 1.43043

Profile Audit Review Performance Rating of 1.70104 or greater is a failing score.

Calendar Year: 2013

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	61
Indemnity	59
Medical Only	0
Denied	0
Complaints	2
Additional	0

Audit No: LAO-22-13-R1-5

Subject: Sedgwick Claims Management 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)	22	\$8,130	\$8,130	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	4	\$5,520	\$5,520	\$0	\$0	
Late subsequent payment of indemnity benefits.	19	\$3,405	\$3,405	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for denial of liability.	0	\$0	\$0	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	9	\$1,550	\$1,550	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	8	\$6,800	\$6,800	\$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.	7	\$1,250	\$1,250	\$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	70	\$27,455	\$27,455	\$0	\$0	

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

Calendar Year: 2013
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-22-13-R1-5

Subject: Sedgwick Claims Management Services

Location: Orange

Type: TPA

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$87.44		\$7.68			\$95.12
2	\$121.30					\$121.30
3	\$6,382.27		\$785.43			\$7,167.70
4	\$162.89					\$162.89
5			\$216.35			\$216.35
6	\$168.92		\$117.00			\$285.92
7	\$1,323.77					\$1,323.77
8	\$71.24					\$71.24
9	\$144.36		\$14.44			\$158.80
10		\$2,875.00	\$1,529.50		\$597.66	\$5,002.16
TOTAL	\$8,462.19	\$2,875.00	\$2,670.40	\$0.00	\$597.66	\$14,605.25

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: LAO-10-13-R1-5

Subject: Sedgwick Claims Management Services, Inc., formerly Specialty Risk Services, LLC

Location: Brea

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 10 divide by # claims with payable indem 54 = 0.18519

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

Total unpd indem. = \$ 8,568.24 divide by # of claims with obligation to pay indem. 54
 Avg Unpd Ind = \$ 158.67

C. Severity Rate

Avg Unpd Indem \$ 158.67 divide by avg unpd indem 2009-2011 of \$ 191.44 = 0.82883

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.18519 X Severity rate 0.82883 X modifier of 2
 = 0.30697

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	49	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	9	divide by	49	=
				0.18367

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

# claims with late first PD	0	divide by # with first PD	17	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	0	divide by	17	=
				0.00000

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 2 divide by # with subsequent payments 43 =
0.04651

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation 16 divide by # requiring notices 47 =
0.34043

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2013 **0.87758**

Profile Audit Review Performance Rating of 1.70104 or greater is a failing score.

Calendar Year: 2013

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: LAO-10-13-R1-5

**Subject: Sedgwick Claims Management Services, Inc.,
Formerly Specialty Risk Services, LLC**

Location: Brea **Type: TPA**

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	12	\$6,220	\$6,220	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	6	\$1,075	\$1,075	\$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 liability.	0	\$0	\$0	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	20	\$1,450	\$1,450	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	10	\$8,600	\$8,600	\$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	\$1,000	\$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	53	\$18,745	\$18,745	\$0	\$0	

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

Calendar Year: 2013
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-10-13-R1-5

**Subject: Sedgwick Claims Management Services, Inc.,
Formerly Specialty Risk Services, LLC**

Location: Brea

Type: TPA

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$241.98		\$24.20			\$266.18
2	\$3,340.22		\$275.29			\$3,615.51
3	\$551.81					\$551.81
4	\$558.64		\$119.72			\$678.36
5	\$68.02		\$4.65			\$72.67
6	\$78.23		\$0.95			\$79.18
7	\$1,122.48	\$1,182.86	\$571.66			\$2,877.00
8	\$98.14					\$98.14
9	\$168.13		\$16.81			\$184.94
10	\$137.02		\$7.43			\$144.45
TOTAL	\$6,364.67	\$1,182.86	\$1,020.71	\$0.00	\$0.00	\$8,568.24

Calendar Year: 2013

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	63
Indemnity	59
Medical Only	0
Denied	0
Complaints	4
Additional	0

Audit No: LAO-01-13-R1-5

Subject: Sedgwick Claims Management 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	\$800	\$800	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	3	\$3,000	\$3,000	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for denial of liability.	2	\$200	\$200	\$0	\$0	
Late provision of benefit notices other than specific notices for denial of liability.	19	\$855	\$855	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	16	\$4,175	\$4,175	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	12	\$9,900	\$9,900	\$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	\$100	\$100	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB.	1	\$400	\$400	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	56	\$20,230	\$20,230	\$0	\$0	

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

Calendar Year: 2013
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-01-13-R1-5

Subject: Sedgwick Claims Management Services

Location: Pasadena

Type: TPA

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$340.61					\$340.61
2	\$1,452.03					\$1,452.03
3	\$43.47					\$43.47
4	\$254.25					\$254.25
5	\$94.95		\$9.50			\$104.45
6	\$140.95		\$14.10			\$155.05
7	\$912.10	\$2,916.07	\$409.97			\$4,238.14
8	\$369.55					\$369.55
9	\$16,422.61					\$16,422.61
10	\$237.51					\$237.51
11	\$131.23					\$131.23
12	\$79.10					\$79.10
13	\$200.44		\$20.04		\$279.30	\$499.78
TOTAL	\$20,678.80	\$2,916.07	\$453.61	\$0.00	\$279.30	\$24,327.78

Calendar Year: 2013

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	47
Indemnity	46
Medical Only	0
Denied	0
Complaints	1
Additional	0

Audit No: LAO-09-13-R1-2

Subject: Sempra Energy Corp./Southern CA Gas Co.

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)	14	\$2,830	\$2,830	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	2	\$720	\$720	\$0	\$0	
Late subsequent payment of indemnity benefits.	30	\$4,130	\$4,130	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for denial of liability.	0	\$0	\$0	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	9	\$1,650	\$1,650	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	5	\$1,000	\$1,000	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	5	\$500	\$500	\$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	66	\$11,630	\$11,630	\$0	\$0	

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

Calendar Year: 2013
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-09-13-R1-2

Subject: Sempra Energy Corp./Southern California Gas Co.

Location: Los Angeles

Type: SI

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$24.66		\$1.50			\$26.16
2	\$47.93					\$47.93
3	\$263.08					\$263.08
4	\$30.98		\$1.68			\$32.66
5			\$126.34			\$126.34
6	\$427.70		\$42.77		\$58.12	\$528.59
7	\$30.49		\$92.33			\$122.82
TOTAL	\$824.84	\$0.00	\$264.62	\$0.00	\$58.12	\$1,147.58

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: OAK-21-13-R1-3

Subject: Sentry Insurance / Parker Services, Inc.

Location: Stevens Point, WI

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 7 divide by # claims with payable indem 51 = 0.13725

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

Total unpd indem. = \$ 1,111.28 divide by # of claims with obligation to pay indem. 51
Avg Unpd Ind = \$ 21.79

C. Severity Rate

Avg Unpd Indem \$ 21.79 divide by avg unpd indem 2009-2011 of \$ 191.44 = 0.11382

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.13725 X Severity rate 0.11382 X modifier of 2
= 0.03124

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	51	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	12	divide by	Totals 51	=
				0.23529

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

# claims with late first PD	1	divide by # with first PD	6	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	1	divide by	Totals 6	=
				0.16667

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 8 divide by # with subsequent payments 32 = 0.25000

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation 9 divide by # requiring notices 51 = 0.17647

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2013 0.85968

Profile Audit Review Performance Rating of 1.70104 or greater is a failing score.

Calendar Year: 2013

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	52
Indemnity	51
Medical Only	0
Denied	0
Complaints	1
Additional	0

Audit No: OAK-21-13-R1-3

Subject: Sentry Insurance / Parker Services, Inc.

Location: Stevens Point, WI

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)	15	\$2,750	\$2,750	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	2	\$3,600	\$3,600	\$0	\$0	
Late subsequent payment of indemnity benefits.	11	\$1,710	\$1,710	\$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 liability.	0	\$0	\$0	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	10	\$4,125	\$4,125	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	7	\$1,600	\$1,600	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	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	46	\$13,835	\$13,835	\$0	\$0	

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

Calendar Year: 2013
Notices of Compensation Due

Individual Exhibit 3

Audit No: OAK-21-13-R1-3

Subject: Sentry Insurance/ Parker Services, Inc.

Location: Stevens Point, WI

Type: INS/TPA

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$168.05					\$168.05
2	\$432.54		\$34.33			\$466.87
3	\$64.74		\$6.47			\$71.21
4	\$69.86		\$6.99			\$76.85
5	\$63.63		\$10.06			\$73.69
6	\$34.81					\$34.81
7	\$219.80					\$219.80
TOTAL	\$1,053.43	\$0.00	\$57.85	\$0.00	\$0.00	\$1,111.28

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: SAC-05-13-R1-2

Subject: Sierra Pacific Industries

Location: Anderson

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

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

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

Total unpd indem. = \$ 4,946.08 divide by # of claims with obligation to pay indem. 44
 Avg Unpd Ind = \$ 112.41

C. Severity Rate

Avg Unpd Indem \$ 112.41 divide by avg unpd indem 2009-2011 of \$ 191.44 = 0.58719

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.22727 X Severity rate 0.58719 X modifier of 2
 = 0.26690

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	42	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	6	divide by	42	=
				0.14286

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

# claims with late first PD	2	divide by # with first PD	6	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	2	divide by	6	=
				0.33333

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 2 divide by # with subsequent payments 32 =
0.06250

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation 23 divide by # requiring notices 41 =
0.56098

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2013 **1.36657**

Profile Audit Review Performance Rating of 1.70104 or greater is a failing score.

Calendar Year: 2013

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: SAC-05-13-R-2

Subject: Sierra Pacific Industries

Location: Anderson

Type: SI

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	7	\$1,660	\$1,660	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	2	\$570	\$570	\$0	\$0	
Late subsequent payment of indemnity benefits.	3	\$240	\$240	\$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 liability.	0	\$0	\$0	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	29	\$2,830	\$2,830	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	7	\$2,800	\$2,800	\$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.	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	52	\$9,300	\$9,300	\$0	\$0	

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

Calendar Year: 2013
Notices of Compensation Due

Individual Exhibit 3

Audit No: SAC-05-13-R1-2

Subject: Sierra Pacific Industries

Location: Anderson

Type: SI

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$685.07		\$50.06			\$735.13
2	\$877.35		\$64.63			\$941.98
3	\$175.61		\$8.46			\$184.07
4			\$103.73			\$103.73
5	\$517.96		\$46.10			\$564.06
6			\$300.11			\$300.11
7			\$931.20			\$931.20
8	\$925.68		\$87.37			\$1,013.05
9	\$46.23					\$46.23
10	\$115.02		\$11.50			\$126.52
TOTAL	\$3,342.92	\$0.00	\$1,603.16	\$0.00	\$0.00	\$4,946.08

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: LAO-15-13-R1-2

Subject: Southern California Edison Co.

Location: Rosemead

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. = \$ 3,046.11 divide by # of claims with obligation to pay indem. 54
Avg Unpd Ind = \$ 56.41

C. Severity Rate

Avg Unpd Indem \$ 56.41 divide by avg unpd indem 2009-2011 of \$191.44 = 0.29466

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.07407 X Severity rate 0.29466 X modifier of 2
= 0.04365

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

# claims with late 1st TD	0	divide by # with TD payments	51	
# claims with late first SC notice violation	0	divide by # with salary continuation	0	
Totals	0	divide by	Totals 51	=
				0.00000

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

# claims with late first PD	2	divide by # with first PD	10	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	2	divide by	Totals 10	=
				0.20000

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 2 divide by # with subsequent payments 36 = 0.05556

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation 1 divide by # requiring notices 49 = 0.02041

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2013 0.31962

Profile Audit Review Performance Rating of 1.70104 or greater is a failing score.

Calendar Year: 2013

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: LAO-15-13-R1-2

Subject: Southern California Edison Co.

Location: Rosemead

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	\$890	\$890	\$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 liability.	0	\$0	\$0	\$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.	4	\$2,100	\$2,100	\$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	\$3,515	\$3,515	\$0	\$0	

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

Calendar Year: 2013
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-15-13-R1-2

Subject: Southern California Edison Co.

Location: Rosemead

Type: SI

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$2,682.06		\$183.72			\$2,865.78
2	\$100.41		\$10.04			\$110.45
3	\$33.52					\$33.52
4	\$33.27		\$3.09			\$36.36
TOTAL	\$2,849.26	\$0.00	\$196.85	\$0.00	\$0.00	\$3,046.11

Profile Audit Review Performance Rating of Randomly Selected Claims

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

Subject: State Farm Fire and Casualty Co.

Location: Bakersfield

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

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

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

Total unpd indem. = \$ 5,041.00 divide by # of claims with obligation to pay indem. 56
Avg Unpd Ind = \$ 90.02

C. Severity Rate

Avg Unpd Indem \$ 90.02 divide by avg unpd indem 2009-2011 of \$191.44 = 0.47021

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.08929 X Severity rate 0.47021 X modifier of 2
= 0.08397

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

# claims with late 1st TD	29	divide by # with TD payments	56	
# claims with late first SC notice violation	0	divide by # with salary continuation	0	
Totals	29	divide by	Totals 56	=
				0.51786

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

# claims with late first PD	3	divide by # with first PD	9	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	3	divide by	Totals 9	=
				0.33333

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

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

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation 15 divide by # requiring notices 52 = 0.28846

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2013 1.69862

Profile Audit Review Performance Rating of 1.70104 or greater is a failing score.

Calendar Year: 2013

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: LAO-13-13-R1-1

Subject: State Farm Fire and Casualty Co.

Location: Bakersfield

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)	38	\$17,800	\$17,800	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	4	\$2,340	\$2,340	\$0	\$0	
Late subsequent payment of indemnity benefits.	28	\$8,250	\$8,250	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for denial of liability.	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for denial of liability.	0	\$0	\$0	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	20	\$1,925	\$1,925	\$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.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	1	\$50	\$50	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	96	\$35,165	\$35,165	\$0	\$0	

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

Calendar Year: 2013
Notices of Compensation Due

Individual Exhibit 3

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

Subject: State Farm Fire and Casualty Co.

Location: Bakersfield

Type: INS

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$30.00		\$2.12			\$32.12
2	\$49.70		\$3.00			\$52.70
3	\$118.99		\$10.65			\$129.64
4	\$3,619.07					\$3,619.07
5	\$1,097.70		\$109.77			\$1,207.47
TOTAL	\$4,915.46	\$0.00	\$125.54	\$0.00	\$0.00	\$5,041.00

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: OAK-19-13-R1-5

Subject: Tri Star Risk Management

Location: Concord

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

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

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

Total unpd indem. = \$ 1,089.47 divide by # of claims with obligation to pay indem. 58
 Avg Unpd Ind = \$ 18.78

C. Severity Rate

Avg Unpd Indem \$ 18.78 divide by avg unpd indem 2009-2011 of \$ 191.44 = 0.09812

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.05172 X Severity rate 0.09812 X modifier of 2
 = 0.01015

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	37	
# claims with first SC notice violations	13	divide by # with salary continuation	25	
Totals	17	divide by	62	=
				0.27419

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 1 divide by # with subsequent payments 25 =
0.04000

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation 11 divide by # requiring notices 58 =
0.18966

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2013 0.51400

Profile Audit Review Performance Rating of 1.70104 or greater is a failing score.

Calendar Year: 2013

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: OAK-19-13-R1-5

Subject: Tri Star Risk Management

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)	6	\$1,610	\$1,610	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	2	\$520	\$520	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for denial of liability.	2	\$200	\$200	\$0	\$0	
Late provision of benefit notices other than specific notices for denial of liability.	11	\$560	\$560	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	13	\$1,750	\$1,750	\$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.	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	37	\$5,240	\$5,240	\$0	\$0	

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

Calendar Year: 2013
Notices of Compensation Due

Individual Exhibit 3

Audit No: OAK-19-13-R1-5

Subject: Tri Star Risk Management

Location: Concord

Type: TPA

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1			\$51.75			\$51.75
2	\$816.00					\$816.00
3	\$217.15		\$4.57			\$221.72
TOTAL	\$1,033.15	\$0.00	\$56.32	\$0.00	\$0.00	\$1,089.47

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: LAO-24-13-R1-5

Subject: Tristar Risk Management

Location: Signal Hill

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 7 divide by # claims with payable indem 57 = 0.12281

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

Total unpd indem. = \$ 7,033.50 divide by # of claims with obligation to pay indem. 57
 Avg Unpd Ind = \$ 123.39

C. Severity Rate

Avg Unpd Indem \$ 123.39 divide by avg unpd indem 2009-2011 of \$ 191.44 = 0.64456

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.12281 X Severity rate 0.64456 X modifier of 2
 = 0.15831

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	11	divide by # with salary continuation	21	
Totals	20	divide by	60	=
				0.33333

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 3 divide by # with subsequent payments 25 =
0.12000

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation 15 divide by # requiring notices 55 =
0.27273

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2013 **0.88437**

Profile Audit Review Performance Rating of 1.70104 or greater is a failing score.

Calendar Year: 2013

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: LAO-24-13-R1-5

Subject: Tristar Risk Management, Inc.

Location: Signal Hill

Type: TPA

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	13	\$2,405	\$2,405	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	6	\$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.	1	\$100	\$100	\$0	\$0	
Late provision of benefit notices other than specific notices for denial of liability.	10	\$435	\$435	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	28	\$2,125	\$2,125	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	4	\$2,900	\$2,900	\$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.	6	\$1,050	\$1,050	\$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	70	\$12,115	\$12,115	\$0	\$0	

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

Calendar Year: 2013
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-24-13-R1-5

Subject: Tristar Risk Management, Inc.

Location: Signal Hill

Type: TPA

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$614.89	\$2,875.41	\$466.11			\$3,956.41
2	\$36.21		\$3.62			\$39.83
3			\$212.88			\$212.88
4			\$61.53			\$61.53
5		\$1,479.98	\$148.00		\$211.66	\$1,839.64
6	\$315.74					\$315.74
7	\$523.42		\$84.05			\$607.47
TOTAL	\$1,490.26	\$4,355.39	\$976.19	\$0.00	\$211.66	\$7,033.50

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: OAK-05-13-R1-2

Subject: USS POSCO Industries

Location: Pittsburg

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 3 divide by # claims with payable indem 15 = 0.20000

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

Total unpd indem. = \$ 1,244.25 divide by # of claims with obligation to pay indem. 15
Avg Unpd Ind = \$ 82.95

C. Severity Rate

Avg Unpd Indem \$ 82.95 divide by avg unpd indem 2009-2011 of \$ 191.44 = 0.43330

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.20000 X Severity rate 0.43330 X modifier of 2
= 0.17332

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

# claims with late 1st TD	0	divide by # with TD payments	13	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	0	divide by	Totals 13	=
				0.00000

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

# claims with late first PD	0	divide by # with first PD	5	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	0	divide by	Totals 5	=
				0.00000

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 1 divide by # with subsequent payments 14 = 0.07143

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation 5 divide by # requiring notices 14 = 0.35714

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2013 0.60189

Profile Audit Review Performance Rating of 1.70104 or greater is a failing score.

Calendar Year: 2013

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	15
Indemnity	15
Medical Only	0
Denied	0
Complaints	0
Additional	0

Audit No: OAK-05-13-R1-2

Subject: USS POSCO Industries

Location: Pittsburg

Type: SI

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	0	\$0	\$0	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	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 liability.	0	\$0	\$0	\$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	\$400	\$400	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	0	\$0	\$0	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB.	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	10	\$1,450	\$1,450	\$0	\$0	

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

Calendar Year: 2013
Notices of Compensation Due

Individual Exhibit 3

Audit No: OAK-05-13-R1-2

Subject: USS POSCO Industries

Location: Pittsburg

Type: SI

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1		\$400.01	\$40.00		\$40.00	\$480.01
2	\$422.87					\$422.87
3	\$348.92		\$32.45			\$381.37
TOTAL	\$771.79	\$400.01	\$72.45	\$0.00	\$40.00	\$1,284.25

Calendar Year: 2013

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	18
Indemnity	18
Medical Only	0
Denied	0
Complaints	0
Additional	0

Audit No: OAK-08-13-R1-1

Subject: Vanliner Insurance Company

Location: St. Louis, MO

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	\$850	\$850	\$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 liability.	0	\$0	\$0	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	18	\$1,960	\$1,960	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	3	\$3,800	\$3,800	\$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.	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	27	\$6,610	\$6,610	\$0	\$0	

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

Calendar Year: 2013
Notices of Compensation Due

Individual Exhibit 3

Audit No: OAK-08-13-R1-1

Subject: Vanliner Insurance Company

Location: St. Louis, MO

Type: INS

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$2,302.85		\$200.69			\$2,503.54
2	\$53.95		\$5.40			\$59.35
3	\$1,002.26					\$1,002.26
TOTAL	\$3,359.06	\$0.00	\$206.09	\$0.00	\$0.00	\$3,565.15

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: SAC-09-13-R1-5

Subject: York Risk Services Group, Inc.

Location: Stockton

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 3 divide by # claims with payable indem 56 = 0.05357

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

Total unpd indem. = \$ 1,582.67 divide by # of claims with obligation to pay indem. 56
 Avg Unpd Ind = \$ 28.26

C. Severity Rate

Avg Unpd Indem \$ 28.26 divide by avg unpd indem 2009-2011 of \$ 191.44 = 0.14763

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.05357 X Severity rate 0.14763 X modifier of 2
 = 0.01582

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

# claims with late 1st TD	3	divide by # with TD payments	13	
# claims with first SC notice violations	10	divide by # with salary continuation	41	
Totals	13	divide by	54	=
				0.24074

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

# claims with late first PD	2	divide by # with first PD	8	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	2	divide by	8	=
				0.25000

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 2 divide by # with subsequent payments 17 =
0.11765

5. FACTOR FOR PROVISION OF AME/QME NOTICES

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

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2013 0.90198

Profile Audit Review Performance Rating of 1.70104 or greater is a failing score.

Calendar Year: 2013

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: SAC-09-13-R1-5

Subject: York Risk Services Group, Inc.

Location: Stockton

Type: TPA

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	3	\$700	\$700	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	2	\$420	\$420	\$0	\$0	
Late subsequent payment of indemnity benefits.	3	\$540	\$540	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Failure to issue benefit notices other than specific notices for denial of liability.	1	\$100	\$100	\$0	\$0	
Late provision of benefit notices other than specific notices for denial of liability.	10	\$435	\$435	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	18	\$3,175	\$3,175	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	3	\$1,400	\$1,400	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 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	40	\$6,770	\$6,770	\$0	\$0	

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

Calendar Year: 2013
Notices of Compensation Due

Individual Exhibit 3

Audit No: SAC-09-13-R1-5

Subject: York Risk Services Group, Inc.

Location: Stockton

Type: TPA

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$1,268.98		\$126.89			\$1,395.87
2	\$148.96					\$148.96
3	\$36.62		\$1.22			\$37.84
TOTAL	\$1,454.56	\$0.00	\$128.11	\$0.00	\$0.00	\$1,582.67

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: LAO-29-13-R1-5

Subject: York Risk Services Group, Inc.

Location: Orange

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

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

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

Total unpd indem. = \$ 3,096.04 divide by # of claims with obligation to pay indem. 58
 Avg Unpd Ind = \$ 53.38

C. Severity Rate

Avg Unpd Indem \$ 53.38 divide by avg unpd indem 2009-2011 of \$ 191.44 = 0.27883

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.05172 X Severity rate 0.27883 X modifier of 2
 = 0.02884

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	19	
# claims with first SC notice violations	8	divide by # with salary continuation	36	
Totals	12	divide by	55	=
				0.21818

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

# claims with late first PD	0	divide by # with first PD	11	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	0	divide by	11	=
				0.00000

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 0 divide by # with subsequent payments 20 =
0.00000

5. FACTOR FOR PROVISION OF AME/QME NOTICES

claims with AME/QME notice violation 3 divide by # requiring notices 53 =
0.05660

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2013 0.30363

Profile Audit Review Performance Rating of 1.70104 or greater is a failing score.

Calendar Year: 2013

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	62
Indemnity	58
Medical Only	0
Denied	0
Complaints	4
Additional	0

Audit No: LAO-29-13-R1-5

Subject: York Risk Services, Inc.

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)	4	\$1,230	\$1,230	\$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 liability.	9	\$495	\$495	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	3	\$75	\$75	\$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.	6	\$1,150	\$1,150	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB.	2	\$500	\$500	\$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	27	\$5,050	\$5,050	\$0	\$0	

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

Calendar Year: 2013
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-29-13-R1-5

Subject: York Risk Services Group, Inc.

Location: Orange

Type: TPA

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$2,250.62		\$225.06			\$2,475.68
2	\$25.48					\$25.48
3			\$462.81		\$144.83	\$607.64
4	\$594.88					\$594.88
TOTAL	\$2,870.98	\$0.00	\$687.87	\$0.00	\$144.83	\$3,703.68

Calendar Year: 2013

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: SAC-03-13-R1-1

Subject: Zenith Insurance Company

Location: Sacramento

Type: INS

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	9	\$1,510	\$1,510	\$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 liability.	0	\$0	\$0	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	7	\$1,125	\$1,125	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	1	\$200	\$200	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	0	\$0	\$0	\$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	18	\$3,635	\$3,635	\$0	\$0	

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

Calendar Year: 2013
Notices of Compensation Due

Individual Exhibit 3

Audit No: SAC-03-13-R1-1

Subject: Zenith Insurance Company

Location: Sacramento

Type: INS

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$46.51		\$4.65			\$51.16
2	\$392.58		\$39.26			\$431.84
TOTAL	\$439.09	\$0.00	\$43.91	\$0.00	\$0.00	\$483.00

Calendar Year: 2013

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	30
Indemnity	30
Medical Only	0
Denied	0
Complaints	0
Additional	0

Audit No: OAK-07-13-R1-3

**Subject: Zurich North America and
Zurich Services Corp. (Office 10)**

Location: Schaumburg, IL

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)	7	\$5,500	\$5,500	\$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 liability.	0	\$0	\$0	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	12	\$850	\$850	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	1	\$200	\$200	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	0	\$0	\$0	\$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	23	\$7,700	\$7,700	\$0	\$0	

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

Calendar Year: 2013
Notices of Compensation Due

Individual Exhibit 3

Audit No: OAK-07-13-R1-3

Subject: Zurich North America and Zurich Services Corp. (Office 10)

Location: Schaumburg, IL

Type: INS/TPA

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$91.49					\$91.49
2		\$32.86	\$3.29		\$3.08	\$39.23
TOTAL	\$91.49	\$32.86	\$3.29	\$0.00	\$3.08	\$130.72

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: OAK-13-13-R1-3

Subject: Zurich North America (Office 01)

Location: San Francisco

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. = \$ 3,896.61 divide by # of claims with obligation to pay indem. 58
 Avg Unpd Ind = \$ 67.18

C. Severity Rate

Avg Unpd Indem \$ 67.18 divide by avg unpd indem 2009-2011 of \$ 191.44 = 0.35093

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.17241 X Severity rate 0.35093 X modifier of 2
 = 0.12101

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

# claims with late 1st TD	28	divide by # with TD payments	57	
# claims with first SC notice violations	0	divide by # with salary continuation	0	
Totals	28	divide by	57	=
				0.49123

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

# claims with late first PD	2	divide by # with first PD	8	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	2	divide by	8	=
				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 35 divide by # requiring notices 56 =
0.62500

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2013 1.65391

Profile Audit Review Performance Rating of 1.70104 or greater is a failing score.

Calendar Year: 2013

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: OAK-13-13-R1-3

Subject: Zurich North America (Office 01)

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)	31	\$13,200	\$13,200	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	2	\$1,800	\$1,800	\$0	\$0	
Late subsequent payment of indemnity benefits.	10	\$1,790	\$1,790	\$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 liability.	0	\$0	\$0	\$0	\$0	
Failure to comply with the requirements to provide notice of the QME/AME process	55	\$5,040	\$5,040	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	11	\$3,000	\$3,000	\$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.	2	\$200	\$200	\$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	112	\$25,830	\$25,830	\$0	\$0	

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

Calendar Year: 2013
Notices of Compensation Due

Individual Exhibit 3

Audit No: OAK-13-13-R1-3

Subject: Zurich North America (Office 01)

Location: San Francisco

Type: INS/TPA

Item Number	Temporary Disability	Permanent Disability	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$162.84					\$162.84
2	\$218.11		\$84.96			\$303.07
3	\$245.34					\$245.34
4	\$303.61					\$303.61
5		\$215.65	\$21.57		\$35.93	\$273.15
6	\$71.28					\$71.28
7	\$457.12		\$45.71			\$502.83
8	\$51.29		\$1.85			\$53.14
9	\$2,141.76					\$2,141.76
10	\$111.23					\$111.23
11			\$31.97			\$31.97
TOTAL	\$3,762.58	\$215.65	\$186.06	\$0.00	\$35.93	\$4,200.22