



2008 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**

April 1, 2009

2008 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 19th annual workers' compensation report summarizing the results of audits conducted by the DWC Audit Unit.

2008 Audit Results

Profile Audit Review (PAR) standard – 1.82401 / Full Compliance Audit (FCA) standard – 2.14048

Assembly Bill 749, enacted into law in 2002, brought material changes to the audit program of the Division of Workers' Compensation. Labor Code sections 129 and 129.5 provide the framework for oversight and enforcement of the regulations of the Administrative Director for the prompt and accurate provision of workers' compensation benefits.

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

The DWC Audit Unit completed a total of 75 profile audit reviews (PAR audits). Of the PAR audits, 73 were routinely selected and two were target audits, one of which was conducted based upon failure of a prior audit and the second was initiated based on complaints received by the Audit Unit. The total number of PAR audit subjects included 20 insurance companies, 22 self-administered, self-insured employers, 25 third-party administrators (TPA), four insurance company / third-party administrator combined claims adjusting locations, and four offices of the Uninsured Employers Benefits Trust Fund. In addition to the PAR audits, the investigative section of the Audit Unit conducts investigations/audits for administrating locations for alleged business practices for failure to comply with the law and the regulations of the Administrative Director.

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

Pursuant to Title 8, California Code of Regulations, section 10107.1(c) and (d), either a "PAR sample" of up to 59 or a "full compliance audit (FCA) sample" of up to 138 of indemnity claims is audited, depending on the claims administrator's performance as measured in the key areas after the PAR sample is audited. Title 8, California Code of Regulations, section 10107.1(e), provides for a "sample" of up to 67 denied claims may be audited, depending on the claims administrator's performance as measured in specific areas of benefit provision after the review of the indemnity claims in the "FCA stage 1 sample" are audited.

In 2008, within the PAR/FCA audits, compliance officers audited 3,873 claim files, of which 3,660 were randomly selected claims in which some form of indemnity benefits were paid. Five audits included 81 randomly selected claims in which the employer or insurer denied all liability. Targeted claims audited included 130 files based on complaints received by the DWC. Two claims were designated as "additional" files. "Additional" files include:

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

Basis for the Profile Audit Review Performance Rating

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

- The percentages of randomly selected claims with unpaid indemnity and the amounts of unpaid indemnity in those claims;
- The percentages of randomly selected claims with late first temporary disability payments and/or first notices of salary continuation in lieu of TD payment;
- The percentages of claims with late first payments of permanent disability, vocational rehabilitation maintenance allowance, and/or death benefits;
- The percentages of claims with late subsequent indemnity payments; and,
- The percentages of claims with violations involving failure to timely advise injured workers of the procedures for evaluating permanent disability and/or of potential eligibility for vocational rehabilitation.

As calculated pursuant to Title 8, California Code of Regulations, section 10107.1 (c)(3), low performance ratings reflect good claims performance, and high ratings reflect poor performance. If an audit subject's PAR performance rating meets or exceeds the PAR performance standard, the audit is terminated and no penalties are assessed for claims violations. In order to meet or exceed the PAR performance standard, an audit subject's

PAR performance rating must meet or exceed the ratings of the worst 20% of performance ratings calculated for all audits conducted over the three-year period preceding the year before the audit. In other words, a PAR performance rating for a 2008 audit that falls within the range of the 80% best scores of all audits conducted from 2004 through 2006 will meet or exceed the PAR performance standard for 2008 which is 1.82401.

Performance Ratings of Audit Subjects

The Audit Unit has been conducting profile audit reviews since 2003. Labor Code section 129(f) requires that a profile audit review of the adjustment of claims by the Uninsured Employers Fund (now designated as the Uninsured Employers Benefits Trust Fund or UEBTF) be conducted at least every five years. The samples of files selected for the four UEBTF audits were taken only from files in which Awards or Orders had been issued by the Workers' Compensation Appeals Board. UEBTF may, on occasion, make discretionary payments for a claim, however, there is no statutory obligation to provide benefits before they are actually awarded by the Appeals Board.

Due to the unique nature of the Uninsured Employers Benefits Trust Fund and its payment processes, as set forth in Labor Code section 3710, et. seq., and the fact that the exposure for rating performance exists in a limited way for only two of the compliance factors for a PAR audit, no performance score could be calculated for the four UEBTF audits. The performance for the remaining 71 audit subjects in 2008 is broken down as follows:

- Sixty-two audit subjects (87.3%) met or exceeded the PAR 2008 performance standard thereby having all penalty citations not assessed in accordance with Labor Code section 129.5(c) and Title 8, California Code of Regulations, section 10107.1(c)(3)(B). These audit subjects were ordered to pay all unpaid compensation.
- Nine audit subjects (12.7%) failed to meet or exceed the PAR standard with the audit expanding into the FCA-1 pursuant to Labor Code section 129.5(c) and Title 8, California Code of Regulations, section 10107.1(d). Two of these audit subjects (2.8%) then met or exceeded the FCA-1 2008 standard. For these two audits, the Audit Unit issued notices of compensation due and assessed administrative penalties for late and unpaid indemnity in accordance with Labor Code section 129.5(c) and Title 8, California Code of Regulations, section 10107.1(d)(3)(B).
- Seven of the 71 audit subjects (9.9%) that failed the PAR also failed the FCA-1 and the FCA-2 performance standards thereby demonstrating poor performance and these claims administrators will be subject to a return target audit within two years. These audits expanded into the FCA-2 pursuant to Labor Code section 129.5(c) and Title 8, California Code of Regulations, section 10107.1(e) and the

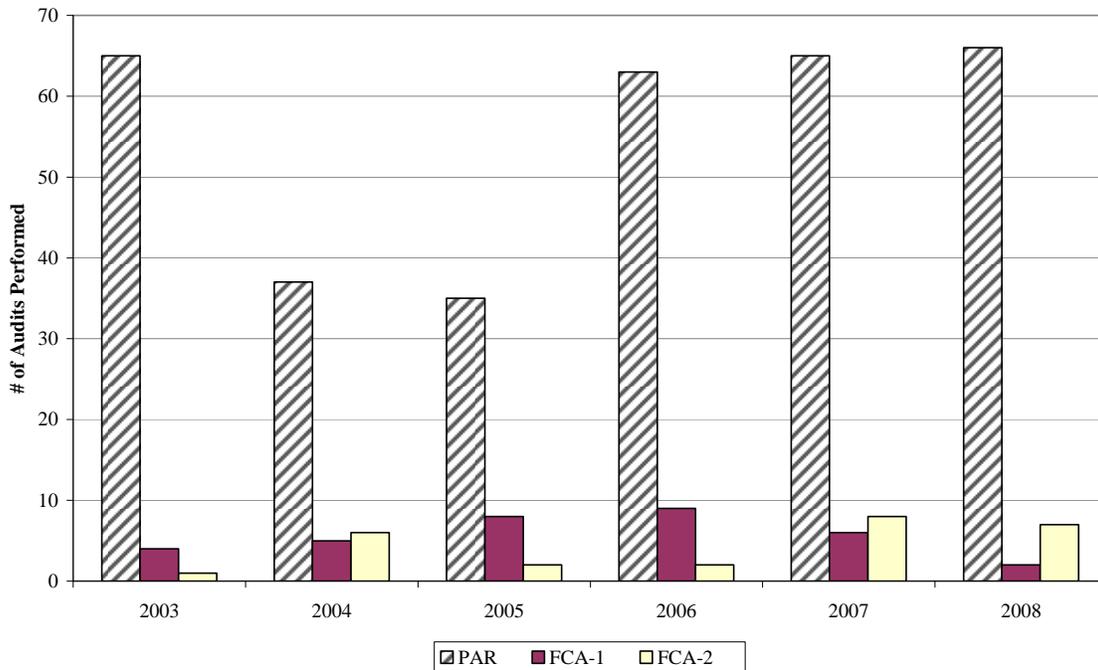
audit subjects were assessed administrative penalties for all penalty citations in accordance with Labor Code section 129.5(c) and Title 8, California Code of Regulations, section 10107.1(e).

The **DWC Administrative Director's 2008 Audit Results Ranking Report** (Statewide Exhibit 4) is part of this annual report and the complete list of the performance standard scores for 71 of the 75 audit subjects can be reviewed in order, from the best to worst performer. The Ranking Report also gives an accounting of the number of Notice(s) of Compensation Due issued for the individual adjusting locations.

The specifics for the performance of individual adjusting locations are presented within this report. For each audit conducted in 2008, there will be record(s) for the performance rating of the audit subject, an analysis of the types of violations cited by type and amount subject to collection, and, an analysis for the individual Notice(s) of Compensation Due of the type(s) of indemnity for due and unpaid to the injured employees.

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

Audit Results for 2003-2008



PAR and FCA Standards Comparison

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

Following are calculations combining all individual audit findings within each of the three audit performances levels for the average rating within each level.

- PAR standard (1.82401)
2008 average score of the 62 audit subjects passing PAR: 1.13609
2008 average score of the nine audit subjects failing PAR: 3.88337
- FCA-1 standard (2.14048)
2008 average score of the two audit subjects passing FCA stage-1: 1.85239
2008 average score of the seven audit subjects failing FCA stage-1: 4.36217
- FCA-2 standard (2.14048)
2008 average score of the seven audit subjects failing FCA stage-2: 4.17227

It should be noted that within the seven administrators failing at the FCA stage 2 level, three of the seven had performance in six or fewer claims subject to consideration for the performance rating. A more realistic average for performance at this level is 4.81484, the average rating of the four remaining administrators at FCA stage 2.

Appeals

In 2008, findings for two FCA stage 2 audits were appealed.

- Lance Camper Manufacturing Corporation
- Power & Associates

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

Violations of Administrative Director's Regulations

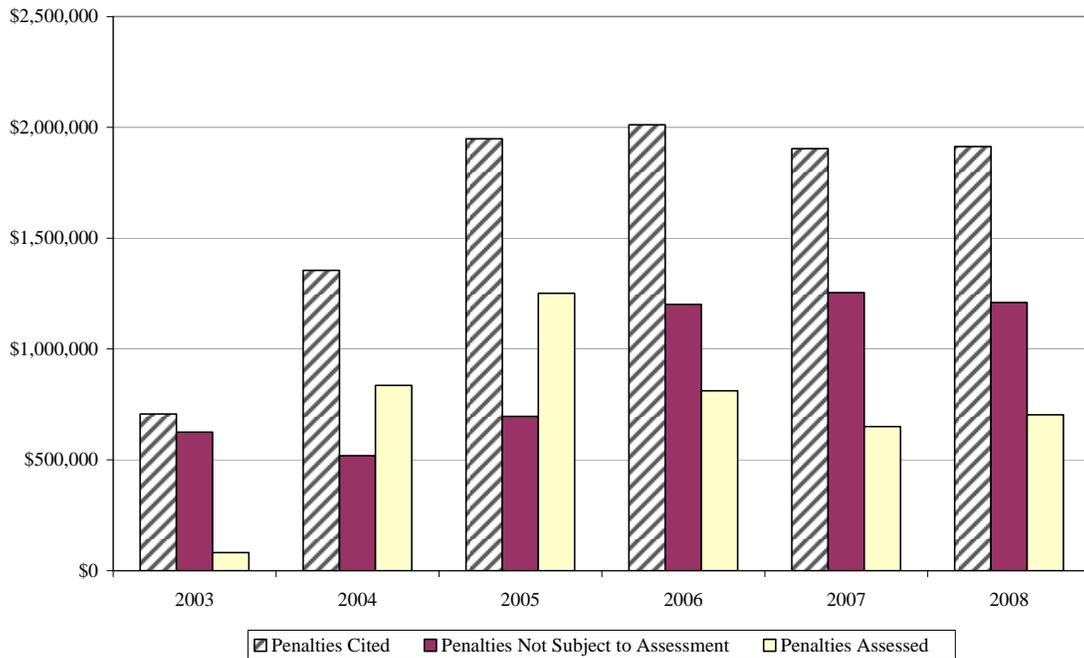
As a result of PAR/FCA audits conducted during the calendar year 2008, the Audit Unit found and cited 5,222 violations against claims administrators with administrative penalties totaling \$1,913,471 (Statewide Exhibit 1). Not all administrative penalties are subject to collection. Under the Labor Code, 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 Performance Audit Review (PAR), which is the first level of audit, no penalties will be assessed in accordance with Labor Code section 129.5(c)(1). If

an audit subject fails the PAR but passes the second level, or Full Compliance Audit (FCA) stage 1, under Labor Code section 129.5(c)(2), penalties for unpaid and late-paid indemnity will be assessed, but penalties will not be assessed for violations related to issues of compliance with administrative functions such as the provision of notices for salary continuation, advice for agreed or qualified medical examination or notice of potential eligibility for vocational rehabilitation. If an audit subject does not pass the FCA stage 1 audit, the file review will proceed to a full compliance audit of the indemnity files plus a sample of denied claims. At the FCA stage 2 audit, in accordance with Labor Code section 129.5(c)(3), a comprehensive file review is conducted and penalties are applied for all violations found. Penalties assessed for a failed FCA stage 2 audit may be modified relative to the size of the adjusting location to mitigate any inequities for penalty assessment for small and large claims administrators.

Statewide Exhibit 2 provides a detailed analysis of all penalties assessable, by type. In accordance with Labor Code section 129.5(c) and regulatory authority, the Audit Unit did not assess \$1,210,176 of the cited violations. The violations which, by law, were not assessed occurred within 66 of the audits that met or exceeded the PAR performance standard, and two audits that met or exceeded the FCA Stage 1 performance standard. All violations cited in the seven audits that failed the FCA Stage 2 standard were assessed. The assessed penalties subject to collection from claims administrators for FCA audits were \$703,295. The following table provides an analysis of violations cited and penalties assessed and collected in the PAR/FCA audit process for years 2003 through 2008:

Penalty Assessments and Collections for 2003-2008



Unpaid Compensation Due to Employees

In the review of files for the PAR/FCA audits and target investigation/audit, there were 611 claims in which injured workers were owed unpaid compensation, 590 of these claims were randomly selected and the remaining 21 claims were audited because of complaints received by the Audit Unit. The total compensation cited to be paid was \$861,818.80 (Statewide Exhibit 3), an average of \$1,410.51 per file in which there was unpaid compensation. The unpaid compensation is broken down as follows:

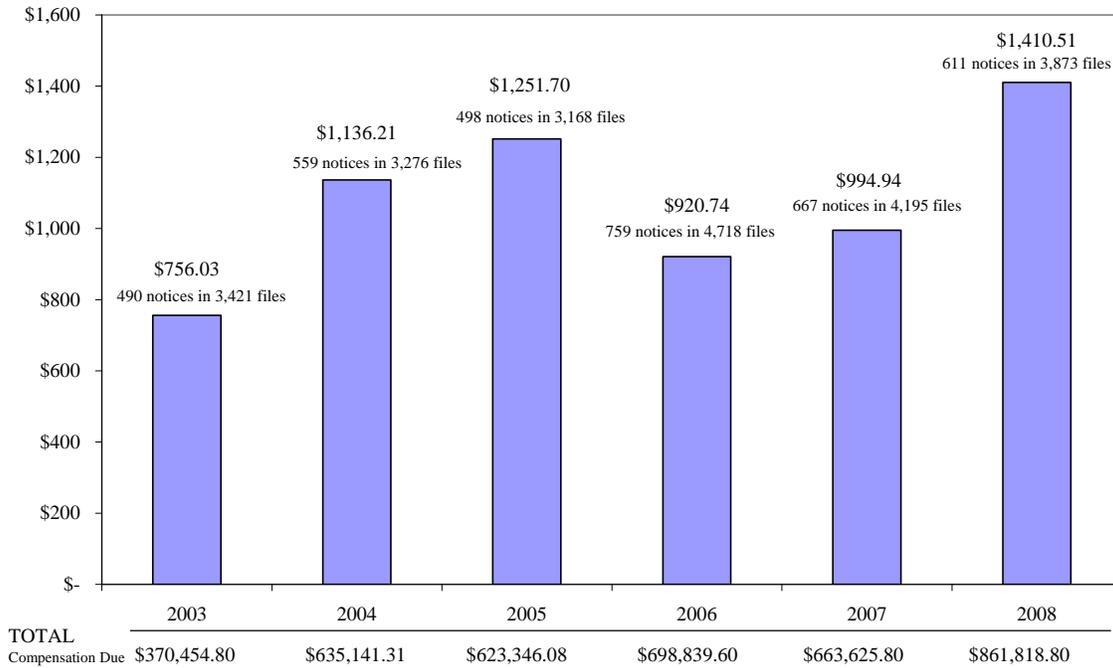
- \$321,792.35 in temporary disability indemnity and salary continuation in lieu of temporary disability (37.3% of the unpaid compensation)
- \$391,418.18 in permanent disability indemnity (45.4% of the unpaid compensation)
- \$45,973.75 in vocational rehabilitation maintenance allowance (5.3% of the unpaid compensation)
- \$91,320.23 in 10% self-imposed increases for late indemnity payments (10.6% of the unpaid compensation)
- \$7,628.89 in death benefits (0.9% of the unpaid compensation)
- \$3,685.40 in interest and penalty and/or failure to reimburse medical expenses (0.4% of the unpaid compensation).

The claims administrator is required to pay these employees within 15 days after receipt of a notice advising the claims administrator of the amount due, unless appealed in accordance with Title 8, California Code of Regulations, section 10115.

When employees due unpaid compensation cannot be located, the unpaid compensation is payable by the claims administrator to the Workers' Compensation Administration Revolving Fund. In these instances, application by an employee can be made to the DWC for payment of moneys deposited by claims administrators into this fund. For audits conducted in 2008, \$3,078.29 was paid into this fund because the injured workers could not be located.

The following table provides an analysis of undisputed compensation found due in routine and target audits conducted since 2003. In the years 2003 through 2005 of the PAR/FCA process the average compensation due per file increased annually. In 2006, the average decreased but in 2007 and 2008, the average compensation found due has again increased.

Average Compensation Due Per File for 2003-2008



Civil Penalty Issues

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

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

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

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

(4) Discharged or administered compensation obligations in a manner as to cause injury the public or those dealing with the employer or insurer.

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

The investigative section is involved in ongoing investigations for issues related to potential business practices for lack of compliance in the administration of claims.

Other Issues

Penalty Pursuant to Labor Code Section 5814.6

The regulations for administrative penalties pursuant to Labor Code section 5814.6, Title 8, California Code of Regulations, sections 10112.1 through 10112.3, became effective May 26, 2007. By law, the administrative director may impose penalties in amounts up to \$400,000 against employers and insurers who knowingly and unreasonably delay or refuse payment of compensation to injured workers in violation of Labor Code section 5814, with a frequency that indicates a general business practice.

The regulations implement, interpret and make specific the provisions of Labor Code section 5814.6 by:

- Defining particular entities subject to the administrative penalties;
- Specifying criteria the DWC administrative director (AD) must consider in finding that violations were committed knowingly;
- Specifying the criteria the AD must consider when determining the frequency of violations indicates the existence of a general business practice;
- Establishing a schedule of penalties to be imposed based upon the nature, severity, frequency and duration of the relevant violations;
- Specifying administrative procedures to be followed in assessing the administrative penalties and in appealing penalty assessments, allowing for due process.

The Audit Unit investigative section reviews records and awards related to the awarding of penalties pursuant to Labor Code section 5814. If necessary, on-site investigations may be scheduled. Penalties will be assessed as specified in the regulations and all penalties collected will be deposited into the Workers' Compensation Return-to-Work Fund, established to promote the early and sustained return to work of employees following work-related injuries or illnesses.

The Annual Report of Inventory

In accordance with Title 8, California Code of Regulations, section 10104, claims administrators are required to file an Annual Report of Inventory with the Administrative Director for all claims reported to each of their adjusting locations in the prior calendar year. The report is due by April 1st for any location adjusting California workers' compensation claims and must be filed even if no claims were reported in the prior year. Reports submitted in 2008 identify approximately 433 locations adjusting claims, of which 358 are in California and 75 are out-of-state.

Adjusting locations reporting all required elements for the Workers' Compensation Information System (WCIS) may be exempt from submitting the Annual Report of Inventory beginning with the report due April 1, 2008. Title 8, California Code of Regulations, 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 2007 were reviewed in comparison with WCIS submissions for claims reported in that year. Compliance with the above regulation was not found for any of the reports submitted in 2008. The breakdown of the claims reported by type was not accurate for any administrator, a primary problem being the submission of the Subsequent Report of Injury (SROI) to WCIS for identification of the species of claim (indemnity, medical-only, denial).

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

In addition to the penalty assessments totaling \$703,295 subject to collection in the PAR/FCA and target audits in 2008, an additional 25 penalties totaling \$5,200 were assessed for the failure of claims administrators to timely file an annual report of inventory of claims with the DWC Audit Unit, as required by Title 8, California Code of Regulations, section 10104.

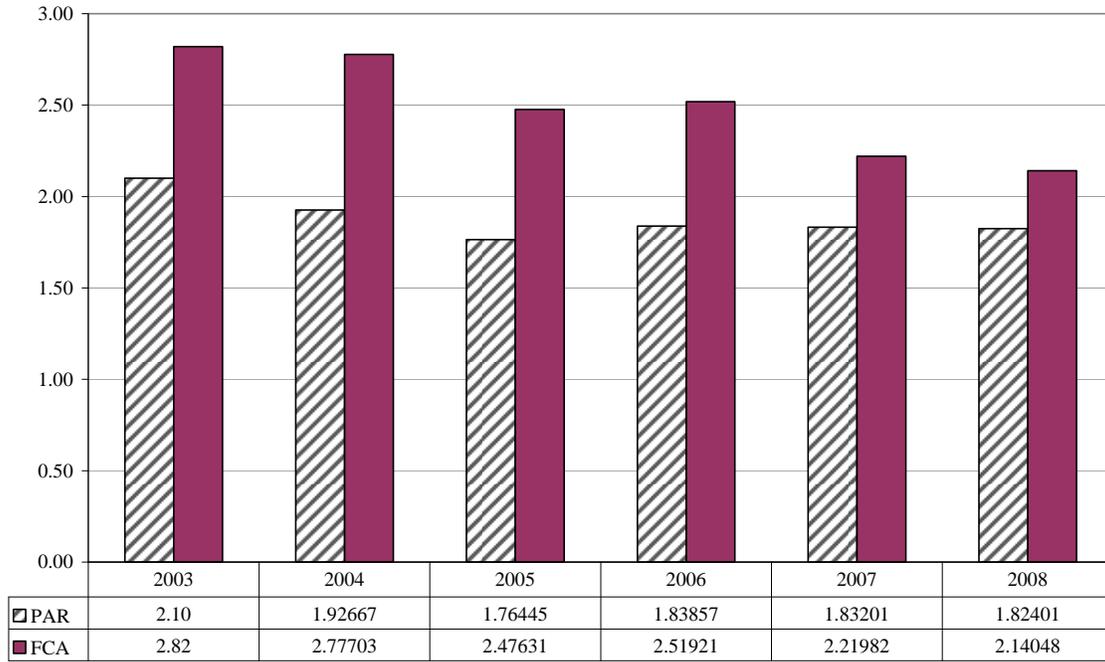
Claims Administrator	Location	Amount Assessed \$\$	Amount Collected \$\$	Unpaid Balance \$\$
Broadspire a Crawford Company	Orange	\$ 100	\$ 100	\$ -
Broadspire a Crawford Company	Fresco	\$ 100	\$ 100	\$ -
Broadspire a Crawford Company	Rancho Cordova	\$ 100	\$ 100	\$ -
Broadspire a Crawford Company	Concord	\$ 100	\$ 100	\$ -
Broadspire a Crawford Company	Brea	\$ 100	\$ 100	\$ -
Broadspire a Crawford Company	Santa Ana	\$ 100	\$ 100	\$ -
Claimetrics	Folsom	\$ 100	\$ 100	\$ -
GAB Robins North America, Inc.	Rancho Cordova	\$ 100	\$ 100	\$ -
Pinnacle Risk Mgmt	Roseville	\$ 100	\$ 100	\$ -
Redwood Empire Muni Insurance Fund	Sonoma	\$ 100	\$ 100	\$ -
Valley Risk TPA	Stockton	\$ 100	\$ 100	\$ -
Alternative Services Concepts	Citrus Heights	\$ 200	\$ 200	\$ -
Innovative Care Systems	Torrance	\$ 200	\$ 200	\$ -
Integrated Claims Administrators, Inc.	Torrance	\$ 200	\$ 200	\$ -
AdminSure	Diamond Bar	\$ 200	\$ -	\$ 200
Universal Underwriters Ins. Co.	Overland, KS	\$ 200	\$ 200	\$ -
Fireman's Fund Ins. Co.	Earth City, MO	\$ 200	\$ 200	\$ -
Great West Casualty Company	South Sioux City, NE	\$ 200	\$ 200	\$ -
Roseburg Forest Products	Winston, OR	\$ 200	\$ 200	\$ -
City of Burbank / Risk Management	Burbank	\$ 300	\$ -	\$ 300
Argonaut Insurance Group	Fresno	\$ 500	\$ 500	\$ -
Integrated Claims Administrators, Inc.	Arcadia	\$ 200	\$ 200	\$ -
TOPA Insurance Company	Los Angeles	\$ 500	\$ 500	\$ -
COMCO Management, Inc.	Sierra Madre	\$ 500	\$ -	\$ 500
Unigard Insurance Group	Bellevue, WA	\$ 500	\$ -	\$ 500
TOTALS:		\$ 5,200	\$ 3,700	\$ 1,500

Profile Audit Performance Standards / Full Compliance Audit Standards for 2009

The PAR and FCA performance standards have been updated pursuant to Labor Code section 129(b) and Title 8, California Code of Regulations, sections 10107.1(c), (d), and (e). This was accomplished by taking the 2007 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 2005 and 2006 performance rating scores to develop the 2009 PAR/FCA standards. **The PAR standard for 2009 is 1.76686 and the FCA standard is 2.13923.** Profile audit review audits (PAR audits) commencing after January 1, 2009 use the new standards. The Audit Unit continues to work to ensure that injured workers

receive their workers' compensation benefits and to act as a deterrent to poor claims handling. The following table provides an historical analysis of the PAR/FCA performance standards set for audits conducted in the years 2003 through 2009.

PAR/FCA Performance Ratings for 2003 -2008



Description of Statewide Exhibits

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

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

Statewide Exhibit 3 ~ Statewide Summary of Notices of Compensation Due gives, by type of indemnity, the amounts unpaid compensation found in the 759 audited claims for which notices of compensation due were issued.

Statewide Exhibit 4 ~ The DWC Administrative Director's 2006 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 2006 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 Services, Inc / Irvine	R	TPA	20	0	1	0	21	11	\$4,710	\$4,710	\$0	\$0	x	
Acclamation Insurance Management Services / Fresno	R	TPA	57	0	0	0	57	35	\$15,140	\$15,140	\$0	\$0	x	
Adventist Health System West / Roseville	R	SI	53	0	1	0	54	37	\$9,315	\$9,315	\$0	\$0	x	
Allied Insurance, a Nationwide Company / Sacramento	R	INS	30	0	0	0	30	17	\$5,730	\$5,730	\$0	\$0	x	
ALPHA Fund / Rancho Cordova	R	SI	56	0	0	0	56	50	\$22,480	\$22,480	\$0	\$0	x	
American Commercial Claims Admin / San Francisco	R	I&T	59	0	5	0	64	45	\$13,910	\$13,910	\$0	\$0	x	
American Professional Risk Services / Clovis	R	TPA	3	0	0	0	3	4	\$950	\$950	\$0	\$0	x	
Ameron International Corporation / Pasadena	R	SI	48	10	1	2	61	321	\$89,860	\$0	\$89,860	\$0	x	
Applied Risk Services / Omaha, NE	R	INS	58	0	2	0	60	36	\$17,960	\$17,960	\$0	\$0	x	
Argonaut Insurance Group / Fresno	R	INS	56	0	1	0	57	64	\$29,650	\$29,650	\$0	\$0	x	
Berkshire Hathaway Homestate Company / Pasadena	R	INS	59	0	3	0	62	78	\$23,310	\$23,310	\$0	\$0	x	
Broadspire, a Crawford Company / Orange	R	TPA	120	50	11	0	181	858	\$347,811	\$0	\$347,811	\$0	x	
City and County of San Francisco / San Francisco	R	SI	57	0	1	0	58	66	\$17,735	\$17,735	\$0	\$0	x	
City of Modesto / Modesto	R	SI	44	0	0	0	44	37	\$12,125	\$12,125	\$0	\$0	x	
City of Santa Ana / Santa Ana	R	SI	50	0	0	0	50	16	\$4,635	\$4,635	\$0	\$0	x	
City of Simi Valley / Simi Valley	R	SI	35	0	0	0	35	30	\$7,215	\$7,215	\$0	\$0	x	
City of Torrance / Torrance	R	SI	51	0	0	0	51	19	\$3,210	\$3,210	\$0	\$0	x	
CNA Insurance / Brea	T	INS	59	0	5	0	64	129	\$56,405	\$56,405	\$0	\$0	x	
CompWest Insurance Company / Santa Ana	R	INS	57	0	0	0	57	97	\$38,640	\$38,640	\$0	\$0	x	
Contra Costa County Schools Ins Grp / Pleasant Hill	R	SI	56	0	1	0	57	34	\$14,045	\$14,045	\$0	\$0	x	
County of San Bernardino Risk Mgmt / San Bernardino	R	SI	56	0	3	0	59	63	\$25,340	\$25,340	\$0	\$0	x	
County of Santa Barbara / Santa Barbara	R	SI	45	0	0	0	45	37	\$12,290	\$12,290	\$0	\$0	x	
Crum & Forster Insurance / Orange	R	INS	130	0	5	0	135	342	\$116,530	\$4,400	\$112,130	\$0	x	
Crum & Forster Insurance / Plano, TX	R	INS	53	0	1	0	54	44	\$16,225	\$16,225	\$0	\$0	x	
F A Richard & Associates / Signal Hill	R	TPA	57	0	0	0	57	91	\$27,570	\$27,570	\$0	\$0	x	
Farmers Insurance Group / Orange	R	INS	55	0	1	0	56	76	\$42,090	\$42,090	\$0	\$0	x	
Farmers Insurance Group / Simi Valley	R	INS	57	0	3	0	60	62	\$30,980	\$30,980	\$0	\$0	x	
Federated Rural Electric Insurance / Lenexa, KS	R	INS	3	0	0	0	3	2	\$300	\$300	\$0	\$0	x	
Frank Gates Service Company / El Dorado Hills	R	INS/TPA	40	0	0	0	40	38	\$10,155	\$10,155	\$0	\$0	x	
GAB Robins Risk Management Services / Ontario	R	TPA	57	0	1	0	58	63	\$22,685	\$22,685	\$0	\$0	x	
Gallagher Bassett Services / Elk Grove	R	TPA	57	0	2	0	59	57	\$25,560	\$25,560	\$0	\$0	x	
Gallagher Bassett Services / Orange	R	TPA	57	0	0	0	57	41	\$28,130	\$28,130	\$0	\$0	x	
Great West Casualty Insurance / South Sioux City, NE	R	INS	26	0	0	0	26	31	\$10,165	\$10,165	\$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
Gregory B Bragg & Associates / Roseville	R	TPA	58	0	1	0	59	27	\$5,200	\$5,200	\$0	\$0		x
JT ² Integrated Resources / Dublin	R	TPA	43	0	0	0	43	5	\$775	\$775	\$0	\$0		x
JT ² Integrated Resources / Lathrop	R	TPA	57	0	0	0	57	33	\$6,730	\$6,730	\$0	\$0		x
Keenan & Associates / Torrance	R	TPA	58	0	0	0	58	58	\$13,180	\$13,180	\$0	\$0		x
Lance Camper Manufacturing Corporation / Lancaster	R	SI	29	8	0	0	37	331	\$78,210	\$0	\$78,210	\$78,210	x	
Liberty Mutual Ins & Helmsman Mgmt / Glendale	R	I&T	59	0	15	0	74	111	\$36,105	\$36,105	\$0	\$0		x
Matrix Absence Management / Rocklin	R	TPA	57	0	1	0	58	64	\$21,790	\$21,790	\$0	\$0		x
NoCA Special District Insurance Authority / Elk Grove	R	SI	39	0	0	0	39	23	\$9,475	\$9,475	\$0	\$0		x
Novapro Risk Solutions, LP / Tustin	R	TPA	56	0	3	0	59	53	\$27,630	\$27,630	\$0	\$0		x
Power & Associates / Paso Robles	R	TPA	5	1	0	0	6	93	\$15,850	\$0	\$15,850	\$15,650	x	
Preferred Employers Insurance / Walnut Creek	R	INS	55	0	0	0	55	56	\$18,650	\$18,650	\$0	\$0		x
PRMA Metropolitan Transportation Authority/Los Angeles	T	SI	52	0	2	0	54	31	\$11,460	\$11,460	\$0	\$0		x
RiComp Claims & Rockwell Int'l Corp / Cypress	R	SI	15	9	0	0	24	81	\$17,860	\$0	\$17,860	\$0		x
Roseburg Forest Products / Winston, OR	R	SI	11	0	0	0	11	10	\$5,550	\$5,550	\$0	\$0		x
San Bernardino City Unified School Dist / San Bernardino	R	SI	45	0	0	0	45	37	\$13,135	\$13,135	\$0	\$0		x
Sedgwick CMS / Ontario	R	TPA	50	0	2	0	52	65	\$17,040	\$17,040	\$0	\$0		x
Sedgwick CMS / Orange	R	TPA	59	0	13	0	72	86	\$30,595	\$30,595	\$0	\$0		x
Sedgwick CMS / Pasadena	R	TPA	58	0	13	0	71	61	\$21,105	\$21,105	\$0	\$0		x
Sedgwick CMS / Roseville	R	TPA	55	0	3	0	58	34	\$8,880	\$8,880	\$0	\$0		x
Sedgwick CMS / Van Nuys	R	TPA	55	0	0	0	55	66	\$21,390	\$21,390	\$0	\$0		x
Sempra Energy Corporation & SoCA Gas / Los Angeles	R	SI	50	0	0	0	50	59	\$21,970	\$21,970	\$0	\$0		x
Sentry Insurance & Parker Services / Stevens Point, WI	R	I&T	54	0	3	0	57	59	\$36,555	\$36,555	\$0	\$0		x
Sierra Pacific Industries / Anderson	R	SI	49	0	1	0	50	29	\$12,660	\$12,660	\$0	\$0		x
Southern California Edison / Rosemead	R	SI	55	0	2	0	57	25	\$6,115	\$6,115	\$0	\$0		x
State Compensation Insurance Fund / Fairfield	R	INS	58	0	1	0	59	52	\$25,140	\$25,140	\$0	\$0		x
State Compensation Insurance Fund / Oxnard	R	INS	58	0	0	0	58	62	\$25,825	\$25,825	\$0	\$0		x
State Compensation Insurance Fund / Pleasanton	R	INS	58	0	9	0	67	90	\$35,740	\$35,740	\$0	\$0		x
State Compensation Insurance Fund / Redding	R	INS	58	0	0	0	58	32	\$10,170	\$10,170	\$0	\$0		x
State Compensation Insurance Fund / Riverside	R	TPA	58	0	3	0	61	127	\$59,695	\$59,695	\$0	\$0		x
State Compensation Insurance Fund CMS / Santa Ana	R	TPA	9	0	0	0	9	27	\$7,740	\$7,740	\$0	\$0		x
State Compensation Insurance Fund Rk Mgt / San Francisco	R	SI	53	0	1	0	54	38	\$11,430	\$11,430	\$0	\$0		x
The Travelers Companies / Orange	R	I&T	58	0	0	0	58	67	\$34,805	\$34,805	\$0	\$0		x
TriStar Risk Management / Signal Hill	R	TPA	57	0	0	0	57	76	\$25,925	\$25,925	\$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 / Walnut Creek	R	TPA	58	0	1	0	59	31	\$13,330	\$13,330	\$0	\$0		x
Uninsured Employers Benefit Trust Fund / Anaheim	R	UEBTF	53	0	6	0	59	14	\$22,510	\$22,510	\$0	\$0		x
Uninsured Employers Benefit Trust Fund / Los Angeles	R	UEBTF	47	0	2	0	49	10	\$13,160	\$13,160	\$0	\$0		x
Uninsured Employers Benefit Trust Fund / Oakland	R	UEBTF	39	0	0	0	39	1	\$5,000	\$5,000	\$0	\$0		x
Uninsured Employers Benefit Trust Fund / Sacramento	R	UEBTF	44	0	0	0	44	25	\$10,250	\$10,250	\$0	\$0		x
Unigard Insurance Company / Bellevue, WA	R	INS	6	0	0	0	6	77	\$30,450	\$0	\$30,450	\$0		x
USS POSCO Industries / Pittsburg	R	SI	44	0	0	0	44	34	\$14,280	\$5,896	\$8,384	\$0		x
Utica National Insurance / Richardson, TX	R	INS	1	3	0	0	4	12	\$2,740	\$0	\$2,740	\$0		x
Zenith Insurance / Sacramento	R	INS	56	0	0	0	56	19	\$4,515	\$4,515	\$0	\$0		x
TOTALS:	75		3,660	81	130	2	3,873	5,222	\$ 1,913,471	\$ 1,210,176	\$ 703,295	\$ 93,860	0	0

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

R - Routine	73
T - Target	2
TOTAL	75

INS	Insurer	20
SI	Self-Insured Employer	22
TPA	Third Party Administrator	25
I&T	Insurer & Third Party Administrator	4
UEBTF	Uninsured Employers Benefit Trust Fund	4
TOTAL		75

Statewide Summary of Penalties for PAR/FCA Audits

Cited by Type of Penalty

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	815	\$364,132	\$271,592	\$92,540	\$89,140	x
Late first payment of permanent disability indemnity benefits (PD).	252	\$147,015	\$120,481	\$26,534	\$26,434	x
Late first payment of vocational rehabilitation indemnity benefits (VR).	4	\$1,925	\$75	\$1,850	\$1,850	
Late subsequent payment of indemnity benefits.	1,547	\$433,711	\$278,988	\$154,723	\$117,743	x
Late first payment of death benefits (DB).	1	\$4,000	\$4,000	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	313	\$17,868	\$7,270	\$10,598	\$9,308	x
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	7	\$2,600	\$2,100	\$500	\$500	
Failure to comply with requirements to provide notice of the QME/AME process.	446	\$171,140	\$157,300	\$13,840	\$10,940	x
Failure to pay any TD or SC in lieu of TD.	406	\$300,840	\$199,820	\$101,020	\$93,620	x
Failure to pay any PD indemnity benefit.	149	\$122,610	\$85,210	\$37,400	\$35,000	x
Failure to pay any VR indemnity benefit.	8	\$14,000	\$13,800	\$200	\$200	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	462	\$100,105	\$56,440	\$43,665	\$28,465	x
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	12	\$17,520	\$10,900	\$6,620	\$6,220	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.	5	\$3,700	\$2,200	\$1,500	\$1,500	

Statewide Summary of Penalties for PAR/FCA Audits

Cited by Type of Penalty

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Failure to issue benefit notices other than specific notices for VR or denial.	264	\$32,925	\$0	\$32,925	\$32,450	x
Failure to pay or object to medical treatment expense in the manner required by law or regulation.	401	\$93,715	\$0	\$93,715	\$61,615	x
Failure to pay or object to medical-legal expense in the manner required by law or regulation.	27	\$9,755	\$0	\$9,755	\$8,455	x
Failure to pay or object to VR expense in the manner required by law or regulation.	0	\$0	\$0	\$0	\$0	
Failure to timely assign a QRR to an employee after 90 aggregate days of total TD for injuries prior to 1/1/94.	0	\$0	\$0	\$0	\$0	
Failure to provide VR information after 90 aggregate days of total TD (injuries 1/1/94 thru 12/31/03).	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of non- eligibility for VR.	0	\$0	\$0	\$0	\$0	
Failure to provide notices denying all liability or death benefits as required.	2	\$420	\$0	\$420	\$420	
Failure to timely respond to a request to provide or authorize medical treatment.	3	\$340	\$0	\$340	\$340	
Failure to include specific items or properly designate entries on a claim log.	2	\$125	\$0	\$125	\$125	
Materially incomplete or inaccurate benefit notices including denial for all liability, other than specific vocational rehabilitation notices.	22	\$1,345	\$0	\$1,345	\$1,245	x
Failure to investigate.	3	\$3,100	\$0	\$3,100	\$3,100	
Late payment of WCAB Orders or Awards or RU Orders for late payment of attorney fees and issues other than late payment of indemnity.	25	\$52,440	\$0	\$52,440	\$47,440	x
Penalties for failure to comply with any regulation of the AD not otherwise assessed.	43	\$5,660	\$0	\$5,660	\$5,560	x
Unsupported denial of all liability for a claim.	3	\$12,480	\$0	\$12,480	\$12,480	
TOTAL	5,222	\$1,913,471	\$1,210,176	\$703,295	\$594,150	

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

**Statewide Summary of
611 Notices of Compensation Due**

Type of Compensation	Amount Found Due	
Temporary Disability	\$	321,792.35
Permanent Disability	\$	391,418.18
V R M A	\$	45,973.75
Self-Imposed Increase	\$	91,320.23
Death Benefits	\$	7,628.89
Penalty, Interest or Other	\$	3,685.40
Total Compensation Due:	\$	861,818.80

DWC ADMINISTRATIVE DIRECTOR'S 2008 AUDIT RANKING REPORT

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

	Routine and Target Audits conducted pursuant to Labor Code Sections 129(b)(1)(2)(3), and 129.5(c)(1)(2)(3) (Rankings from best to worst performers) AUDIT SUBJECT / LOCATION	Unpaid Compensation All Claim Files # Notices / \$ Value	PAR Standard 1.82401	FCA Stage 1 Standard 2.14048	FCA Stage 2 Standard 2.14048
	<i>The following audit subjects under the Profile Audit Review (LC 129) met or exceeded the PAR standard (1.82401 or less). All administrative penalties were not assessed pursuant to Labor Code Section 129.5(c)(1). The unpaid compensation found due injured workers within each claim file was ordered paid.</i>				
1	Uninsured Employers Benefits Trust Fund / Anaheim*	9 / \$126,492.96	n/a	n/a	n/a
2	Uninsured Employers Benefits Trust Fund / Los Angeles*	5 / \$84,061.94	n/a	n/a	n/a
3	Uninsured Employers Benefits Trust Fund / Oakland*	1 / \$1,700.00	n/a	n/a	n/a
4	Uninsured Employers Benefits Trust Fund / Sacramento*	1 / \$440.00	n/a	n/a	n/a
5	JT ² Integrated Services / Dublin	0 / \$0.00	0.26940	n/a	n/a
6	Zenith Insurance / Sacramento	3 / \$532.30	0.33032	n/a	n/a
7	Gregory Bragg & Associates / Roseville	11 / \$3,878.16	0.45937	n/a	n/a
8	Federal Rural Electric Insurance / Lenexa, KS	1 / \$12.13	0.51494	n/a	n/a
9	City of Torrance / Torrance	3 / \$670.80	0.56737	n/a	n/a
10	Southern California Edison / Rosemead	4 / \$5,449.47	0.57944	n/a	n/a
11	PTSC/MTA Risk Management Authority / Los Angeles	5 / \$4,347.88	0.58958	n/a	n/a
12	City of Santa Ana / Santa Ana	2 / \$481351	0.66129	n/a	n/a
13	City of Simi Valley / Simi Valley	6 / \$1,971.95	0.70707	n/a	n/a
14	TriStar Risk Management / Walnut Creek	4 / \$2,987.04	0.73708	n/a	n/a
15	American Commercial Claims Administrators / San Francisco	12 / \$5,220.03	0.74600	n/a	n/a
16	Sierra Pacific Industries / Anderson	5 / \$1,831.29	0.77128	n/a	n/a
17	Accelerated Claims Services, Inc / Irvine	7 / \$2,433.77	0.77809	n/a	n/a
18	Contra Costa County Schools Insurance Group / Pleasant Hill	4 / \$4,705.31	0.78911	n/a	n/a
19	State Compensation Insurance Fund / Redding	9 / \$3,118.52	0.78965	n/a	n/a
20	Sedgwick Claims Management Services / Roseville	6 / \$3,841.48	0.81607	n/a	n/a
21	Allied Insurance / Sacramento	1 / \$139.43	0.82296	n/a	n/a
22	Applied Risk Services / Omaha, NE	3 / \$3,387.91	0.82520	n/a	n/a
23	Adventist Health System West / Roseville	0 / \$0.00	0.85476	n/a	n/a

DWC ADMINISTRATIVE DIRECTOR'S 2008 AUDIT RANKING REPORT

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

	Routine and Target Audits conducted pursuant to Labor Code Sections 129(b)(1)(2)(3), and 129.5(c)(1)(2)(3) (Rankings from best to worst performers) AUDIT SUBJECT / LOCATION	Unpaid Compensation	PAR	FCA Stage 1	FCA Stage 2
		All Claim Files # Notices / \$ Value	Standard 1.82401	Standard 2.14048	Standard 2.14048
24	JT ² Integrated Services / Lathrop	9 / \$6,508.14	0.90019	n/a	n/a
25	Sedgwick Claims Management Services / Orange	11 / \$6,226.51	0.93803	n/a	n/a
26	Acclamation Insurance Management Services / Fresno	2 / \$74.39	0.94808	n/a	n/a
27	Novapro Risk Solutions, LP / Tustin	11 / \$5,914.78	0.94946	n/a	n/a
28	American Professional Risk Services / Clovis	0 / \$0.00	1.00000	n/a	n/a
29	Gallagher Bassett Services # / Orange	9 / \$13,847.87	1.01437	n/a	n/a
30	Keenan & Associates / Torrance	13 / \$5,915.35	1.08911	n/a	n/a
31	Northern California Special Districts Ins Auth / Elk Grove	4 / \$824.60	1.10512	n/a	n/a
32	Roseburg Forest Products / Winton, OR	2 / \$1,947.09	1.10848	n/a	n/a
33	State Compensation Insurance Fund / Oxnard	6 / \$3,664.53	1.11748	n/a	n/a
34	City of Modesto / Modesto	3 / \$1,438.92	1.14090	n/a	n/a
35	Farmers Insurance Group / Orange	4 / \$1,922.89	1.14156	n/a	n/a
36	City and County of San Francisco / San Francisco	10 / \$4,078.07	1.15193	n/a	n/a
37	CNA Insurance / Brea	15 / \$12,643.12	1.19210	n/a	n/a
38	Sedgwick Claims Management Services / Van Nuys	8 / \$9,308.65	1.19738	n/a	n/a
39	ALPHA Fund / Rancho Cordova	14 / \$6,170.89	1.22224	n/a	n/a
40	San Bernardino City Unified School District / San Bernardino	10 / \$10,359.02	1.23087	n/a	n/a
41	Frank Gates Service Company / El Dorado Hills	3 / \$760.14	1.23204	n/a	n/a
42	Crum & Forster Insurance / Plano, TX	5 / \$824.71	1.25078	n/a	n/a
43	State Compensation Insurance Fund / Pleasanton	11 / \$26,667.73	1.26277	n/a	n/a
44	State Compensation Insurance Fund CMS / Santa Ana	2 / \$206.84	1.26495	n/a	n/a
45	Farmers Insurance Group / Simi Valley	8 / \$5,450.35	1.29067	n/a	n/a
46	Sedgwick Claims Management Services / Ontario	15 / \$10,015.45	1.32914	n/a	n/a
47	State Compensation Insurance Fund (Risk) / San Francisco	6 / \$12,336.66	1.37001	n/a	n/a
48	Sentry Insurance & Parker Services / Stevens Point, WI	7 / \$3,975.20	1.37374	n/a	n/a
49	Gallagher Bassett Services / Elk Grove	8 / \$9,679.86	1.39769	n/a	n/a
50	Sempra Energy Corp - Southern California Gas / Los Angeles	10 / \$12,178.44	1.39895	n/a	n/a

DWC ADMINISTRATIVE DIRECTOR'S 2008 AUDIT RANKING REPORT

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

	Routine and Target Audits conducted pursuant to Labor Code Sections 129(b)(1)(2)(3), and 129.5(c)(1)(2)(3) (Rankings from best to worst performers) AUDIT SUBJECT / LOCATION	Unpaid Compensation All Claim Files # Notices / \$ Value	PAR Standard 1.82401	FCA Stage 1 Standard 2.14048	FCA Stage 2 Standard 2.14048
51	County of San Bernardino Risk Mgmt / San Bernardino	12 / \$16,945.41	1.43368	n/a	n/a
52	Argonaut Insurance Group / Fresno	10 / \$5,922.70	1.44095	n/a	n/a
53	F A Richard & Associates / Signal Hill	6 / \$10,414.94	1.47352	n/a	n/a
54	GAB Robins Risk Management Service / Ontario	11 / \$3,965.77	1.48205	n/a	n/a
55	The Travelers Companies / Orange	14 / \$13,566.94	1.48525	n/a	n/a
56	County of Santa Barbara / Santa Barbara	7 / \$10,039.68	1.53667	n/a	n/a
57	Great West Casualty Insurance / South Sioux City, NE	3 / \$2,775.60	1.59988	n/a	n/a
58	Sedgwick Claims Management Services #138 / Pasadena	12 / \$6,759.67	1.72156	n/a	n/a
59	Berkshire Hathaway Homestate Company / Pasadena	9 / \$3,037.90	1.72516	n/a	n/a
60	Preferred Employers Insurance / Walnut Creek	12 / \$6,072.55	1.74140	n/a	n/a
61	CompWest Insurance Company / Santa Ana	14 / \$13,984.51	1.74801	n/a	n/a
62	TriStar Risk Management / Signal Hill	11 / \$15,944.69	1.75408	n/a	n/a
63	Liberty Mutual Ins & Helmsman Mgmt Svcs / Glendale	12 / \$12,737.06	1.75629	n/a	n/a
64	Matrix Absence Management / Rocklin	8 / \$17,217.44	1.75941	n/a	n/a
65	State Compensation Insurance Fund / Riverside	14 / \$14,060.47	1.76954	n/a	n/a
66	State Compensation Insurance Fund / Fairfield	13 / \$19,459.63	1.78312	n/a	n/a
<p><i>Nine audit subjects under the Profile Audit Review (LC 129) failed to meet or exceed the PAR standard (1.82401 or less). The audit proceeded to the Full Compliance Audit Stage 1 [LC 129(b)(2)] and two of the nine met or exceeded the FCA standard (2.14048 or less). Administrative penalties pursuant to Labor Code 129.5(c)(2) were assessed and unpaid compensation found due injured workers within each claim file was ordered paid.</i></p>					
67	USS POSCO Industries / Pittsburg	11 / \$9,704.82	1.98940	1.74740	n/a
68	Crum & Forster Insurance / Orange	34 / \$33,005.99	2.15257	1.95738	n/a

DWC ADMINISTRATIVE DIRECTOR'S 2008 AUDIT RANKING REPORT

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

	Routine and Target Audits conducted pursuant to Labor Code Sections 129(b)(1)(2)(3), and 129.5(c)(1)(2)(3) (Rankings from best to worst performers) AUDIT SUBJECT / LOCATION	Unpaid Compensation All Claim Files # Notices / \$ Value	PAR Standard 1.82401	FCA Stage 1 Standard 2.14048	FCA Stage 2 Standard 2.14048
	<i>Seven audit subjects under the Profile Audit Review (LC 129) failed to meet or exceed the PAR standard (1.82401 or less) and proceeded to the Full Compliance Audit Stage 1 [LC 129(b)(2)] where they failed to meet or exceed the FCA standard (2.14048 or less). The audit then extended to the Full Compliance Audit Stage 2 [LC 129(b)(2)] for a comprehensive and detailed review of the audit subject's performance. Administrative penalties pursuant to Labor Code 129.5(c)(3) were assessed and unpaid compensation found due injured workers within each claim file was ordered paid.</i>				
69	RiComp Claims & Rockwell Int'l Corp / Cypress	9 / \$3,978.94	2.61419	2.37382	2.37382
70	Utica National Insurance / Richardson, TX	0 / \$0.00	4.00000	4.00000	3.00000
71	Power & Associates / Paso Robles	1 / \$2,108.45	3.10157	3.10157	3.10157
72	Unigard Insurance Company / Bellevue, WA	1 / \$37.80	3.80000	3.84497	3.84497
73	Broadspire, A Crawford Company / Santa Ana	46 / \$121,381.61	4.09137	4.21659	3.92346
74	Lance Camper Manufacturing Corporation / Lancaster	8 / 32,025.00	5.58822	4.62674	4.62674
75	Ameron International Group / Pasadena	25 / 56,027.15	7.61301	8.37150	8.33532

* The audits conducted of the Uninsured Employers Benefits Trust Fund are not subject to a performance rating.

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.

Individual Exhibit 1C ~ 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 2 performance standard factor for this audit subject. It includes the number of indemnity files and denied claim 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 2 ~ Penalty Assessments and Collections separates the schedule of administrative penalties in Title 8, California Code of Regulations section 10111.2 into various categories showing totals and amounts of assessable administrative penalties for this individual audit finding.

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

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: LAO-21-08-R1-5

Subject: Accelerated Claims Services, Inc

Location: Santa Ana

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 6 divide by # claims with payable indem 20 = 0.30000

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

Total unpd indem. = \$ 2,396.77 divide by # of claims with obligation to pay indem. 20
 Avg Unpd Ind = \$ 119.84

C. Severity Rate

Avg Unpd Indem \$ 119.84 divide by avg unpd indem 2004-2006 of \$ 180.42 = 0.66422

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.30000 X Severity rate 0.66422 X modifier of 2
 = 0.39853

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

# claims with late 1st TD	1	divide by # with TD payments	19	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	1	divide by	19	=
				0.05263

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

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

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 1 divide by # with subsequent payments 13 =
0.07692

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

# claims with AME/QME notice violations	0	divide by # requiring notices	17	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
Totals	0		17	

= 0.00000

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2008

0.77809

Profile Audit Review Performance Rating of 1.82402 or greater is a failing score.

Calendar Year: 2008

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: LAO-21-08-R1-5

Subject: Accelerated Claims Services, Inc.

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	\$200	\$200	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	1	\$400	\$400	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$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	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with 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.	5	\$2,800	\$2,800	\$0	\$0	
Failure to pay any PD indemnity benefit.	1	\$800	\$800	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	2	\$350	\$350	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	11	\$4,710	\$4,710	\$0	\$0	

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

Calendar Year: 2008
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-21-08-R1-5

Subject: Accelerated Claims Services, Inc.

Location: Santa Ana

Type: TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$72.77			\$7.28			\$80.05
2		\$319.68		\$31.97			\$351.65
3	\$36.78			\$3.68			\$40.46
4	\$443.56			\$44.36			\$487.92
5	\$547.86			\$116.50			\$664.36
6	\$702.12			\$70.21			\$772.33
7				\$37.00			\$37.00
TOTAL	\$1,803.09	\$319.68	\$0.00	\$311.00	\$0.00	\$0.00	\$2,433.77

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: SAC-18-08-R1-5

Subject: Acclamation Insurance Management Service

Location: Fresno

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 2 divide by # claims with payable indem 57 = 0.03509

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

Total unpd indem. = \$ 74.39 divide by # of claims with obligation to pay indem. 57
 Avg Unpd Ind = \$ 1.31

C. Severity Rate

Avg Unpd Indem \$ 1.31 divide by avg unpd indem 2004-2006 of \$ 180.42 = 0.00723

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.03509 X Severity rate 0.00723 X modifier of 2
 = 0.00051

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

# claims with late 1st TD	4	divide by # with TD payments	17	
# claims with late first SC notice	13	divide by # with salary continuation	38	
Totals	17	divide by	Totals 55	=
				0.30909

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

# claims with late first PD	3	divide by # with first PD	16	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	3	divide by	Totals 16	=
				0.18750

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 2 divide by # with subsequent payments 17 =
0.11765

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

# claims with AME/QME notice violations	10	divide by # requiring notices	30	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
Totals	10		Totals 30	
				=
				0.33333

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2008

Profile Audit Review Performance Rating of 1.82402 or greater is a failing score.

0.94808

Calendar Year: 2008

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: SAC-18-08-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)	5	\$8,750	\$8,750	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	3	\$960	\$960	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	2	\$420	\$420	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	13	\$610	\$610	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	10	\$4,100	\$4,100	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	1	\$200	\$200	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	1	\$100	\$100	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	35	\$15,140	\$15,140	\$0	\$0	

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

Calendar Year: 2008
Notices of Compensation Due

Individual Exhibit 3

Audit No: SAC-18-08-R1-5

Subject: Acclamation Insurance Management Services

Location: Fresno

Type: TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1				\$12.54			\$12.54
2	\$56.23			\$5.62			\$61.85
TOTAL	\$56.23	\$0.00	\$0.00	\$18.16	\$0.00	\$0.00	\$74.39

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: SAC-11-08-R1-2

Subject: Adventist Health System West

Location: Roseville

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 0 divide by # claims with payable indem 53 = 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. 53
 Avg Unpd Ind = \$ -

C. Severity Rate

Avg Unpd Indem \$ - divide by avg unpd indem 2004-2006 of \$ 180.42 = 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 OR FIRST NOTICE OF SC

# claims with late 1st TD	16	divide by # with TD payments	51	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	16	divide by	Totals	51
				=
				0.31373

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

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

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 6 divide by # with subsequent payments 32 =
 0.18750

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

# claims with AME/QME notice violations	8	divide by # requiring notices	33	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
Totals	8		Totals	33

= 0.24242

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2008

0.85476

Profile Audit Review Performance Rating of 1.82402 or greater is a failing score.

Calendar Year: 2008

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	54
Indemnity	53
Medical Only	0
Denied	0
Complaints	1
Additional	0

Audit No: SAC-11-08-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)	18	\$4,390	\$4,390	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	1	\$320	\$320	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	10	\$1,805	\$1,805	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	8	\$2,800	\$2,800	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	0	\$0	\$0	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	0	\$0	\$0	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	37	\$9,315	\$9,315	\$0	\$0	

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

Calendar Year: 2008

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	30
Indemnity	30
Medical Only	0
Denied	0
Complaints	0
Additional	0

Audit No: SAC-03-08-R1-1

Subject: Allied Insurance, a Nationwide 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)	7	\$1,350	\$1,350	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	3	\$1,770	\$1,770	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	4	\$1,310	\$1,310	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	2	\$800	\$800	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	0	\$0	\$0	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	1	\$500	\$500	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	17	\$5,730	\$5,730	\$0	\$0	

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

Calendar Year: 2008
Notices of Compensation Due

Individual Exhibit 3

Audit No: SAC-03-08-R1-1

Subject: Allied Insurance, a Nationwide Company

Location: Sacramento

Type: INS

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1				\$139.43			\$139.43
TOTAL	\$0.00	\$0.00	\$0.00	\$139.43	\$0.00	\$0.00	\$139.43

Profile Audit Review Performance Rating of Randomly Selected Claims

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

Subject: ALPHA Fund

Location: Rancho Cordova

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 14 divide by # claims with payable indem 56 = 0.25000

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

Total unpd indem. = \$ 6,170.89 divide by # of claims with obligation to pay indem. 56
Avg Unpd Ind = \$ 110.19

C. Severity Rate

Avg Unpd Indem \$ 110.19 divide by avg unpd indem 2004-2006 of \$ 180.42 = 0.61077

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.25000 X Severity rate 0.61077 X modifier of 2
= 0.30538

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

# claims with late 1st TD	18	divide by # with TD payments	54	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	18	divide by	Totals 54	=

0.33333

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

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

0.30000

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 3 divide by # with subsequent payments 27 = 0.11111

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

# claims with AME/QME notice violations	5	divide by # requiring notices	29	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
Totals	5	Totals	29	

= 0.17241

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2008

Profile Audit Review Performance Rating of 1.82402 or greater is a failing score.

1.22224

Calendar Year: 2008

Individual Exhibit 2

Penalty Assessments and Collections

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

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

Subject: ALPHA Fund

Location: Rancho Cordova

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)	19	\$6,770	\$6,770	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	5	\$1,520	\$1,520	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	5	\$3,440	\$3,440	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	5	\$1,800	\$1,800	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	12	\$7,600	\$7,600	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any VR indemnity benefit.	1	\$600	\$600	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	3	\$750	\$750	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	50	\$22,480	\$22,480	\$0	\$0	

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

Calendar Year: 2008
Notices of Compensation Due

Individual Exhibit 3

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

Subject: ALPHA Fund

Location: Rancho Cordova Type: SI

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$404.62			\$48.43			\$453.05
2	\$445.28			\$44.53			\$489.81
3	\$3,283.35			\$328.34			\$3,611.69
4						\$44.93	\$44.93
5	\$88.53						\$88.53
6	\$47.15			\$3.68			\$50.83
7	\$48.83						\$48.83
8	\$46.73			\$1.75			\$48.48
9	\$42.63			\$10.23			\$52.86
10	\$42.39			\$4.24			\$46.63
11	\$20.06						\$20.06
12	\$720.00			\$226.00			\$946.00
13				\$21.43			\$21.43
14	\$225.24			\$22.52			\$247.76
TOTAL	\$5,414.81	\$0.00	\$0.00	\$711.15	\$0.00	\$44.93	\$6,170.89

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: OAK-07-08-R1-3

Subject: American Commercial Claims Administrators

Location: San Francisco

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

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

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

Total unpd indem. = \$ 5,220.03 divide by # of claims with obligation to pay indem. 59
Avg Unpd Ind = \$ 88.48

C. Severity Rate

Avg Unpd Indem \$ 88.48 divide by avg unpd indem 2004-2006 of \$ 180.42 = 0.49038

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.20339 X Severity rate 0.49038 X modifier of 2
= 0.19948

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

# claims with late 1st TD	9	divide by # with TD payments	56	
# claims with late first SC notice	0	divide by # with salary continuation	1	
Totals	9	divide by	Totals 57	=
				0.15789

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

# claims with late first PD	1	divide by # with first PD	20	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	1	divide by	Totals 20	=
				0.05000

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

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

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

# claims with AME/QME notice violations	4	divide by # requiring notices	27	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
Totals	4	Totals	27	
				= 0.14815

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2008

Profile Audit Review Performance Rating of 1.82402 or greater is a failing score.

0.74600

Calendar Year: 2008

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	64
Indemnity	59
Medical Only	0
Denied	0
Complaints	5
Additional	0

Audit No: OAK-07-08-R1-3

Subject: American Commercial Claims Administrators

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)	12	\$4,330	\$4,330	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	2	\$180	\$180	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	12	\$2,500	\$2,500	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	4	\$1,200	\$1,200	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	10	\$4,800	\$4,800	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	5	\$900	\$900	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	45	\$13,910	\$13,910	\$0	\$0	

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

Calendar Year: 2008
Notices of Compensation Due

Individual Exhibit 3

Audit No: OAK-07-08-R1-3

Subject: American Commercial Claims Administrators

Location: San Francisco

Type: INS / TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$34.23			\$3.42			\$37.65
2	\$97.04						\$97.04
3	\$74.29						\$74.29
4	\$14.27						\$14.27
5	\$855.10			\$85.51			\$940.61
6	\$11.61			\$1.16			\$12.77
7	\$205.71						\$205.71
8	\$171.43						\$171.43
9				\$153.73			\$153.73
10				\$61.33			\$61.33
11	\$24.40			\$0.70			\$25.10
12	\$3,114.64			\$311.46			\$3,426.10
TOTAL	\$4,602.72	\$0.00	\$0.00	\$617.31	\$0.00	\$0.00	\$5,220.03

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: SAC-07-08-R1-5

Subject: American Professional Risk Service

Location: Clovis

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 0 divide by # claims with payable indem 3 = 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. 3
 Avg Unpd Ind = \$ -

C. Severity Rate

Avg Unpd Indem \$ - divide by avg unpd indem 2004-2006 of \$ 180.42 = 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 OR FIRST NOTICE OF SC

# claims with late 1st TD	1	divide by # with TD payments	3	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	1	divide by	Totals 3	=
				0.33333

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

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

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 0 divide by # with subsequent payments 2 =
0.00000

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

# claims with AME/QME notice violations	2	divide by # requiring notices	3	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
Totals	2	Totals	3	
				= 0.66667

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2008

1.00000

Profile Audit Review Performance Rating of 1.82402 or greater is a failing score.

Calendar Year: 2008

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: SAC-07-08-R1-5

Subject: American Professional Risk Services

Location: Clovis

Type: TPA

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	2	\$250	\$250	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	0	\$0	\$0	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	0	\$0	\$0	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with 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.	0	\$0	\$0	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any VR indemnity benefit.	2	\$700	\$700	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	0	\$0	\$0	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	4	\$950	\$950	\$0	\$0	

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

Penalty Assessments and Collections

Files Audited:	61
Indemnity	48
Medical Only	0
Denied	10
Complaints	1
Additional	2

Audit No: LAO-06-08-R3-2

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)	22	\$9,090	\$0	\$9,090	\$9,090	
Late first payment of permanent disability indemnity benefits (PD).	8	\$5,850	\$0	\$5,850	\$5,850	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	23	\$4,595	\$0	\$4,595	\$4,595	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	53	\$3,200	\$0	\$3,200	\$3,200	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process.	10	\$4,400	\$0	\$4,400	\$4,400	
Failure to pay any TD or SC in lieu of TD.	16	\$10,300	\$0	\$10,300	\$10,300	
Failure to pay any PD indemnity benefit.	12	\$9,200	\$0	\$9,200	\$9,200	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	4	\$1,300	\$0	\$1,300	\$1,300	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	

Calendar Year: 2008
Penalty Assessments and Collections

Files Audited:	61
Indemnity	48
Medical Only	0
Denied	10
Complaints	1
Additional	2

Audit No: LAO-06-08-R3-2

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
Failure to issue benefit notices other than specific notices for VR or denial.	32	\$3,200	\$0	\$3,200	\$3,200	
Failure to pay or object to medical treatment expense in the manner required by law or regulation.	122	\$32,100	\$0	\$32,100	\$32,100	
Failure to pay or object to medical-legal expense in the manner required by law or regulation.	0	\$0	\$0	\$0	\$0	
Failure to pay or object to VR expense in the manner required by law or regulation.	0	\$0	\$0	\$0	\$0	
Failure to timely assign a QRR to an employee after 90 aggregate days of total TD for injuries prior to 1/1/94.	0	\$0	\$0	\$0	\$0	
Failure to provide VR information after 90 aggregate days of total TD (injuries 1/1/94 thru 12/31/03).	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of non-eligibility for VR.	0	\$0	\$0	\$0	\$0	
Failure to provide notices denying all liability or death benefits as required.	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.	1	\$25	\$0	\$25	\$25	
Failure to investigate.	0	\$0	\$0	\$0	\$0	
Late payment of WCAB Orders or Awards or RU Orders for late payment of attorney fees and issues other than late payment of indemnity.	1	\$500	\$0	\$500	\$500	
Penalties for failure to comply with any regulation of the AD not otherwise assessed.	16	\$1,600	\$0	\$1,600	\$1,600	
Unsupported denial of all liability for a claim.	1	\$4,500	\$0	\$4,500	\$4,500	
TOTAL	321	\$89,860	\$0	\$89,860	\$89,860	

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

Calendar Year: 2008
Notices of Compensation Due

Audit No: LAO-06-08-R3-2

Subject: Ameron International Corporation

Location: Pasadena

Type: SI

Item #	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$ 818.18			\$81.82			\$900.00
2	\$69.07			\$6.91			\$75.98
3		\$495.00		\$49.50			\$544.50
4		\$1,474.18		\$147.42			\$1,621.60
5	\$3,022.93			\$248.18			\$3,271.11
6		\$660.00		\$66.00			\$726.00
7	\$1,271.91	\$16,650.00		\$1,792.19			\$19,714.10
8		\$3,450.00		\$345.00			\$3,795.00
9	\$909.51			\$90.95			\$1,000.46
10		\$3,300.00		\$722.86			\$4,022.86
11	\$323.97			\$29.57			\$353.54
12	\$177.26			\$17.73			\$194.99
13		\$2,947.15		\$294.72			\$3,241.87
14		\$1,380.00		\$138.00			\$1,518.00
15		\$1,792.41		\$455.73			\$2,248.14
16	\$462.38			\$46.24			\$508.62
17		\$3,148.71		\$314.87			\$3,463.58
18	\$159.81			\$15.98			\$175.79
19	\$76.49						\$76.49
20	\$2,132.98			\$368.98			\$2,501.96
21				\$102.30			\$102.30
SUBTOTAL	\$9,424.49	\$35,297.45	\$0.00	\$5,334.95	\$0.00	\$0.00	\$50,056.89

Calendar Year: 2008
Notices of Compensation Due

Audit No: LAO-06-08-R3-2

Subject: Ameron International Corporation

Location: Pasadena

Type: SI

Item #	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
22	\$1,092.85			\$109.29			\$1,202.14
23	\$1,885.94			\$188.59			\$2,074.53
24	\$356.30			\$35.63			\$391.93
25	\$2,092.41			\$209.25			\$2,301.66
Page 2 SUBTOTAL	\$5,427.50	\$0.00	\$0.00	\$542.76	\$0.00	\$0.00	\$5,970.26
Page 1 SUBTOTAL	\$9,424.49	\$35,297.45	\$0.00	\$5,334.95	\$0.00	\$0.00	\$50,056.89
TOTAL	\$14,851.99	\$35,297.45	\$0.00	\$5,877.71	\$0.00	\$0.00	\$56,027.15

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: OAK-15-08-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 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. = \$ 3,387.91 divide by # of claims with obligation to pay indem. 58
 Avg Unpd Ind = \$ 58.41

C. Severity Rate

Avg Unpd Indem \$ 58.41 divide by avg unpd indem 2004-2006 of \$ 180.42 = 0.32376

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.05172 X Severity rate 0.32376 X modifier of 2
 = 0.03349

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

# claims with late 1st TD	9	divide by # with TD payments	54	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	9	divide by	Totals	54 =
				0.16667

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

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

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 7 divide by # with subsequent payments 44 =
 0.15909

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

# claims with AME/QME notice violations	11	divide by # requiring notices	31	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
Totals	11	Totals	31	
				= 0.35484

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2008

Profile Audit Review Performance Rating of 1.82402 or greater is a failing score.

0.82520

Calendar Year: 2008

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: OAK-15-08-R1-1

Subject: Applied Risk Services

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)	9	\$5,300	\$5,300	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	3	\$1,000	\$1,000	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	10	\$1,910	\$1,910	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	11	\$4,100	\$4,100	\$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 VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	1	\$50	\$50	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	36	\$17,960	\$17,960	\$0	\$0	

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

Calendar Year: 2008
Notices of Compensation Due

Individual Exhibit 3

Audit No: OAK-15-08-R1-1

Subject: Applied Risk Services

Location: Omaha, NE

Type: INS

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1				\$140.95			\$140.95
2	\$1,894.22			\$167.05			\$2,061.27
3	\$1,185.69						\$1,185.69
TOTAL	\$3,079.91	\$0.00	\$0.00	\$308.00	\$0.00	\$0.00	\$3,387.91

Calendar Year: 2008

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: SAC-14-08-R1-1

Subject: Argonaut Insurance Group

Location: Fresno

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	\$7,520	\$7,520	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	4	\$4,480	\$4,480	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	16	\$3,000	\$3,000	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	17	\$8,200	\$8,200	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	5	\$2,600	\$2,600	\$0	\$0	
Failure to pay any PD indemnity benefit.	1	\$1,600	\$1,600	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	8	\$2,250	\$2,250	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	64	\$29,650	\$29,650	\$0	\$0	

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

Calendar Year: 2008
Notices of Compensation Due

Individual Exhibit 3

Audit No: SAC-14-08-R1-1

Subject: Argonaut Insurance Group

Location: Fresno

Type: INS

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$1,124.72			\$291.71			\$1,416.43
2	\$490.14						\$490.14
3				\$98.46			\$98.46
4				\$754.29			\$754.29
5	\$605.67			\$3.71			\$609.38
6		\$955.00		\$95.50			\$1,050.50
7				\$560.45			\$560.45
8	\$32.38						\$32.38
9				\$489.34			\$489.34
10	\$383.03			\$38.30			\$421.33
TOTAL	\$2,635.94	\$955.00	\$0.00	\$2,331.76	\$0.00	\$0.00	\$5,922.70

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: LAO-22-08-R1-1

Subject: Berkshire Hathaway Homestate Companies - AKA Cypress Insurance Co.

Location: Pasadena

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

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

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

Total unpd indem. = \$ 3,037.90 divide by # of claims with obligation to pay indem. 59
 Avg Unpd Ind = \$ 51.49

C. Severity Rate

Avg Unpd Indem \$ 51.49 divide by avg unpd indem 2004-2006 of \$ 180.42 = 0.28539

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.15254 X Severity rate 0.28539 X modifier of 2
 = 0.08707

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

# claims with late 1st TD	33	divide by # with TD payments	54	
# claims with late first SC notice	2	divide by # with salary continuation	2	
Totals	35	divide by	Totals 56	=
				0.62500

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

# claims with late first PD	7	divide by # with first PD	15	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	7	divide by	Totals 15	=
				0.46667

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 12 divide by # with subsequent payments 32 = 0.37500

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

# claims with AME/QME notice violations	6	divide by # requiring notices	35	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
Totals	6	Totals	35	
				= 0.17143

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2008

Profile Audit Review Performance Rating of 1.82402 or greater is a failing score.

1.72516

Calendar Year: 2008

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	62
Indemnity	59
Medical Only	0
Denied	0
Complaints	3
Additional	0

Audit No: LAO-22-08-R1-1

**Subject: Berkshire Hathaway Homestate Companies -
AKA Cypress Insurance Company**

Location: Pasadena

Type: INS

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	35	\$9,680	\$9,680	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	7	\$4,100	\$4,100	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	20	\$3,055	\$3,055	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	2	\$75	\$75	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process.	5	\$1,300	\$1,300	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	5	\$2,900	\$2,900	\$0	\$0	
Failure to pay any PD indemnity benefit.	1	\$400	\$400	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	2	\$600	\$600	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	1	\$1,200	\$1,200	\$0	\$0	
TOTAL	78	\$23,310	\$23,310	\$0	\$0	

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

Calendar Year: 2008
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-22-08-R1-1

**Subject: Berkshire Hathaway Homestate Companies -
 AKA Cypress Insurance Company**

Location: Pasadena

Type: INS

Item #	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1		\$32.38		\$3.24			\$35.62
2	\$13.34						\$13.34
3	\$345.36						\$345.36
4	\$400.00			\$40.00		\$73.86	\$513.86
5	\$21.33						\$21.33
6	\$574.81						\$574.81
7	\$885.91			\$319.08			\$1,204.99
8	\$274.35			\$27.44			\$301.79
9	\$26.80						\$26.80
TOTAL	\$2,541.90	\$32.38	\$0.00	\$389.76	\$0.00	\$73.86	\$3,037.90

Penalty Assessments and Collections

Files Audited:	181
Indemnity	120
Medical Only	0
Denied	50
Complaints	11
Additional	0

Audit No: LAO-07-08-R3-5

Subject: Broadspire, A Crawford Company

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)	51	\$42,532	\$0	\$42,532	\$42,532	
Late first payment of permanent disability indemnity benefits (PD).	11	\$9,520	\$0	\$9,520	\$9,520	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	254	\$79,516	\$0	\$79,516	\$79,516	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	90	\$5,623	\$0	\$5,623	\$5,623	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	1	\$500	\$0	\$500	\$500	
Failure to comply with requirements to provide notice of the QME/AME process.	8	\$5,040	\$0	\$5,040	\$5,040	
Failure to pay any TD or SC in lieu of TD.	28	\$51,240	\$0	\$51,240	\$51,240	
Failure to pay any PD indemnity benefit.	15	\$21,560	\$0	\$21,560	\$21,560	
Failure to pay any VR indemnity benefit.	1	\$200	\$0	\$200	\$200	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	58	\$15,855	\$0	\$15,855	\$15,855	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	3	\$6,220	\$0	\$6,220	\$6,220	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	3	\$1,500	\$0	\$1,500	\$1,500	

Calendar Year: 2008
Penalty Assessments and Collections

Files Audited:	181
Indemnity	120
Medical Only	0
Denied	50
Complaints	11
Additional	0

Audit No: LAO-07-08-R3-5

Subject: Broadspire, A Crawford Company

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
Failure to issue benefit notices other than specific notices for VR or denial.	184	\$25,250	\$0	\$25,250	\$25,250	
Failure to pay or object to medical treatment expense in the manner required by law or regulation.	75	\$16,415	\$0	\$16,415	\$16,415	
Failure to pay or object to medical-legal expense in the manner required by law or regulation.	24	\$8,455	\$0	\$8,455	\$8,455	
Failure to pay or object to VR expense in the manner required by law or regulation.	0	\$0	\$0	\$0	\$0	
Failure to timely assign a QRR to an employee after 90 aggregate days of total TD for injuries prior to 1/1/94.	0	\$0	\$0	\$0	\$0	
Failure to provide VR information after 90 aggregate days of total TD (injuries 1/1/94 thru 12/31/03).	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of non-eligibility for VR.	0	\$0	\$0	\$0	\$0	
Failure to provide notices denying all liability or death benefits as required.	2	\$420	\$0	\$420	\$420	
Failure to timely respond to a request to provide or authorize medical treatment.	3	\$340	\$0	\$340	\$340	
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.	14	\$1,145	\$0	\$1,145	\$1,145	
Failure to investigate.	2	\$2,100	\$0	\$2,100	\$2,100	
Late payment of WCAB Orders or Awards or RU Orders for late payment of attorney fees and issues other than late payment of indemnity.	21	\$45,440	\$0	\$45,440	\$45,440	
Penalties for failure to comply with any regulation of the AD not otherwise assessed.	8	\$960	\$0	\$960	\$960	
Unsupported denial of all liability for a claim.	2	\$7,980	\$0	\$7,980	\$7,980	
TOTAL	858	\$347,811	\$0	\$347,811	\$347,811	

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

Calendar Year: 2008
Notices of Compensation Due

Audit No: LAO-07-08-R3-5

Subject: Broadspire, A Crawford Company

Location: Orange

Type: TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1		\$455.07		\$68.99			\$524.06
2	\$20,462.88	\$1,994.14		\$1,049.51			\$23,506.53
3		\$100.21		\$101.78			\$201.99
4		\$1,522.81		\$483.70			\$2,006.51
5	\$462.96						\$462.96
6		\$4,709.29		\$634.72			\$5,344.01
7	\$195.34						\$195.34
8				\$236.39			\$236.39
9	\$4,457.65			\$680.77			\$5,138.42
10	\$81.02			\$779.33			\$860.35
11	\$3,546.14	\$7,249.04	\$205.39	\$1,575.52		\$1,679.82	\$14,255.91
12	\$26.85						\$26.85
13				\$69.68			\$69.68
14	\$1,675.24			\$39.68			\$1,714.92
15	\$6,070.56			\$1,520.64		\$744.55	\$8,335.75
16	\$4,990.97			\$162.85			\$5,153.82
17		\$294.06		\$29.41		\$10.72	\$334.19
18	\$67.25			\$6.73			\$73.98
19				\$314.20			\$314.20
20	\$246.26			\$102.63			\$348.89
21	\$546.30						\$546.30
22		\$9,134.72					\$9,134.72
23		\$308.00					\$308.00
SUBTOTAL	\$42,829.42	\$25,767.34	\$205.39	\$7,856.53	\$0.00	\$2,435.09	\$79,093.77

Calendar Year: 2008
Notices of Compensation Due

Audit No: LAO-07-08-R3-5

Subject: Broadspire, A Crawford Company

Location: Orange

Type: TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty interest, or other	Total
24		\$4,980.28					\$4,980.28
25	\$25.50						\$25.50
26	\$2,877.23			\$414.29			\$3,291.52
27						\$46.61	\$46.61
28	\$69.64						\$69.64
29	\$1,895.17						\$1,895.17
30	\$1,796.75			\$528.00			\$2,324.75
31				\$261.16			\$261.16
32	\$396.73						\$396.73
33	\$1,438.44						\$1,438.44
34	\$57.74			\$5.78			\$63.52
35				\$129.00			\$129.00
36		\$5,258.79		\$1,226.62			\$6,485.41
37	\$3,116.08			\$311.61			\$3,427.69
38	\$103.23						\$103.23
39				\$384.00			\$384.00
40	\$110.38						\$110.38
41		\$668.57					\$668.57
42				\$94.33			\$94.33
43	\$1,837.36			\$183.74			\$2,021.10
44		\$1,584.00					\$1,584.00
45		\$7,781.45					\$7,781.45
46		\$3,994.73		\$710.63			\$4,705.36
Page 2 SUBTOTAL	\$13,724.25	\$24,267.82	\$0.00	\$4,249.16	\$0.00	\$46.61	\$42,287.84
Page 1 SUBTOTAL	\$42,829.42	\$25,767.34	\$205.39	\$7,856.53	\$0.00	\$2,435.09	\$79,093.77
TOTAL	\$56,553.67	\$50,035.16	\$205.39	\$12,105.69	\$0.00	\$2,481.70	\$121,381.61

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: OAK-19-08-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 10 divide by # claims with payable indem 57 = 0.17544

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

Total unpd indem. = \$ 4,078.07 divide by # of claims with obligation to pay indem. 57
Avg Unpd Ind = \$ 71.55

C. Severity Rate

Avg Unpd Indem \$ 71.55 divide by avg unpd indem 2004-2006 of \$ 180.42 = 0.39655

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.17544 X Severity rate 0.39655 X modifier of 2
= 0.13914

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

# claims with late 1st TD	12	divide by # with TD payments	40	
# claims with late first SC notice	4	divide by # with salary continuation	24	
Totals	16	divide by	Totals 64	=
				0.25000

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

# claims with late first PD	1	divide by # with first PD	21	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	1	divide by	Totals 21	=
				0.04762

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 10 divide by # with subsequent payments 34 = 0.29412

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

# claims with AME/QME notice violations	16	divide by # requiring notices	38	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
Totals	16	Totals	38	
				= 0.42105

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2008

Profile Audit Review Performance Rating of 1.82402 or greater is a failing score.

1.15193

Calendar Year: 2008

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: OAK-19-08-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)	18	\$2,615	\$2,615	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	2	\$525	\$525	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	16	\$6,645	\$6,645	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	18	\$5,200	\$5,200	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	3	\$1,200	\$1,200	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	9	\$1,550	\$1,550	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	66	\$17,735	\$17,735	\$0	\$0	

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

Calendar Year: 2008
Notices of Compensation Due

Individual Exhibit 3

Audit No: OAK-19-08-R1-6

Subject: City & County of San Francisco

Location: San Francisco Type: SI

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1				\$145.53			\$145.53
2	\$492.72			\$49.27			\$541.99
3				\$229.23			\$229.23
4				\$180.00			\$180.00
5	\$2,362.86						\$2,362.86
6				\$144.57			\$144.57
7				\$32.06			\$32.06
8				\$48.00			\$48.00
9				\$74.75			\$74.75
10	\$83.97			\$235.11			\$319.08
TOTAL	\$2,939.55	\$0.00	\$0.00	\$1,138.52	\$0.00	\$0.00	\$4,078.07

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: SAC-04-08-R1-6

Subject: City of Modesto

Location: Modesto

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 3 divide by # claims with payable indem 44 = 0.06818

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

Total unpd indem. = \$ 1,438.92 divide by # of claims with obligation to pay indem. 44
 Avg Unpd Ind = \$ 32.70

C. Severity Rate

Avg Unpd Indem \$ 32.70 divide by avg unpd indem 2004-2006 of \$ 180.42 = 0.18126

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.06818 X Severity rate 0.18126 X modifier of 2
 = 0.02472

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

# claims with late 1st TD	2	divide by # with TD payments	12	
# claims with late first SC notice	8	divide by # with salary continuation	31	
Totals	10	divide by	Totals 43	=
				0.23256

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

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

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

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

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

# claims with AME/QME notice violations	22	divide by # requiring notices	29	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
Totals	22		Totals 29	
				= 0.75862

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2008

Profile Audit Review Performance Rating of 1.82402 or greater is a failing score.

1.14090

Calendar Year: 2008

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: SAC-04-08-R1-6

Subject: City of Modesto

Location: Modesto

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	\$300	\$300	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	0	\$0	\$0	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	1	\$250	\$250	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	8	\$225	\$225	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	22	\$10,400	\$10,400	\$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.	1	\$400	\$400	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	1	\$150	\$150	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	37	\$12,125	\$12,125	\$0	\$0	

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

Calendar Year: 2008
Notices of Compensation Due

Individual Exhibit 3

Audit No: SAC-04-08-R1-6

Subject: City of Modesto

Location: Modesto

Type: SI

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$250.14	\$891.00		\$114.11			\$1,255.25
2	\$65.18						\$65.18
3				\$118.49			\$118.49
TOTAL	\$315.32	\$891.00	\$0.00	\$232.60	\$0.00	\$0.00	\$1,438.92

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: LAO-24-08-R1-6

Subject: City of Santa Ana

Location: Santa Ana

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY									
<u>A. Frequency Rate</u>									
# claims with unpd indem	2	divide by # claims with payable indem	50	=					0.04000
<u>B. Average Amount of Unpaid Indemnity per Claim with Obligation to Pay Indemnity</u>									
Total unpd indem. =	\$ 481.51	divide by	# of claims with obligation to pay indem.					50	
								Avg Unpd Ind =	\$ 9.63
<u>C. Severity Rate</u>									
Avg Unpd Indem	\$ 9.63	divide by avg unpd indem 2004-2006 of	\$ 180.42	=					0.05338
<u>D. Factor for Failure to pay Undisputed Accrued Indemnity</u>									
Frequency rate	0.04000	X	Severity rate	0.05338	X	modifier of	2	=	0.00427
2. FACTOR FOR LATE FIRST PAYMENT OF TEMPORARY DISABILITY OR FIRST NOTICE OF SC									
# claims with late 1st TD	0	divide by # with TD payments	2						
# claims with late first SC notice	2	divide by # with salary continuation	48						
Totals	2	divide by	Totals	50	=				0.04000
3. FACTOR FOR LATE FIRST PAYMENT OF PERMANENT DISABILITY, VRMA, AND DEATH BENEFITS									
# claims with late first PD	5	divide by # with first PD	12						
# claims with late first VRMA	0	divide by # with first VRMA	0						
# claims with late first DB	0	divide by # with first DB paid	0						
Totals	5	divide by	Totals	12	=				0.41667
4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS									
# claims with late subsequent payments	2	divide by # with subsequent payments	13	=					0.15385
5. FACTOR FOR PROVISION OF AME/QME NOTICES AND NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION									
# claims with AME/QME notice violations	2	divide by # requiring notices	43						
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0						
Totals	2		Totals	43	=				0.04651
PROFILE AUDIT REVIEW PERFORMANCE RATING - 2008									0.66129
Profile Audit Review Performance Rating of 1.82402 or greater is a failing score.									

Calendar Year: 2008

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: LAO-24-08-R1-6

Subject: City of Santa Ana

Location: Santa Ana

Type: SI

Type of Violation	# of Violations	Total \$ Violations Identified	\$ 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).	5	\$1,900	\$1,900	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	3	\$460	\$460	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	2	\$75	\$75	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process.	2	\$700	\$700	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	1	\$200	\$200	\$0	\$0	
Failure to pay any PD indemnity benefit.	2	\$800	\$800	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	1	\$500	\$500	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	16	\$4,635	\$4,635	\$0	\$0	

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

Calendar Year: 2008
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-24-08-R1-6

Subject: City of Santa Ana

Location: Santa Ana

Type: SI

Item #	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1		\$53.48		\$5.35			\$58.83
2	\$205.32	\$106.95		\$110.41			\$422.68
TOTAL	\$205.32	\$160.43	\$0.00	\$115.76	\$0.00	\$0.00	\$481.51

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: VNO-04-08-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 6 divide by # claims with payable indem 35 = 0.17143

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

Total unpd indem. = \$ 1,971.95 divide by # of claims with obligation to pay indem. 35
 Avg Unpd Ind = \$ 56.34

C. Severity Rate

Avg Unpd Indem \$ 56.34 divide by avg unpd indem 2004-2006 of \$ 180.42 = 0.31228

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.17143 X Severity rate 0.31228 X modifier of 2
 = 0.10707

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

# claims with late 1st TD	2	divide by # with TD payments	21	
# claims with late first SC notice	1	divide by # with salary continuation	24	
Totals	3	divide by	45	=
				0.06667

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

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

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 9 divide by # with subsequent payments 27 =
0.33333

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

# claims with AME/QME notice violations	0	divide by # requiring notices	14	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
Totals	0		14	
				= 0.00000

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2008

Profile Audit Review Performance Rating of 1.82402 or greater is a failing score.

0.70707

Calendar Year: 2008

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: VNO-04-08-R1-6

Subject: City of Simi Valley

Location: Simi Valley

Type: SI

Type of Violation	# of Violations	Total \$ Violations Identified	\$ 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).	4	\$1,260	\$1,260	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	14	\$2,530	\$2,530	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	1	\$25	\$25	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process.	0	\$0	\$0	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	3	\$1,200	\$1,200	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	6	\$1,850	\$1,850	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	30	\$7,215	\$7,215	\$0	\$0	

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

Calendar Year: 2008
Notices of Compensation Due

Individual Exhibit 3

Audit No: VNO-04-08-R1-6

Subject: City of Simi Valley

Location: Simi Valley

Type: SI

Item #	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1				\$111.71			\$111.71
2	\$528.03			\$52.80			\$580.83
3				\$130.27			\$130.27
4	\$72.01			\$7.20			\$79.21
5	\$198.41			\$95.23			\$293.64
6				\$776.29			\$776.29
TOTAL	\$798.45	\$0.00	\$0.00	\$1,173.50	\$0.00	\$0.00	\$1,971.95

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: LAO-09-08-R1-6

Subject: City of Torrance

Location: Torrance

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 3 divide by # claims with payable indem 51 = 0.05882

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

Total unpd indem. = \$ 670.80 divide by # of claims with obligation to pay indem. 51
 Avg Unpd Ind = \$ 13.15

C. Severity Rate

Avg Unpd Indem \$ 13.15 divide by avg unpd indem 2004-2006 of \$ 180.42 = 0.07290

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.05882 X Severity rate 0.07290 X modifier of 2
 = 0.00858

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

# claims with late 1st TD	0	divide by # with TD payments	2	
# claims with late first SC notice	7	divide by # with salary continuation	46	
Totals	7	divide by	Totals 48	=
				0.14583

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

# claims with late first PD	0	divide by # with first PD	15	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	0	divide by	Totals 15	=
				0.00000

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

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

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

# claims with AME/QME notice violations	4	divide by # requiring notices	38	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
Totals	4		Totals 38	
				= 0.10526

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2008

Profile Audit Review Performance Rating of 1.82402 or greater is a failing score.

0.56737

Calendar Year: 2008

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: LAO-09-08-R1-6

Subject: City of Torrance

Location: Torrance

Type: SI

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	0	\$0	\$0	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	0	\$0	\$0	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	5	\$1,260	\$1,260	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	7	\$250	\$250	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process.	4	\$1,100	\$1,100	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	3	\$600	\$600	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	0	\$0	\$0	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	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	\$3,210	\$3,210	\$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: CPS-09-08-T1-1

Subject: CNA Insurance

Location: Brea

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 11 divide by # claims with payable indem 59 = 0.18644

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

Total unpd indem. = \$ 11,066.95 divide by # of claims with obligation to pay indem. 59
Avg Unpd Ind = \$ 187.58

C. Severity Rate

Avg Unpd Indem \$ 187.58 divide by avg unpd indem 2004-2006 of \$ 180.42 = 1.03966

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.18644 X Severity rate 1.03966 X modifier of 2
= 0.38767

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

# claims with late 1st TD	14	divide by # with TD payments	57	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	14	divide by	Totals 57	=
				0.24561

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

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

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 17 divide by # with subsequent payments 42 = 0.40476

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

# claims with AME/QME notice violations	2	divide by # requiring notices	37	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
Totals	2	Totals	37	
				= 0.05405

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2008

Profile Audit Review Performance Rating of 1.82402 or greater is a failing score.

1.19210

Calendar Year: 2008

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	64
Indemnity	59
Medical Only	0
Denied	0
Complaints	5
Additional	0

Audit No: CPS-09-08-T1-1

Subject: CNA Insurance

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)	17	\$19,390	\$19,390	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	1	\$1,200	\$1,200	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	1	\$75	\$75	\$0	\$0	
Late subsequent payment of indemnity benefits.	42	\$13,465	\$13,465	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	2	\$900	\$900	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	33	\$14,200	\$14,200	\$0	\$0	
Failure to pay any PD indemnity benefit.	4	\$2,400	\$2,400	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	28	\$4,475	\$4,475	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	1	\$300	\$300	\$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	129	\$56,405	\$56,405	\$0	\$0	

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

Calendar Year: 2008
Notices of Compensation Due

Individual Exhibit 3

Audit No: CPS-09-08-T1-1

Subject: CNA Insurance

Location: Brea

Type: INS

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$597.46						\$597.46
2				\$77.84		\$0.22	\$78.06
3	\$162.96						\$162.96
4				\$450.25			\$450.25
5				\$52.00			\$52.00
6				\$101.20		\$4.46	\$105.66
7	\$57.13						\$57.13
8	\$185.58						\$185.58
9	\$247.65			\$14.41			\$262.06
10	\$1,143.71			\$137.92			\$1,281.63
11	\$1,577.43	\$1,535.28		\$507.03			\$3,619.74
12				\$992.55		\$119.45	\$1,112.00
13		\$145.71		\$36.43		\$151.97	\$334.11
14	\$18.83						\$18.83
15	\$4,325.65						\$4,325.65
TOTAL	\$8,316.40	\$1,680.99	\$0.00	\$2,369.63	\$0.00	\$276.10	\$12,643.12

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: LAO-17-08-R1-1

Subject: CompWest Insurance Company

Location: Santa Ana

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 14 divide by # claims with payable indem 57 = 0.24561

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

Total unpd indem. = \$ 13,984.51 divide by # of claims with obligation to pay indem. 57
Avg Unpd Ind = \$ 245.34

C. Severity Rate

Avg Unpd Indem \$ 245.34 divide by avg unpd indem 2004-2006 of \$ 180.42 = 1.35984

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.24561 X Severity rate 1.35984 X modifier of 2
= 0.66799

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

# claims with late 1st TD	23	divide by # with TD payments	55	
# claims with late first SC notice	1	divide by # with salary continuation	1	
Totals	24	divide by	Totals 56	=
				0.42857

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

# claims with late first PD	2	divide by # with first PD	15	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	2	divide by	Totals 15	=
				0.13333

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 20 divide by # with subsequent payments 46 = 0.43478

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

# claims with AME/QME notice violations	3	divide by # requiring notices	36	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
Totals	3		Totals 36	
				= 0.08333

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2008

Profile Audit Review Performance Rating of 1.82402 or greater is a failing score.

1.74801

Calendar Year: 2008

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: LAO-17-08-R1-1

Subject: CompWest Insurance Company

Location: Santa Ana

Type: INS

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	24	\$6,210	\$6,210	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	2	\$1,900	\$1,900	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	38	\$14,580	\$14,580	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	1	\$50	\$50	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process.	4	\$1,500	\$1,500	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	11	\$8,000	\$8,000	\$0	\$0	
Failure to pay any PD indemnity benefit.	3	\$3,600	\$3,600	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	14	\$2,800	\$2,800	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	97	\$38,640	\$38,640	\$0	\$0	

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

Calendar Year: 2008
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-17-08-R1-1

Subject: CompWest Insurance Company

Location: Santa Ana

Type: INS

Item #	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$162.00			\$41.40			\$203.40
2	\$384.17			\$26.75			\$410.92
3	\$540.92	\$2,352.57					\$2,893.49
4		\$2,760.00					\$2,760.00
5	\$1,531.11			\$390.19			\$1,921.30
6	\$144.89			\$255.41			\$400.30
7	\$220.11			\$22.01			\$242.12
8	\$82.17						\$82.17
9	\$67.52			\$6.75			\$74.27
10				\$246.27			\$246.27
11	\$28.32						\$28.32
12	\$42.80			\$4.28			\$47.08
13		\$4,025.50		\$604.15		\$9.39	\$4,639.04
14	\$16.84			\$18.99			\$35.83
TOTAL	\$3,220.85	\$9,138.07	\$0.00	\$1,616.20	\$0.00	\$9.39	\$13,984.51

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: OAK-05-08-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 4 divide by # claims with payable indem 56 = 0.07143

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

Total unpd indem. = \$ 4,705.31 divide by # of claims with obligation to pay indem. 56
Avg Unpd Ind = \$ 84.02

C. Severity Rate

Avg Unpd Indem \$ 84.02 divide by avg unpd indem 2004-2006 of \$ 180.42 = 0.46571

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.07143 X Severity rate 0.46571 X modifier of 2
= 0.06653

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

# claims with late 1st TD	0	divide by # with TD payments	10	
# claims with late first SC notice	12	divide by # with salary continuation	50	
Totals	12	divide by	Totals 60	=
				0.20000

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

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

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 1 divide by # with subsequent payments 10 = 0.10000

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

# claims with AME/QME notice violations	10	divide by # requiring notices	31	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
Totals	10	Totals	31	
				= 0.32258

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2008

Profile Audit Review Performance Rating of 1.82402 or greater is a failing score.

0.78911

Calendar Year: 2008

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: OAK-05-08-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)	1	\$250	\$250	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	2	\$940	\$940	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	2	\$350	\$350	\$0	\$0	
Late first payment of death benefits (DB).	1	\$4,000	\$4,000	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	11	\$455	\$455	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	10	\$2,300	\$2,300	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	1	\$3,000	\$3,000	\$0	\$0	
Failure to pay any PD indemnity benefit.	3	\$1,600	\$1,600	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	3	\$1,150	\$1,150	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	34	\$14,045	\$14,045	\$0	\$0	

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

Calendar Year: 2008
Notices of Compensation Due

Individual Exhibit 3

Audit No: OAK-05-08-R1-6

Subject: Contra Costa County Schools Insurance Group

Location: Pleasant Hill

Type: SI

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1		\$1,375.00		\$137.50			\$1,512.50
2		\$887.68		\$582.07			\$1,469.75
3				\$42.88			\$42.88
4	\$1,552.34			\$127.84			\$1,680.18
TOTAL	\$1,552.34	\$2,262.68	\$0.00	\$890.29	\$0.00	\$0.00	\$4,705.31

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: LAO-28-08-R1-6

Subject: County of San Bernardino Risk Management

Location: San Bernardino

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

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

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

Total unpd indem. = 15930.28 divide by # of claims with obligation to pay indem. 56
Avg Unpd Ind = \$ 284.47

C. Severity Rate

Avg Unpd Indem \$ 284.47 divide by avg unpd indem 2004-2006 of \$180.42 = 1.57671

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.17857 X Severity rate 1.57671 X modifier of 2
= 0.56311

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

# claims with late 1st TD	5	divide by # with TD payments	27	
# claims with late first SC notice	15	divide by # with salary continuation	29	
Totals	20	divide by	Totals 56	=
				0.35714

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

# claims with late first PD	4	divide by # with first PD	29	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	4	divide by	Totals 29	=
				0.13793

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 6 divide by # with subsequent payments 44 = 0.13636

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

# claims with AME/QME notice violations	11	divide by # requiring notices	46	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
Totals	11		Totals 46	
				= 0.23913

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2008

Profile Audit Review Performance Rating of 1.82402 or greater is a failing score.

1.43368

Calendar Year: 2008

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	59
Indemnity	56
Medical Only	0
Denied	0
Complaints	3
Additional	0

Audit No: LAO-28-08-R1-6

Subject: County of San Bernardino Risk Management

Location: San Bernardino

Type: SI

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	5	\$1,580	\$1,580	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	4	\$1,150	\$1,150	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	10	\$2,900	\$2,900	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	15	\$610	\$610	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	11	\$4,700	\$4,700	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	6	\$8,000	\$8,000	\$0	\$0	
Failure to pay any PD indemnity benefit.	4	\$3,100	\$3,100	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	7	\$1,700	\$1,700	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	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	63	\$25,340	\$25,340	\$0	\$0	

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

Calendar Year: 2008
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-28-08-R1-6

Subject: County of San Bernardino Risk Management

Location: San Bernardino Type: SI

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1				\$727.32		\$111.86	\$839.18
2	\$1,099.52			\$109.95			\$1,209.47
3	\$0.05	\$3,972.43		\$749.14			\$4,721.62
4				\$175.95			\$175.95
5	\$53.86			\$5.39			\$59.25
6		\$2,514.07		\$251.41			\$2,765.48
7	\$1,907.61			\$383.14			\$2,290.75
8		\$198.00		\$19.80		\$21.16	\$238.96
9				\$352.00			\$352.00
10	\$197.27			\$19.73			\$217.00
11		\$1,162.31		\$116.23			\$1,278.54
12		\$2,405.14		\$240.51		\$151.56	\$2,797.21
TOTAL	\$3,258.31	\$10,251.95	\$0.00	\$3,150.57	\$0.00	\$284.58	\$16,945.41

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: VNO-01-08-R1-6

Subject: County of Santa Barbara

Location: Santa Barbara

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 7 divide by # claims with payable indem 45 = 0.15556

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

Total unpd indem. = \$ 10,039.68 divide by # of claims with obligation to pay indem. 45
Avg Unpd Ind = \$ 223.10

C. Severity Rate

Avg Unpd Indem \$ 223.10 divide by avg unpd indem 2004-2006 of \$ 180.42 = 1.23658

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.15556 X Severity rate 1.23658 X modifier of 2
= 0.38471

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

# claims with late 1st TD	1	divide by # with TD payments	16	
# claims with late first SC notice	9	divide by # with salary continuation	27	
Totals	10	divide by	Totals 43	=
				0.23256

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

# claims with late first PD	4	divide by # with first PD	10	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	4	divide by	Totals 10	=
				0.40000

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 5 divide by # with subsequent payments 16 = 0.31250

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

# claims with AME/QME notice violations	6	divide by # requiring notices	29	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
Totals	6	Totals	29	
				= 0.20690

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2008

Profile Audit Review Performance Rating of 1.82402 or greater is a failing score.

1.53667

Calendar Year: 2008

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: VNO-01-08-R1-6

Subject: County of Santa Barbara

Location: Santa Barbara

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).	4	\$2,000	\$2,000	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	7	\$2,540	\$2,540	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	9	\$550	\$550	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	6	\$2,200	\$2,200	\$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.	4	\$3,100	\$3,100	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	3	\$800	\$800	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	37	\$12,290	\$12,290	\$0	\$0	

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

Calendar Year: 2008
Notices of Compensation Due

Individual Exhibit 3

Audit No: VNO-01-08-R1-6

Subject: County of Santa Barbara

Location: Santa Barbara

Type: SI

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1		\$4,519.93		\$451.99			\$4,971.92
2				\$519.04			\$519.04
3		\$1,202.46		\$120.25			\$1,322.71
4		\$75.43		\$18.85			\$94.28
5	\$128.20			\$12.82			\$141.02
6	\$644.48	\$189.82		\$83.43			\$917.73
7		\$1,884.53		\$188.45			\$2,072.98
TOTAL	\$772.68	\$7,872.17	\$0.00	\$1,394.83	\$0.00	\$0.00	\$10,039.68

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: LAO-11-08-R2-1

Subject: Crum & Forster Insurance

Location: Orange

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 18 divide by # claims with payable indem 58 = 0.31034

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

Total unpd indem. = \$ 18,455.34 divide by # of claims with obligation to pay indem. 58
 Avg Unpd Ind = \$ 318.20

C. Severity Rate

Avg Unpd Indem \$ 318.20 divide by avg unpd indem 2004-2006 of \$ 180.42 = 1.76364

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.31034 X Severity rate 1.76364 X modifier of 2
 = 1.09467

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

# claims with late 1st TD	20	divide by # with TD payments	56	
# claims with late first SC notice	0	divide by # with salary continuation	2	
Totals	20	divide by	Totals 58	=

0.34483

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

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

0.23529

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 20 divide by # with subsequent payments 45 =
 0.44444

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

# claims with AME/QME notice violations	1	divide by # requiring notices	30	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
Totals	1		Totals 30	

= 0.03333

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2008

Profile Audit Review Performance Rating of 1.82401 or greater is a failing score.

2.15257

Calendar Year: 2008

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	135
Indemnity	130
Medical Only	0
Denied	0
Complaints	5
Additional	0

Audit No: LAO-11-08-R2-1

Subject: Crum & Forster Insurance

Location: Orange

Type: INS

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	50	\$22,760	\$0	\$22,760	\$22,760	
Late first payment of permanent disability indemnity benefits (PD).	10	\$6,760	\$0	\$6,760	\$6,760	
Late first payment of vocational rehabilitation indemnity benefits (VR).	3	\$1,850	\$0	\$1,850	\$1,850	
Late subsequent payment of indemnity benefits.	194	\$41,660	\$0	\$41,660	\$41,660	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	2	\$500	\$500	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process.	9	\$3,900	\$3,900	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	27	\$30,000	\$0	\$30,000	\$30,000	
Failure to pay any PD indemnity benefit.	5	\$2,000	\$0	\$2,000	\$2,000	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	42	\$7,100	\$0	\$7,100	\$7,100	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	342	\$116,530	\$4,400	\$112,130	\$112,130	

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

Calendar Year: 2008
Notices of Compensation Due

Audit No: LAO-11-08-R2-1

Subject: Crum & Forster Insurance

Location: Orange

Type: INS

Item #	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$335.52						\$335.52
2				\$126.86			\$126.86
3	\$27.22						\$27.22
4	\$1,213.48			\$88.39			\$1,301.87
5	\$236.04			\$63.77			\$299.81
6	\$2,491.36			\$1,086.59			\$3,577.95
7	\$1,106.10	\$49.29		\$115.54			\$1,270.93
8		\$926.54		\$92.65			\$1,019.19
9				\$24.00			\$24.00
10	\$295.36			\$29.54			\$324.90
11	\$271.07			\$258.24			\$529.31
12	\$1,141.47			\$267.81			\$1,409.28
13				\$13.77			\$13.77
14	\$58.78			\$35.00			\$93.78
15		\$53.99		\$5.40			\$59.39
16	\$19.70						\$19.70
17	\$1,467.23			\$123.36			\$1,590.59
18	\$906.16	\$1,363.18					\$2,269.34
19	\$105.91						\$105.91
20		\$511.84					\$511.84
21	\$162.84						\$162.84
SUBTOTAL	\$9,838.24	\$2,904.84	\$0.00	\$2,330.92	\$0.00	\$0.00	\$15,074.00

Calendar Year: 2008
Notices of Compensation Due

Audit No: LAO-11-08-R2-1

Subject: Crum & Forster Insurance

Location: Orange

Type: INS

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
22	\$2,763.94			\$688.63			\$3,452.57
23				\$64.38			\$64.38
24	\$5,868.12			\$617.26			\$6,485.38
25	\$16.48						\$16.48
26	\$45.29			\$49.86			\$95.15
27				\$267.14			\$267.14
28	\$276.02			\$32.63			\$308.65
29	\$376.54			\$466.53			\$843.07
30	\$892.93			\$335.26			\$1,228.19
31	\$81.52						\$81.52
32	\$163.89						\$163.89
33	\$83.94						\$83.94
34	\$4,786.76			\$54.87			\$4,841.63
Page 2 SUBTOTAL	\$15,355.43	\$0.00	\$0.00	\$2,576.56	\$0.00	\$0.00	\$17,931.99
Page 1 SUBTOTAL	\$9,838.24	\$2,904.84	\$0.00	\$2,330.92	\$0.00	\$0.00	\$15,074.00
TOTAL	\$25,193.67	\$2,904.84	\$0.00	\$4,907.48	\$0.00	\$0.00	\$33,005.99

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: OAK-11-08-R1-1

Subject: Crum & Forster Insurance

Location: Plano, TX

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 5 divide by # claims with payable indem 53 = 0.09434

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

Total unpd indem. = \$ 824.71 divide by # of claims with obligation to pay indem. 53
Avg Unpd Ind = \$ 15.56

C. Severity Rate

Avg Unpd Indem \$ 15.56 divide by avg unpd indem 2004-2006 of \$ 180.42 = 0.08625

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.09434 X Severity rate 0.08625 X modifier of 2
= 0.1627

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

# claims with late 1st TD	15	divide by # with TD payments	50	
# claims with late first SC notice	1	divide by # with salary continuation	1	
Totals	16	divide by	Totals 51	=

0.31373

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

# claims with late first PD	4	divide by # with first PD	11	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	4	divide by	Totals 11	=

0.36364

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 1 divide by # with subsequent payments 30 = 0.03333

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

# claims with AME/QME notice violations	11	divide by # requiring notices	21	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
Totals	11	Totals	21	

= 0.52381

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2008

Profile Audit Review Performance Rating of 1.82402 or greater is a failing score.

1.25078

Calendar Year: 2008

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	54
Indemnity	53
Medical Only	0
Denied	0
Complaints	1
Additional	0

Audit No: OAK-11-08-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)	17	\$8,070	\$8,070	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	4	\$1,390	\$1,390	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	6	\$1,385	\$1,385	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	1	\$80	\$80	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	11	\$4,100	\$4,100	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	5	\$1,200	\$1,200	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	0	\$0	\$0	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	44	\$16,225	\$16,225	\$0	\$0	

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

Calendar Year: 2008
Notices of Compensation Due

Individual Exhibit 3

Audit No: OAK-11-08-R1-1

Subject: Crum & Forster Insurance

Location: Plano, TX

Type: INS

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$10.82			\$5.78			\$16.60
2	\$26.64						\$26.64
3	\$612.79			\$13.31			\$626.10
4	\$73.86						\$73.86
5	\$81.51						\$81.51
TOTAL	\$805.62	\$0.00	\$0.00	\$19.09	\$0.00	\$0.00	\$824.71

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: LAO-05-08-R1-5

Subject: F A Richard & Associates

Location: Signal Hill

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 6 divide by # claims with payable indem 57 = 0.10526

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

Total unpd indem. = \$ 10,414.94 divide by # of claims with obligation to pay indem. 57
Avg Unpd Ind = \$ 182.72

C. Severity Rate

Avg Unpd Indem \$ 182.72 divide by avg unpd indem 2004-2006 of \$ 180.42 = 1.01274

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.10526 X Severity rate 1.01274 X modifier of 2
= 0.21321

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

# claims with late 1st TD	19	divide by # with TD payments	54	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	19	divide by	Totals 54	=
				0.35185

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

# claims with late first PD	5	divide by # with first PD	19	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	5	divide by	Totals 19	=
				0.26316

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 23 divide by # with subsequent payments 39 = 0.58974

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

# claims with AME/QME notice violations	2	divide by # requiring notices	36	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
Totals	2	Totals	36	=
				0.05556

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2008

Profile Audit Review Performance Rating of 1.82402 or greater is a failing score.

1.47352

Calendar Year: 2008

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: LAO-05-08-R1-5

Subject: F A Richard & Associates

Location: Signal Hill

Type: TPA

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	20	\$6,190	\$6,190	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	5	\$3,860	\$3,860	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	57	\$9,020	\$9,020	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with 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	\$2,500	\$2,500	\$0	\$0	
Failure to pay any PD indemnity benefit.	1	\$1,500	\$1,500	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	1	\$500	\$500	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	1	\$3,000	\$3,000	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	91	\$27,570	\$27,570	\$0	\$0	

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

Calendar Year: 2008
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-05-08-R1-5

Subject: F A Richard & Associates

Location: Signal Hill

Type: TPA

Item #	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$848.57						\$848.57
2		\$4,673.63		\$467.36			\$5,140.99
3	\$24.48						\$24.48
4	\$444.25						\$444.25
5		\$3,416.23		\$509.12			\$3,925.35
6	\$31.30						\$31.30
TOTAL	\$1,348.60	\$8,089.86	\$0.00	\$976.48	\$0.00	\$0.00	\$10,414.94

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: LAO-26-08-R1-1

Subject: Farmers Insurance Group

Location: Orange

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. = \$ 1,922.89 divide by # of claims with obligation to pay indem. 55
 Avg Unpd Ind = \$ 34.96

C. Severity Rate

Avg Unpd Indem \$ 34.96 divide by avg unpd indem 2004-2006 of \$ 180.42 = 0.19378

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.07273 X Severity rate 0.19378 X modifier of 2
 = 0.02819

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

# claims with late 1st TD	20	divide by # with TD payments	51	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	20	divide by	51	=
				0.39216

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

# claims with late first PD	7	divide by # with first PD	20	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	7	divide by	20	=
				0.35000

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 10 divide by # with subsequent payments 40 =
0.25000

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

# claims with AME/QME notice violations	4	divide by # requiring notices	33	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
Totals	4		33	
				= 0.12121

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2008

Profile Audit Review Performance Rating of 1.82402 or greater is a failing score.

1.14156

Calendar Year: 2008

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: LAO-26-08-R1-1

Subject: Farmers Insurance Group

Location: Orange

Type: INS

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	21	\$16,060	\$16,060	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	7	\$4,380	\$4,380	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	40	\$18,350	\$18,350	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process.	4	\$1,500	\$1,500	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	2	\$800	\$800	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	2	\$1,000	\$1,000	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	76	\$42,090	\$42,090	\$0	\$0	

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

Calendar Year: 2008
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-26-08-R1-1

Subject: Farmers Insurance Group

Location: Orange

Type: INS

Item #	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1				\$759.00			\$759.00
2				\$455.76			\$455.76
3	\$132.25						\$132.25
4	\$545.04			\$30.84			\$575.88
TOTAL	\$677.29	\$0.00	\$0.00	\$1,245.60	\$0.00	\$0.00	\$1,922.89

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: VNO-05-08-R1-1

Subject: Farmers Insurance Group

Location: Simi Valley

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

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

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

Total unpd indem. = \$ 5,450.35 divide by # of claims with obligation to pay indem. 57
 Avg Unpd Ind = \$ 95.62

C. Severity Rate

Avg Unpd Indem \$ 95.62 divide by avg unpd indem 2004-2006 of \$ 180.42 = 0.52999

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.14035 X Severity rate 0.52999 X modifier of 2
 = 0.14877

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

# claims with late 1st TD	20	divide by # with TD payments	50	
# claims with late first SC notice	1	divide by # with salary continuation	1	
Totals	21	divide by	51	=
				0.41176

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

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

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 12 divide by # with subsequent payments 34 =
0.35294

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

# claims with AME/QME notice violations	7	divide by # requiring notices	42	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
Totals	7		42	=
				0.16667

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2008

Profile Audit Review Performance Rating of 1.82402 or greater is a failing score.

1.29067

Calendar Year: 2008

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	60
Indemnity	57
Medical Only	0
Denied	0
Complaints	3
Additional	0

Audit No: VNO-05-08-R1-1

Subject: Farmers Insurance Group

Location: Simi Valley

Type: INS

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	21	\$7,920	\$7,920	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	4	\$1,050	\$1,050	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	21	\$15,560	\$15,560	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	1	\$50	\$50	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process.	7	\$1,700	\$1,700	\$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.	3	\$1,600	\$1,600	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	1	\$500	\$500	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	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	62	\$30,980	\$30,980	\$0	\$0	

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

Calendar Year: 2008
Notices of Compensation Due

Individual Exhibit 3

Audit No: VNO-05-08-R1-1

Subject: Farmers Insurance Group

Location: Simi Valley Type: INS

Item #	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1		\$2,129.15				\$159.26	\$2,288.41
2	\$120.00						\$120.00
3		\$1,860.24					\$1,860.24
4	\$241.27			\$24.13			\$265.40
5		\$103.46		\$10.35			\$113.81
6		\$148.86		\$14.89			\$163.75
7	\$495.24			\$49.52			\$544.76
8				\$93.98			\$93.98
TOTAL	\$856.51	\$4,241.71	\$0.00	\$192.87	\$0.00	\$159.26	\$5,450.35

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: OAK-14-08-R1-1

Subject: Federated Rural Electric Insurance

Location: Lenexa, KS

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

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

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

Total unpd indem. = \$ 12.13 divide by # of claims with obligation to pay indem. 3
 Avg Unpd Ind = \$ 4.04

C. Severity Rate

Avg Unpd Indem \$ 4.04 divide by avg unpd indem 2004-2006 of \$ 180.42 = 0.02241

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.33333 X Severity rate 0.02241 X modifier of 2
 = 0.01494

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

# claims with late 1st TD	0	divide by # with TD payments	3	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	0	divide by	3	=
				0.00000

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

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

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 1 divide by # with subsequent payments 2 =
0.50000

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

# claims with AME/QME notice violations	0	divide by # requiring notices	0	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
Totals	0		0	
				= 0.00000

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2008

Profile Audit Review Performance Rating of 1.82402 or greater is a failing score.

0.51494

Calendar Year: 2008

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: OAK-14-08-R1-1

Subject: Federated Rural Electric Insurance

Location: Lenexa, KS

Type: INS

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	0	\$0	\$0	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	0	\$0	\$0	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	1	\$100	\$100	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with 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.	1	\$200	\$200	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	0	\$0	\$0	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	2	\$300	\$300	\$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-10-08-R1-5

Subject: Frank Gates Service Company

Location: El Dorado Hills

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

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

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

Total unpd indem. = \$ 760.14 divide by # of claims with obligation to pay indem. 40
Avg Unpd Ind = \$ 19.00

C. Severity Rate

Avg Unpd Indem \$ 19.00 divide by avg unpd indem 2004-2006 of \$ 180.42 = 0.10533

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.07500 X Severity rate 0.10533 X modifier of 2
= 0.01580

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

# claims with late 1st TD	9	divide by # with TD payments	35	
# claims with late first SC notice	1	divide by # with salary continuation	1	
Totals	10	divide by	Totals 36	=
				0.27778

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

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

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 6 divide by # with subsequent payments 26 = 0.23077

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

# claims with AME/QME notice violations	8	divide by # requiring notices	20	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
Totals	8	Totals	20	=
				0.40000

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2008

Profile Audit Review Performance Rating of 1.82402 or greater is a failing score.

1.23204

Calendar Year: 2008

Individual Exhibit 2

Penalty Assessments and Collections

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

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

Subject: Frank Gates Service Company

Location: El Dorado Hills

Type:TPA

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	9	\$1,435	\$1,435	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	0	\$0	\$0	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	16	\$4,750	\$4,750	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	1	\$50	\$50	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	8	\$2,600	\$2,600	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	1	\$200	\$200	\$0	\$0	
Failure to pay any PD indemnity benefit.	2	\$800	\$800	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	0	\$0	\$0	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	37	\$9,835	\$9,835	\$0	\$0	

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

Calendar Year: 2008
Notices of Compensation Due

Individual Exhibit 3

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

Subject: Frank Gates Service Company

Location: El Dorado Hills

Type: TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$57.14						\$57.14
2		\$103.50					\$103.50
3		\$599.50					\$599.50
TOTAL	\$57.14	\$703.00	\$0.00	\$0.00	\$0.00	\$0.00	\$760.14

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: LAO-16-08-R1-5

Subject: GAB Robins Risk Management Services, Inc.

Location: Ontario

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 11 divide by # claims with payable indem 57 = 0.19298

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

Total unpd indem. = \$ 3,965.77 divide by # of claims with obligation to pay indem. 57
Avg Unpd Ind = \$ 69.57

C. Severity Rate

Avg Unpd Indem \$ 69.57 divide by avg unpd indem 2004-2006 of \$ 180.42 = 0.38563

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.19298 X Severity rate 0.38563 X modifier of 2
= 0.14884

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

# claims with late 1st TD	21	divide by # with TD payments	55	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	21	divide by	Totals 55	=

0.38182

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

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

0.00000

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 AND NOTICES OF POTENTIAL ELIGIBILITY FOR VOCATIONAL REHABILITATION

# claims with AME/QME notice violations	24	divide by # requiring notices	27	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
Totals	24	Totals	27	

= 0.88889

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2008 0.14889

Profile Audit Review Performance Rating of 1.82402 or greater is a failing score.

1.48205

Calendar Year: 2008

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: LAO-16-08-R1-5

Subject: GAB Robins Risk Management Services, Inc.

Location: Ontario

Type: TPA

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	25	\$5,085	\$5,085	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	0	\$0	\$0	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	2	\$700	\$700	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process.	24	\$11,600	\$11,600	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	7	\$4,000	\$4,000	\$0	\$0	
Failure to pay any PD indemnity benefit.	1	\$400	\$400	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	4	\$900	\$900	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	63	\$22,685	\$22,685	\$0	\$0	

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

Calendar Year: 2008
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-16-08-R1-5

Subject: GAB Robins Risk Management Services, Inc.

Location: Ontario

Type: TPA

Item #	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$377.15						\$377.15
2				\$96.29			\$96.29
3	\$11.90						\$11.90
4				\$300.00			\$300.00
5	\$2,293.54	\$448.50		\$78.58			\$2,820.62
6	\$100.00						\$100.00
7				\$10.96			\$10.96
8	\$34.90						\$34.90
9	\$118.69			\$11.86			\$130.55
10				\$29.40			\$29.40
11	\$54.00						\$54.00
TOTAL	\$2,990.18	\$448.50	\$0.00	\$527.09	\$0.00	\$0.00	\$3,965.77

Calendar Year: 2008

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: SAC-17-08-R1-5

Subject: Gallagher Bassett Services

Location: Elk Grove

Type: TPA

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	16	\$3,650	\$3,650	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	8	\$7,150	\$7,150	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	7	\$4,260	\$4,260	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	13	\$4,100	\$4,100	\$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.	3	\$3,400	\$3,400	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	7	\$2,000	\$2,000	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	57	\$25,560	\$25,560	\$0	\$0	

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

Calendar Year: 2008
Notices of Compensation Due

Individual Exhibit 3

Audit No: SAC-17-08-R1-5

Subject: Gallagher Bassett Services

Location: Elk Grove

Type: TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1		\$591.85		\$59.19			\$651.04
2	\$302.25			\$200.56			\$502.81
3				\$559.95			\$559.95
4		\$3,780.21					\$3,780.21
5		\$3,355.00					\$3,355.00
6				\$684.40			\$684.40
7	\$47.63			\$4.76			\$52.39
8	\$94.06						\$94.06
TOTAL	\$443.94	\$7,727.06	\$0.00	\$1,508.86	\$0.00	\$0.00	\$9,679.86

Profile Audit Review Performance Rating of Randomly Selected Claims

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

Subject: Gallagher Bassett Insurance Service Branch 138

Location: Orange

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. = \$ 13,847.87 divide by # of claims with obligation to pay indem. 57
 Avg Unpd Ind = \$ 242.95

C. Severity Rate

Avg Unpd Indem \$ 242.95 divide by avg unpd indem 2004-2006of \$ 180.42 = 1.34655

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.15789 X Severity rate 1.34655 X modifier of 2
 = 0.42523

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

# claims with late 1st TD	10	divide by # with TD payments	49	
# claims with late first SC notice	2	divide by # with salary continuation	5	
Totals	12	divide by	Totals 54	=
				0.22222

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

# claims with late first PD	1	divide by # with first PD	19	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	1	divide by	Totals 19	=
				0.05263

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 11 divide by # with subsequent payments 35 =
0.31429

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

# claims with AME/QME notice violations	0	divide by # requiring notices	34	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
Totals	0		Totals 34	=
				0.00000

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2008

Profile Audit Review Performance Rating of 1.82402 or greater is a failing score.

1.01437

Calendar Year: 2008

Individual Exhibit 2

Penalty Assessments and Collections

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

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

Subject: Gallagher Bassett Insurance Service Branch 138

Location: Orange

Type:TPA

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	10	\$5,850	\$5,850	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	1	\$250	\$250	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	17	\$10,880	\$10,880	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	2	\$100	\$100	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with 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.	8	\$8,100	\$8,100	\$0	\$0	
Failure to pay any PD indemnity benefit.	2	\$2,800	\$2,800	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	1	\$150	\$150	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	41	\$28,130	\$28,130	\$0	\$0	

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

Calendar Year: 2008
Notices of Compensation Due

Individual Exhibit 3

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

Subject: Gallagher Bassett Insurance Service Branch 138

Location: Orange

Type:TPA

Item #	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1		\$1,466.98		\$146.70			\$1,613.68
2		\$6,506.71		\$650.67			\$7,157.38
3	\$51.88			\$4.86			\$56.74
4	\$1,051.37			\$105.14			\$1,156.51
5	\$2,626.26						\$2,626.26
6	\$194.59			\$78.92			\$273.51
7	\$752.69			\$60.15			\$812.84
8	\$120.00			\$12.00			\$132.00
9	\$18.95						\$18.95
TOTAL	\$4,815.74	\$7,973.69	\$0.00	\$1,058.44	\$0.00	\$0.00	\$13,847.87

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: OAK-12-08-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 3 divide by # claims with payable indem 26 = 0.11538

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

Total unpd indem. = \$ 2,775.60 divide by # of claims with obligation to pay indem. 26
 Avg Unpd Ind = \$ 106.75

C. Severity Rate

Avg Unpd Indem \$ 106.75 divide by avg unpd indem 2004-2006 of \$ 180.42 = 0.59170

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.11538 X Severity rate 0.59170 X modifier of 2
 = 0.13655

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

# claims with late 1st TD	7	divide by # with TD payments	25	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	7	divide by	25	=
				0.28000

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

# claims with late first PD	4	divide by # with first PD	7	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	0	divide by # with first DB paid	1	
Totals	4	divide by	8	=
				0.50000

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 3 divide by # with subsequent payments 20 =
0.15000

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

# claims with AME/QME notice violations	8	divide by # requiring notices	15	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
Totals	8		15	
				= 0.53333

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2008

Profile Audit Review Performance Rating of 1.82402 or greater is a failing score.

1.59988

Calendar Year: 2008

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	26
Indemnity	26
Medical Only	0
Denied	0
Complaints	0
Additional	0

Audit No: OAK-12-08-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)	11	\$1,955	\$1,955	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	6	\$3,210	\$3,210	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	3	\$1,100	\$1,100	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	8	\$2,500	\$2,500	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	1	\$200	\$200	\$0	\$0	
Failure to pay any PD indemnity benefit.	2	\$1,200	\$1,200	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	0	\$0	\$0	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	31	\$10,165	\$10,165	\$0	\$0	

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

Calendar Year: 2008
Notices of Compensation Due

Individual Exhibit 3

Audit No: OAK-12-08-R1-1

Subject: Great West Casualty Company

Location: South Sioux City, NE Type: INS

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$70.10						\$70.10
2		\$635.50					\$635.50
3		\$2,070.00					\$2,070.00
TOTAL	\$70.10	\$2,705.50	\$0.00	\$0.00	\$0.00	\$0.00	\$2,775.60

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: SAC-06-08-R1-5

Subject: Gregory B Bragg & Associates, Inc

Location: Roseville

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 11 divide by # claims with payable indem 58 = 0.18966

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

Total unpd indem. = \$ 3,878.16 divide by # of claims with obligation to pay indem. 58
Avg Unpd Ind = \$ 66.86

C. Severity Rate

Avg Unpd Indem \$ 66.86 divide by avg unpd indem 2004-2006 of \$ 180.42 = 0.37061

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.18966 X Severity rate 0.37061 X modifier of 2
= 0.14057

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

# claims with late 1st TD	5	divide by # with TD payments	36	
# claims with late first SC notice	4	divide by # with salary continuation	19	
Totals	9	divide by	Totals 55	=
				0.16364

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

# claims with late first PD	0	divide by # with first PD	9	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	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 27 = 0.07407

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

# claims with AME/QME notice violations	3	divide by # requiring notices	37	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
Totals	3	Totals	37	
				= 0.08108

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2008

Profile Audit Review Performance Rating of 1.82402 or greater is a failing score.

0.45937

Calendar Year: 2008

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: SAC-06-08-R1-5

Subject: Gregory B Bragg & Associates, 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)	6	\$800	\$800	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	0	\$0	\$0	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	2	\$450	\$450	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	4	\$150	\$150	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	3	\$600	\$600	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	6	\$2,000	\$2,000	\$0	\$0	
Failure to pay any PD indemnity benefit.	2	\$800	\$800	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	4	\$400	\$400	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	27	\$5,200	\$5,200	\$0	\$0	

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

Calendar Year: 2008
Notices of Compensation Due

Individual Exhibit 3

Audit No: SAC-06-08-R1-5

Subject: Gregory B Bragg & Associates, Inc

Location: Roseville

Type: TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1		\$906.14		\$90.61			\$996.75
2				\$156.80			\$156.80
3		\$607.22		\$60.72			\$667.94
4	\$63.16			\$2.19			\$65.35
5	\$46.52						\$46.52
6				\$108.00			\$108.00
7				\$30.76			\$30.76
8	\$35.39						\$35.39
9	\$901.06			\$84.93			\$985.99
10		\$594.00		\$59.40			\$653.40
11	\$131.26						\$131.26
TOTAL	\$1,177.39	\$2,107.36	\$0.00	\$593.41	\$0.00	\$0.00	\$3,878.16

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: OAK-16-08-R1-5

Subject: JT² Integrated Resources

Location: Dublin

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 0 divide by # claims with payable indem 0 = #DIV/0!

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. 0
Avg Unpd Ind = #DIV/0!

C. Severity Rate

Avg Unpd Indem #DIV/0! divide by avg unpd indem 2004-2006 of \$ 180.42 = #DIV/0!

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate #DIV/0! X Severity rate #DIV/0! X modifier of 2
= 0.00000

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

# claims with late 1st TD	0	divide by # with TD payments	3	
# claims with late first SC notice	0	divide by # with salary continuation	39	
Totals	0	divide by	Totals 42	=

0.00000

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

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

0.09091

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 1 divide by # with subsequent payments 7 =
0.14286

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

# claims with AME/QME notice violations	1	divide by # requiring notices	28	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
Totals	1	Totals	28	=

0.03571

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2008

Profile Audit Review Performance Rating of 1.82402 or greater is a failing score.

0.26948

Calendar Year: 2008

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: OAK-16-08-R1-5

Subject: JT² Integrated Resources

Location: Dublin

Type: TPA

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	0	\$0	\$0	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	2	\$400	\$400	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	2	\$275	\$275	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	1	\$100	\$100	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	0	\$0	\$0	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	0	\$0	\$0	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	5	\$775	\$775	\$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-09-08-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 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. = \$ 6,508.14 divide by # of claims with obligation to pay indem. 57
Avg Unpd Ind = \$ 114.18

C. Severity Rate

Avg Unpd Indem \$ 114.18 divide by avg unpd indem 2004-2006 of \$ 180.42 = 0.63284

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.15789 X Severity rate 0.63284 X modifier of 2
= 0.19985

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

# claims with late 1st TD	6	divide by # with TD payments	29	
# claims with late first SC notice	6	divide by # with salary continuation	21	
Totals	12	divide by	Totals 50	=
				0.24000

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

# claims with late first PD	0	divide by # with first PD	13	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	0	divide by	Totals 13	=
				0.00000

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 3 divide by # with subsequent payments 20 = 0.15000

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

# claims with AME/QME notice violations	9	divide by # requiring notices	29	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
Totals	9	Totals	29	=
				0.31034

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2008

Profile Audit Review Performance Rating of 1.82402 or greater is a failing score.

0.90019

Calendar Year: 2008

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: SAC-09-08-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)	5	\$800	\$800	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	0	\$0	\$0	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	2	\$200	\$200	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	6	\$280	\$280	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	9	\$1,800	\$1,800	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	7	\$2,000	\$2,000	\$0	\$0	
Failure to pay any PD indemnity benefit.	3	\$1,600	\$1,600	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	1	\$50	\$50	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	33	\$6,730	\$6,730	\$0	\$0	

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

Calendar Year: 2008
Notices of Compensation Due

Individual Exhibit 3

Audit No: SAC-09-08-R1-5

Subject: JT² Integrated Resources

Location: Lathrop

Type: TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$232.15			\$17.26			\$249.41
2	\$776.71			\$77.67			\$854.38
3		\$630.00		\$63.00			\$693.00
4	\$413.56			\$2.98			\$416.54
5	\$246.00			\$24.60			\$270.60
6	\$13.96						\$13.96
7		\$517.50		\$51.75			\$569.25
8		\$3,049.30		\$304.93			\$3,354.23
9	\$73.31			\$13.46			\$86.77
TOTAL	\$1,755.69	\$4,196.80	\$0.00	\$555.65	\$0.00	\$0.00	\$6,508.14

Profile Audit Review Performance Rating of Randomly Selected Claims

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

Subject: Keenan & Associates

Location: Torrance

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

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

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

Total unpd indem. = \$ 5,915.35 divide by # of claims with obligation to pay indem. 58
Avg Unpd Ind = \$ 101.99

C. Severity Rate

Avg Unpd Indem \$ 101.99 divide by avg unpd indem 2004-2006 of \$ 180.42 = 0.56529

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.22414 X Severity rate 0.56529 X modifier of 2
= 0.25340

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

# claims with late 1st TD	7	divide by # with TD payments	27	
# claims with late first SC notice	7	divide by # with salary continuation	34	
Totals	14	divide by	Totals 61	=
				0.22951

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

# claims with late first PD	2	divide by # with first PD	15	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	2	divide by	Totals 15	=
				0.13333

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 8 divide by # with subsequent payments 24 = 0.33333

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

# claims with AME/QME notice violations	6	divide by # requiring notices	42	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	1	
Totals	6	Totals	43	
				= 0.13953

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2008

Profile Audit Review Performance Rating of 1.82402 or greater is a failing score.

1.08911

Calendar Year: 2008

Individual Exhibit 2

Penalty Assessments and Collections

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

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

Subject: Keenan & Associates

Location: Torrance

Type: TPA

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	7	\$2,180	\$2,180	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	2	\$960	\$960	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	18	\$2,775	\$2,775	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	7	\$365	\$365	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process.	6	\$1,500	\$1,500	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	7	\$1,800	\$1,800	\$0	\$0	
Failure to pay any PD indemnity benefit.	4	\$2,400	\$2,400	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	7	\$1,200	\$1,200	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	58	\$13,180	\$13,180	\$0	\$0	

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

Calendar Year: 2008
Notices of Compensation Due

Individual Exhibit 3

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

Subject: Keenan and Associates

Location: Torrance

Type: TPA

Item #	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1				\$79.98			\$79.98
2	\$35.27						\$35.27
3		\$480.70		\$48.07			\$528.77
4				\$84.86			\$84.86
5	\$378.85			\$264.00			\$642.85
6	\$288.92						\$288.92
7		\$1,600.00		\$234.60			\$1,834.60
8	\$240.00						\$240.00
9				\$36.00			\$36.00
10	\$40.69	\$1,526.63		\$156.73			\$1,724.05
11	\$83.15	\$198.00		\$19.80			\$300.95
12	\$54.00			\$14.40			\$68.40
13				\$50.70			\$50.70
TOTAL	\$1,120.88	\$3,805.33	\$0.00	\$989.14	\$0.00	\$0.00	\$5,915.35

Calendar Year: 2008

Individual Exhibit 2

Penalty Assessments and Collections

Page 1 of 2

Files Audited:	<u>37</u>
Indemnity	<u>29</u>
Medical Only	<u>0</u>
Denied	<u>8</u>
Complaints	<u>0</u>
Additional	<u>0</u>

Audit No: VNO-03-08-R3-2

Subject: Lance Camper Manufacturing Corporation

Location: Lancaster

Type: SI

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	5	\$2,400	\$0	\$2,400	\$0	x
Late first payment of permanent disability indemnity benefits (PD).	0	\$0	\$0	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	75	\$15,285	\$0	\$15,285	\$0	x
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	10	\$1,000	\$0	\$1,000	\$0	x
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process.	4	\$1,900	\$0	\$1,900	\$0	x
Failure to pay any TD or SC in lieu of TD.	5	\$7,200	\$0	\$7,200	\$0	x
Failure to pay any PD indemnity benefit.	2	\$2,400	\$0	\$2,400	\$0	x
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	57	\$8,750	\$0	\$8,750	\$0	x
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	1	\$400	\$0	\$400	\$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.	0	\$0	\$0	\$0	\$0	

Calendar Year: 2008
Penalty Assessments and Collections

Files Audited:	37
Indemnity	29
Medical Only	0
Denied	8
Complaints	0
Additional	0

Audit No: VNO-03-08-R3-2

Subject: Lance Camper Manufacturing Corporation

Location: Lancaster

Type: SI

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Failure to issue benefit notices other than specific notices for VR or denial.	6	\$275	\$0	\$275	\$0	x
Failure to pay or object to medical treatment expense in the manner required by law or regulation.	157	\$32,100	\$0	\$32,100	\$0	x
Failure to pay or object to medical-legal expense in the manner required by law or regulation.	3	\$1,300	\$0	\$1,300	\$0	x
Failure to pay or object to VR expense in the manner required by law or regulation.	0	\$0	\$0	\$0	\$0	
Failure to timely assign a QRR to an employee after 90 aggregate days of total TD for injuries prior to 1/1/94.	0	\$0	\$0	\$0	\$0	
Failure to provide VR information after 90 aggregate days of total TD (injuries 1/1/94 thru 12/31/03).	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of non-eligibility for VR.	0	\$0	\$0	\$0	\$0	
Failure to provide notices denying all liability or death benefits as required.	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.	4	\$100	\$0	\$100	\$0	x
Failure to investigate.	0	\$0	\$0	\$0	\$0	
Late payment of WCAB Orders or Awards or RU Orders for late payment of attorney fees and issues other than late payment of indemnity.	1	\$5,000	\$0	\$5,000	\$0	x
Penalties for failure to comply with any regulation of the AD not otherwise assessed.	1	\$100	\$0	\$100	\$0	x
Unsupported denial of all liability for a claim.	0	\$0	\$0	\$0	\$0	
TOTAL	331	\$78,210	\$0	\$78,210	\$0	

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

Calendar Year: 2008
Notices of Compensation Due

Individual Exhibit 3

Audit No: VNO-03-08-R3-2

Subject: Lance Campers Manufacturing Corporation

Location: Lancaster

Type: SI

Item #	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1				\$140.96			\$140.96
2	\$305.88			\$136.71			\$442.59
3		\$6,885.25		\$1,650.33			\$8,535.58
4	\$483.85	\$1,380.00		\$186.38			\$2,050.23
5	\$445.90			\$987.49			\$1,433.39
6				\$19.97			\$19.97
7	\$17,251.84			\$1,736.62			\$18,988.46
8	\$376.21			\$37.61			\$413.82
TOTAL	\$18,863.68	\$8,265.25	\$0.00	\$4,896.07	\$0.00	\$0.00	\$32,025.00

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: LAO-20-08-R1-3

Subject: Liberty Mutual Group and Helmsman Management Service, Inc.

Location: Glendale

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. = \$ 10,648.94 divide by # of claims with obligation to pay indem. 59
Avg Unpd Ind = \$ 180.49

C. Severity Rate

Avg Unpd Indem \$ 180.49 divide by avg unpd indem 2004-2006 of \$ 180.42 = 1.00039

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.16949 X Severity rate 1.00039 X modifier of 2
= 0.33912

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

# claims with late 1st TD	15	divide by # with TD payments	55	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	15	divide by	Totals 55	=
				0.27273

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

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

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 18 divide by # with subsequent payments 45 = 0.40000

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

# claims with AME/QME notice violations	9	divide by # requiring notices	30	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
Totals	9	Totals	30	=
				0.30000

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2008

Profile Audit Review Performance Rating of 1.82402 or greater is a failing score.

1.75629

Calendar Year: 2008

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	74
Indemnity	59
Medical Only	0
Denied	0
Complaints	15
Additional	0

Audit No: LAO-20-08-R1-3

Subject: Liberty Mutual Group and Helmsman Mgt. Service, Inc.

Location: Glendale

Type: INS / TPA

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	18	\$6,010	\$6,010	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	11	\$4,735	\$4,735	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	53	\$14,210	\$14,210	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	2	\$700	\$700	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process.	10	\$4,000	\$4,000	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	10	\$3,100	\$3,100	\$0	\$0	
Failure to pay any PD indemnity benefit.	3	\$2,600	\$2,600	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	4	\$750	\$750	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	111	\$36,105	\$36,105	\$0	\$0	

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

Calendar Year: 2008
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-20-08-R1-3

Subject: Liberty Mutual Group and Helmsman Management Service, Inc.

Location: Glendale

Type: INS / TPA

Item #	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$46.00						\$46.00
2	\$126.49						\$126.49
3	\$182.11	\$630.98					\$813.09
4		\$104.57		\$708.46			\$813.03
5	\$177.52						\$177.52
6	\$108.26						\$108.26
7	\$462.22			\$466.10			\$928.32
8	\$18.00						\$18.00
9	\$1,177.13			\$97.96			\$1,275.09
10		\$7,152.78		\$715.28			\$7,868.06
11	\$449.40						\$449.40
12	\$79.11			\$34.69			\$113.80
TOTAL	\$2,826.24	\$7,888.33	\$0.00	\$2,022.49	\$0.00	\$0.00	\$12,737.06

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: SAC-02-08-R1-5

Subject: Matrix Absence Management, Inc

Location: Rocklin

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. = \$ 17,217.44 divide by # of claims with obligation to pay indem. 57
 Avg Unpd Ind = \$ 302.06

C. Severity Rate

Avg Unpd Indem \$ 302.06 divide by avg unpd indem 2004-2006 of \$ 180.42 = 1.67421

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.14035 X Severity rate 1.67421 X modifier of 2
 = 0.46995

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

# claims with late 1st TD	12	divide by # with TD payments	52	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	12	divide by	52	=
				0.23077

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

# claims with late first PD	5	divide by # with first PD	17	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	5	divide by	17	=
				0.29412

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

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

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

# claims with AME/QME notice violations	12	divide by # requiring notices	26	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
Totals	12		26	
				=
				0.46154

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2008

Profile Audit Review Performance Rating of 1.82402 or greater is a failing score.

1.75941

Calendar Year: 2008

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: SAC-02-08-R1-5

Subject: Matrix Absence Management, Inc

Location: Rocklin

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	\$3,370	\$3,370	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	7	\$2,430	\$2,430	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	17	\$2,990	\$2,990	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	10	\$4,100	\$4,100	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	5	\$3,800	\$3,800	\$0	\$0	
Failure to pay any PD indemnity benefit.	4	\$3,200	\$3,200	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	7	\$1,900	\$1,900	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	64	\$21,790	\$21,790	\$0	\$0	

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

Calendar Year: 2008
Notices of Compensation Due

Individual Exhibit 3

Audit No: SAC-02-08-R1-5

Subject: Matrix Absence Management, Inc

Location: Rocklin

Type: TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$747.20	\$532.29		\$562.94			\$1,842.43
2	\$759.87			\$75.97			\$835.84
3	\$894.45			\$89.44			\$983.89
4		\$10,200.00		\$1,020.00			\$11,220.00
5	\$734.36						\$734.36
6	\$155.66			\$184.00			\$339.66
7		\$853.87		\$85.39			\$939.26
8		\$322.00					\$322.00
TOTAL	\$3,291.54	\$11,908.16	\$0.00	\$2,017.74	\$0.00	\$0.00	\$17,217.44

Profile Audit Review Performance Rating of Randomly Selected Claims

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

Subject: Northern California Special District Insurance Authority

Location: Elk Grove

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 4 divide by # claims with payable indem 39 = 0.10256

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

Total unpd indem. = \$ 824.60 divide by # of claims with obligation to pay indem. 39
 Avg Unpd Ind = \$ 21.14

C. Severity Rate

Avg Unpd Indem \$ 21.14 divide by avg unpd indem 2004-2006 of \$ 180.42 = 0.11719

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.10256 X Severity rate 0.11719 X modifier of 2
 = 0.02404

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

# claims with late 1st TD	2	divide by # with TD payments	15	
# claims with late first SC notice	1	divide by # with salary continuation	22	
Totals	3	divide by	37	=
				0.08108

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

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

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 0 divide by # with subsequent payments 11 =
0.00000

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

# claims with AME/QME notice violations	15	divide by # requiring notices	20	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
Totals	15		20	
				= 0.75000

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2008

Profile Audit Review Performance Rating of 1.82402 or greater is a failing score.

1.10512

Calendar Year: 2008

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	39
Indemnity	39
Medical Only	0
Denied	0
Complaints	0
Additional	0

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

Subject: Northern 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)	2	\$450	\$450	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	1	\$400	\$400	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	0	\$0	\$0	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	1	\$25	\$25	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	15	\$7,500	\$7,500	\$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.	1	\$400	\$400	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	1	\$300	\$300	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	23	\$9,475	\$9,475	\$0	\$0	

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

Calendar Year: 2008
Notices of Compensation Due

Individual Exhibit 3

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

Subject: Northern California Special Districts Insurance Authority

Location: Elk Grove

Type: SI

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$360.00						\$360.00
2	\$82.02			\$1.23			\$83.25
3				\$97.55			\$97.55
4		\$258.00		\$25.80			\$283.80
TOTAL	\$442.02	\$258.00	\$0.00	\$124.58	\$0.00	\$0.00	\$824.60

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: LAO-19-08-R1-5

Subject: Novapro Risk Solutions, LP

Location: Tustin

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 11 divide by # claims with payable indem 56 = 0.19643

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

Total unpd indem. = \$ 5,914.78 divide by # of claims with obligation to pay indem. 56
Avg Unpd Ind = \$ 105.62

C. Severity Rate

Avg Unpd Indem \$ 105.62 divide by avg unpd indem 2004-2006 of \$ 180.42 = 0.58542

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.19643 X Severity rate 0.58542 X modifier of 2
= 0.22999

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

# claims with late 1st TD	14	divide by # with TD payments	55	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	14	divide by	Totals 55	=
				0.25455

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

# claims with late first PD	3	divide by # with first PD	16	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	3	divide by	Totals 16	=
				0.18750

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

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

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

# claims with AME/QME notice violations	4	divide by # requiring notices	46	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
Totals	4	Totals	46	
				= 0.08696

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2008

Profile Audit Review Performance Rating of 1.82402 or greater is a failing score.

0.94946

Calendar Year: 2008

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	59
Indemnity	56
Medical Only	0
Denied	0
Complaints	3
Additional	0

Audit No: LAO-19-08-R1-5

Subject: Novapro Risk Solutions, LP

Location: Tustin

Type: TPA

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	14	\$4,210	\$4,210	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	3	\$3,920	\$3,920	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	11	\$6,250	\$6,250	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process.	4	\$1,800	\$1,800	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	10	\$9,000	\$9,000	\$0	\$0	
Failure to pay any PD indemnity benefit.	1	\$400	\$400	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	10	\$2,050	\$2,050	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	53	\$27,630	\$27,630	\$0	\$0	

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

Calendar Year: 2008
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-19-08-R1-5

Subject: Novapro Risk Solutions, LP

Location: Tustin

Type: TPA

Item #	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$100.73						\$100.73
2	\$485.99			\$333.03			\$819.02
3	\$147.37						\$147.37
4				\$54.42			\$54.42
5	\$128.64			\$69.56			\$198.20
6	\$72.00			\$167.40			\$239.40
7	\$149.16						\$149.16
8	\$213.08						\$213.08
9	\$255.04			\$103.50			\$358.54
10	\$2,371.17	\$357.50		\$272.87			\$3,001.54
11	\$633.32						\$633.32
TOTAL	\$4,556.50	\$357.50	\$0.00	\$1,000.78	\$0.00	\$0.00	\$5,914.78

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: OAK-10-08-R3-5

Subject: Power & Associates

Location: Paso Robles

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 1 divide by # claims with payable indem 5 = 0.20000

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

Total unpd indem. = \$ 2,108.45 divide by # of claims with obligation to pay indem. 5
 Avg Unpd Ind = \$ 421.69

C. Severity Rate

Avg Unpd Indem \$ 421.69 divide by avg unpd indem 2004-2006 of \$ 180.42 = 2.33727

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.20000 X Severity rate 2.33727 X modifier of 2
 = 0.93491

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

# claims with late 1st TD	2	divide by # with TD payments	5	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	2	divide by	5	=
				0.40000

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

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

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 3 divide by # with subsequent payments 5 =
0.60000

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

# claims with AME/QME notice violations	2	divide by # requiring notices	3	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
Totals	2		3	
				=
				0.66667

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2008

Profile Audit Review Performance Rating of 1.82402 or greater is a failing score.

3.10157

Penalty Assessments and Collections

Files Audited:	<u>6</u>
Indemnity	<u>5</u>
Medical Only	<u>0</u>
Denied	<u>1</u>
Complaints	<u>0</u>
Additional	<u>0</u>

Audit No: OAK-10-08-R3-5

Subject: Power & Associates

Location: Paso Robles

Type: TPA

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	2	\$1,000	\$0	\$1,000	\$0	x
Late first payment of permanent disability indemnity benefits (PD).	1	\$100	\$0	\$100	\$0	x
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	43	\$6,510	\$0	\$6,510	\$100	x
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	6	\$390	\$0	\$390	\$100	x
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process.	2	\$1,000	\$0	\$1,000	\$0	x
Failure to pay any TD or SC in lieu of TD.	1	\$200	\$0	\$200	\$0	x
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	36	\$6,450	\$0	\$6,450	\$0	x
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	

Calendar Year: 2008
Penalty Assessments and Collections

Files Audited:	6
Indemnity	5
Medical Only	0
Denied	1
Complaints	0
Additional	0

Audit No: OAK-10-08-R3-5

Subject: Power & Associates

Location: Paso Robles

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 issue benefit notices other than specific notices for VR or denial.	2	\$200	\$0	\$200	\$0	x
Failure to pay or object to medical treatment expense in the manner required by law or regulation.	0	\$0	\$0	\$0	\$0	
Failure to pay or object to medical-legal expense in the manner required by law or regulation.	0	\$0	\$0	\$0	\$0	
Failure to pay or object to VR expense in the manner required by law or regulation.	0	\$0	\$0	\$0	\$0	
Failure to timely assign a QRR to an employee after 90 aggregate days of total TD for injuries prior to 1/1/94.	0	\$0	\$0	\$0	\$0	
Failure to provide VR information after 90 aggregate days of total TD (injuries 1/1/94 thru 12/31/03).	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of non-eligibility for VR.	0	\$0	\$0	\$0	\$0	
Failure to provide notices denying all liability or death benefits as required.	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.	0	\$0	\$0	\$0	\$0	
Failure to investigate.	0	\$0	\$0	\$0	\$0	
Late payment of WCAB Orders or Awards or RU Orders for late payment of attorney fees and issues other than late payment of indemnity.	0	\$0	\$0	\$0	\$0	
Penalties for failure to comply with any regulation of the AD not otherwise assessed.	0	\$0	\$0	\$0	\$0	
Unsupported denial of all liability for a claim.	0	\$0	\$0	\$0	\$0	
TOTAL	93	\$15,850	\$0	\$15,850	\$200	

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

Calendar Year: 2008
Notices of Compensation Due

Individual Exhibit 3

Audit No: OAK-10-08-R3-5

Subject: Power & Associates

Location: Paso Robles

Type: TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$60.46			\$2,047.99			\$2,108.45
TOTAL	\$60.46	\$0.00	\$0.00	\$2,047.99	\$0.00	\$0.00	\$2,108.45

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: OAK-09-08-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 12 divide by # claims with payable indem 55 = 0.21818

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

Total unpd indem. = \$ 6,072.55 divide by # of claims with obligation to pay indem. 55
Avg Unpd Ind = \$ 110.41

C. Severity Rate

Avg Unpd Indem \$ 110.41 divide by avg unpd indem 2004-2006 of \$ 180.42 = 0.61196

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.21818 X Severity rate 0.61196 X modifier of 2
= 0.26704

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

# claims with late 1st TD	15	divide by # with TD payments	51	
# claims with late first SC notice	1	divide by # with salary continuation	1	
Totals	16	divide by	Totals 52	=
				0.30769

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

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

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

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

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

# claims with AME/QME notice violations	16	divide by # requiring notices	20	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
Totals	16	Totals	20	
				= 0.80000

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2008

Profile Audit Review Performance Rating of 1.82402 or greater is a failing score.

1.74140

Calendar Year: 2008

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: OAK-09-08-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)	16	\$3,330	\$3,330	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	3	\$1,840	\$1,840	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	7	\$2,100	\$2,100	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	1	\$80	\$80	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	15	\$7,500	\$7,500	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	6	\$1,200	\$1,200	\$0	\$0	
Failure to pay any PD indemnity benefit.	2	\$1,900	\$1,900	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	6	\$700	\$700	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	56	\$18,650	\$18,650	\$0	\$0	

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

Calendar Year: 2008
Notices of Compensation Due

Individual Exhibit 3

Audit No: OAK-09-08-R1-1

Subject: Preferred Employers Insurance Company

Location: Walnut Creek

Type: INS

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$119.87						\$119.87
2	\$63.31						\$63.31
3	\$76.53			\$6.99			\$83.52
4				\$133.93			\$133.93
5	\$78.58			\$19.15			\$97.73
6	\$68.57						\$68.57
7				\$28.95			\$28.95
8		\$621.00					\$621.00
9		\$4,188.22		\$418.82			\$4,607.04
10				\$20.86			\$20.86
11	\$12.48						\$12.48
12	\$215.29						\$215.29
TOTAL	\$634.63	\$4,809.22	\$0.00	\$628.70	\$0.00	\$0.00	\$6,072.55

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: LAO-08-08-T1-6

Subject: PRMA Metropolitan 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 52 = 0.09615

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

Total unpd indem. = \$ 4,347.88 divide by # of claims with obligation to pay indem. 52
Avg Unpd Ind = \$ 83.61

C. Severity Rate

Avg Unpd Indem \$ 83.61 divide by avg unpd indem 2004-2006 of \$ 180.42 = 0.46344

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.09615 X Severity rate 0.46344 X modifier of 2
= 0.08912

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

# claims with late 1st TD	9	divide by # with TD payments	52	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	9	divide by	Totals 52	=

0.17308

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

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

0.04167

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

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

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

# claims with AME/QME notice violations	0	divide by # requiring notices	46	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
Totals	0	Totals	46	=

0.00000

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2008

Profile Audit Review Performance Rating of 1.82402 or greater is a failing score.

0.58958

Calendar Year: 2008

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	54
Indemnity	52
Medical Only	0
Denied	0
Complaints	2
Additional	0

Audit No: LAO-08-08-T1-6

Subject: PRMA Metropolitan Transportation Authority

Location: Los Angeles

Type: SI

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	9	\$5,890	\$5,890	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	1	\$100	\$100	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	16	\$3,470	\$3,470	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with 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	\$1,200	\$1,200	\$0	\$0	
Failure to pay any PD indemnity benefit.	1	\$800	\$800	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	0	\$0	\$0	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	31	\$11,460	\$11,460	\$0	\$0	

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

Calendar Year: 2008
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-08-08-T1-6

Subject: PRMA Metropolitan Transportation Authority

Location: Los Angeles

Type: SI

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1		\$2,170.50		\$217.05			\$2,387.55
2	\$19.58			\$1.96			\$21.54
3	\$236.09			\$23.61			\$259.70
4	\$129.78			\$12.98			\$142.76
5	\$1,396.66			\$139.67			\$1,536.33
TOTAL	\$1,782.11	\$2,170.50	\$0.00	\$395.27	\$0.00	\$0.00	\$4,347.88

Penalty Assessments and Collections

Files Audited:	24
Indemnity:	15
Medical Only:	0
Denied:	9
Complaints:	0
Additional:	0

Audit No: LAO-03-08-R3-2

Subject: RICOMP Claims Management Corporation & Rockwell International Corporation

Location: Cypress

Type: SI

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	2	\$1,400	\$0	\$1,400	\$1,400	
Late first payment of permanent disability indemnity benefits (PD).	0	\$0	\$0	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	11	\$3,730	\$0	\$3,730	\$3,730	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	6	\$305	\$0	\$305	\$305	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with 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.	5	\$1,600	\$0	\$1,600	\$1,600	
Failure to pay any PD indemnity benefit.	1	\$400	\$0	\$400	\$400	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	5	\$1,050	\$0	\$1,050	\$1,050	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	

Calendar Year: 2008
Penalty Assessments and Collections

Files Audited:	24
Indemnity:	15
Medical Only:	0
Denied:	9
Complaints:	0
Additional:	0

Audit No: LAO-03-08-R3-2

Subject: RICOMP Claims Management Corporation & Rockwell International Corporation

Location: Cypress

Type: SI

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Failure to issue benefit notices other than specific notices for VR or denial.	16	\$1,600	\$0	\$1,600	\$1,600	
Failure to pay or object to medical treatment expense in the manner required by law or regulation.	20	\$5,200	\$0	\$5,200	\$5,200	
Failure to pay or object to medical-legal expense in the manner required by law or regulation.	0	\$0	\$0	\$0	\$0	
Failure to pay or object to VR expense in the manner required by law or regulation.	0	\$0	\$0	\$0	\$0	
Failure to timely assign a QRR to an employee after 90 aggregate days of total TD for injuries prior to 1/1/94.	0	\$0	\$0	\$0	\$0	
Failure to provide VR information after 90 aggregate days of total TD (injuries 1/1/94 thru 12/31/03).	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of non-eligibility for VR.	0	\$0	\$0	\$0	\$0	
Failure to provide notices denying all liability or death benefits as required.	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.	3	\$75	\$0	\$75	\$75	
Failure to investigate.	0	\$0	\$0	\$0	\$0	
Late payment of WCAB Orders or Awards or RU Orders for late payment of attorney fees and issues other than late payment of indemnity.	2	\$1,500	\$0	\$1,500	\$1,500	
Penalties for failure to comply with any regulation of the AD not otherwise assessed.	10	\$1,000	\$0	\$1,000	\$1,000	
Unsupported denial of all liability for a claim.	0	\$0	\$0	\$0	\$0	
TOTAL	81	\$17,860	\$0	\$17,860	\$17,860	

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

Calendar Year: 2008
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-03-08-R3-2

**Subject: RICOMP Claims Management Corporation &
 Rockwell International Corporation**

Location: Cypress

Type: SI

Item #	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1		\$420.58		\$42.06			\$462.64
2				\$132.15			\$132.15
3	\$629.45			\$62.95			\$692.40
4	\$132.02			\$13.20			\$145.22
5				\$44.00		\$0.84	\$44.84
6	\$1,555.61			\$155.56			\$1,711.17
7				\$339.43		\$48.22	\$387.65
8	\$201.18			\$20.12			\$221.30
9	\$181.57						\$181.57
TOTAL	\$2,699.83	\$420.58	\$0.00	\$809.47	\$0.00	\$49.06	\$3,978.94

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: OAK-17-08-R1-2

Subject: Roseburg Forest Products

Location: Winston, OR

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 2 divide by # claims with payable indem 11 = 0.18182

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

Total unpd indem. = \$ 1,865.51 divide by # of claims with obligation to pay indem. 11
 Avg Unpd Ind = \$ 169.59

C. Severity Rate

Avg Unpd Indem \$ 169.59 divide by avg unpd indem 2004-2006 of \$ 180.42 = 0.93998

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.18182 X Severity rate 0.93998 X modifier of 2
 = 0.34181

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

# claims with late 1st TD	1	divide by # with TD payments	10	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	1	divide by	10	=
				0.10000

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

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

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 0 divide by # with subsequent payments 9 =
0.00000

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

# claims with AME/QME notice violations	1	divide by # requiring notices	6	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
Totals	1	Totals	6	=
				0.16667

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2008

Profile Audit Review Performance Rating of 1.82402 or greater is a failing score.

1.10848

Calendar Year: 2008

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: OAK-17-08-R1-2

Subject: Roseburg Forest Products

Location: Winston, OR

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	\$580	\$580	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	3	\$1,620	\$1,620	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	0	\$0	\$0	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	1	\$400	\$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 VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	1	\$150	\$150	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	2	\$2,800	\$2,800	\$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	\$5,550	\$5,550	\$0	\$0	

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

Calendar Year: 2008
Notices of Compensation Due

Individual Exhibit 3

Audit No: OAK-17-08-R1-2

Subject: Roseburg Forest Products

Location: Winston, OR

Type: SI

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1				\$364.32			\$364.32
2	\$1,180.85	\$320.34				\$81.58	\$1,582.77
TOTAL	\$1,180.85	\$320.34	\$0.00	\$364.32	\$0.00	\$81.58	\$1,947.09

Profile Audit Review Performance Rating of Randomly Selected Claims

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

Subject: San Bernardino City Unified School District

Location: San Bernardino

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 10 divide by # claims with payable indem 45 = 0.22222

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

Total unpd indem. = 10359.02 divide by # of claims with obligation to pay indem. 45
Avg Unpd Ind = \$ 230.20

C. Severity Rate

Avg Unpd Indem \$ 230.20 divide by avg unpd indem 2004-2006 of \$180.42 = 1.27591

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.22222 X Severity rate 1.27591 X modifier of 2
= 0.56707

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

# claims with late 1st TD	0	divide by # with TD payments	27	
# claims with late first SC notice	5	divide by # with salary continuation	25	
Totals	5	divide by	Totals 52	=
				0.09615

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

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

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 4 divide by # with subsequent payments 20 = 0.20000

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

# claims with AME/QME notice violations	4	divide by # requiring notices	34	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
Totals	4	Totals	34	=
				0.11765

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2008

Profile Audit Review Performance Rating of 1.82402 or greater is a failing score.

1.23087

Calendar Year: 2008

Individual Exhibit 2

Penalty Assessments and Collections

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

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

Subject: San Bernardino City Unified School District

Location: San Bernardino

Type: SI

Type of Violation	# of Violations	Total \$ Violations Identified	\$ 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	\$1,600	\$0	\$1,600	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	10	\$2,600	\$0	\$2,600	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	5	\$285	\$0	\$285	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	4	\$1,900	\$0	\$1,900	\$0	
Failure to pay any TD or SC in lieu of TD.	5	\$1,400	\$0	\$1,400	\$0	
Failure to pay any PD indemnity benefit.	5	\$3,900	\$0	\$3,900	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	3	\$650	\$0	\$650	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	1	\$800	\$0	\$800	\$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	\$13,135	\$0	\$13,135	\$0	

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

Calendar Year: 2008
Notices of Compensation Due

Individual Exhibit 3

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

Subject: San Bernardino City Unified School District

Location: San Bernardino Type: SI

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1				\$67.32			\$67.32
2		\$198.00		\$85.80			\$283.80
3	\$79.58			\$5.03			\$84.61
4		\$175.55		\$17.56			\$193.11
5	\$112.08			\$11.20			\$123.28
6		\$4,105.50		\$410.55			\$4,516.05
7		\$390.00		\$39.00			\$429.00
8				\$48.58			\$48.58
9	\$386.23	\$379.50		\$45.50			\$811.23
10	\$62.12	\$3,394.28		\$345.64			\$3,802.04
TOTAL	\$640.01	\$8,642.83	\$0.00	\$1,076.18	\$0.00	\$0.00	\$10,359.02

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: LAO-15-08-R1-5

Subject: Sedgwick Claims Management Services (Coca-Cola Co.)

Location: Ontario

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 15 divide by # claims with payable indem 50 = 0.30000

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

Total unpd indem. = \$ 10,015.45 divide by # of claims with obligation to pay indem. 50
Avg Unpd Ind = \$ 200.31

C. Severity Rate

Avg Unpd Indem \$ 200.31 divide by avg unpd indem 2004-2006 of \$ 180.42 = 1.11024

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.30000 X Severity rate 1.11024 X modifier of 2
= 0.66614

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

# claims with late 1st TD	11	divide by # with TD payments	49	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	11	divide by	Totals 49	=
				0.22449

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

# claims with late first PD	1	divide by # with first PD	19	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	1	divide by	Totals 19	=
				0.05263

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

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

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

# claims with AME/QME notice violations	1	divide by # requiring notices	27	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
Totals	1	Totals	27	
				= 0.03704

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2008

Profile Audit Review Performance Rating of 1.82402 or greater is a failing score.

1.32914

Calendar Year: 2008

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	52
Indemnity	50
Medical Only	0
Denied	0
Complaints	2
Additional	0

Audit No: LAO-15-08-R1-5

Subject: Sedgwick Claims Management Services (Coca-Cola Co.)

Location: Ontario

Type: TPA

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	13	\$3,000	\$3,000	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	1	\$320	\$320	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	28	\$4,370	\$4,370	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process.	1	\$500	\$500	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	11	\$6,400	\$6,400	\$0	\$0	
Failure to pay any PD indemnity benefit.	4	\$1,600	\$1,600	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	7	\$850	\$850	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	65	\$17,040	\$17,040	\$0	\$0	

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

Calendar Year: 2008
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-15-08-R1-5

Subject: Sedgwick Claims Management Services (Coca-Cola Co.)

Location: Ontario

Type: TPA

Item #	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$48.69			\$4.87			\$53.56
2	\$131.52						\$131.52
3		\$1,100.00					\$1,100.00
4	\$134.11						\$134.11
5	\$248.12			\$48.83			\$296.95
6		\$787.48		\$78.75			\$866.23
7	\$139.10						\$139.10
8		\$316.86					\$316.86
9				\$339.89			\$339.89
10	\$934.31			\$93.43			\$1,027.74
11	\$2,865.13						\$2,865.13
12	\$1,296.58						\$1,296.58
13	\$162.21						\$162.21
14	\$319.57						\$319.57
15		\$966.00					\$966.00
TOTAL	\$6,279.34	\$3,170.34	\$0.00	\$565.77	\$0.00	\$0.00	\$10,015.45

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: LAO-14-08-R1-5

Subject: Sedgwick Claims Management Services, Inc.

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. = \$ 5,008.86 divide by # of claims with obligation to pay indem. 59
Avg Unpd Ind = \$ 84.90

C. Severity Rate

Avg Unpd Indem \$ 84.90 divide by avg unpd indem 2004-2006 of \$ 180.42 = 0.47055

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.16949 X Severity rate 0.47055 X modifier of 2
= 0.15951

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

# claims with late 1st TD	13	divide by # with TD payments	54	
# claims with late first SC notice	2	divide by # with salary continuation	2	
Totals	15	divide by	Totals 56	=
				0.26786

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

# claims with late first PD	2	divide by # with first PD	17	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	2	divide by	Totals 17	=
				0.11765

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 13 divide by # with subsequent payments 37 = 0.35135

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

# claims with AME/QME notice violations	2	divide by # requiring notices	48	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
Totals	2	Totals	48	
				= 0.04167

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2008

Profile Audit Review Performance Rating of 1.82402 or greater is a failing score.

0.93803

Calendar Year: 2008

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	72
Indemnity	59
Medical Only	0
Denied	0
Complaints	13
Additional	0

Audit No: LAO-14-08-R1-5

Subject: Sedgwick Claims Management Services Inc.

Location: Orange

Type: TPA

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	18	\$8,210	\$8,210	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	4	\$1,600	\$1,600	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	38	\$13,155	\$13,155	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	2	\$130	\$130	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	1	\$500	\$500	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process.	3	\$1,500	\$1,500	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	7	\$3,000	\$3,000	\$0	\$0	
Failure to pay any PD indemnity benefit.	1	\$400	\$400	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	12	\$2,100	\$2,100	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	86	\$30,595	\$30,595	\$0	\$0	

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

Calendar Year: 2008
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-14-08-R1-5

Subject: Sedgwick Claims Management Services, Inc.

Location: Orange

Type: TPA

Item #	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$11.83						\$11.83
2	\$251.90						\$251.90
3	\$160.95			\$1,056.70			\$1,217.65
4				\$68.00			\$68.00
5	\$456.85						\$456.85
6	\$2,355.89						\$2,355.89
7	\$55.28						\$55.28
8	\$695.80			\$314.94			\$1,010.74
9	\$60.00			\$34.00			\$94.00
10		\$99.15		\$594.87			\$694.02
11				\$10.35			\$10.35
TOTAL	\$4,048.50	\$99.15	\$0.00	\$2,078.86	\$0.00	\$0.00	\$6,226.51

Profile Audit Review Performance Rating of Randomly Selected Claims

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

Subject: Sedgwick CMS, Inc. and the Los Angeles Unified School District

Location: Pasadena

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 11 divide by # claims with payable indem 58 = 0.18966

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

Total unpd indem. = \$ 6,002.07 divide by # of claims with obligation to pay indem. 58
Avg Unpd Ind = \$ 103.48

C. Severity Rate

Avg Unpd Indem \$ 103.48 divide by avg unpd indem 2004-2006 of \$ 180.42 = 0.57357

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.18966 X Severity rate 0.57357 X modifier of 2
= 0.21756

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

# claims with late 1st TD	2	divide by # with TD payments	3	
# claims with late first SC notice	22	divide by # with salary continuation	56	
Totals	24	divide by	Totals 59	=
				0.40678

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

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

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 5 divide by # with subsequent payments 9 = 0.55556

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

# claims with AME/QME notice violations	2	divide by # requiring notices	48	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
Totals	2	Totals	48	=
				0.04167

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2008

Profile Audit Review Performance Rating of 1.82402 or greater is a failing score.

1.72156

Calendar Year: 2008

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	71
Indemnity:	58
Medical Only:	0
Denied:	0
Complaints:	13
Additional:	0

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

Subject: Sedgwick CMS, Inc. and the Los Angeles Unified School District

Location: Pasadena

Type: TPA

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	2	\$4,300	\$4,300	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	4	\$4,620	\$4,620	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	12	\$2,755	\$2,755	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	24	\$1,230	\$1,230	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with 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.	8	\$3,900	\$3,900	\$0	\$0	
Failure to pay any PD indemnity benefit.	1	\$400	\$400	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	7	\$2,100	\$2,100	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	1	\$800	\$800	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	61	\$21,105	\$21,105	\$0	\$0	

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

Calendar Year: 2008
Notices of Compensation Due

Individual Exhibit 3

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

Subject: Sedgwick CMS, Inc. and the Los Angeles Unified School District

Location: Pasadena

Type: TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1				\$1,307.39			\$1,307.39
2	\$1,511.42						\$1,511.42
3	\$53.33						\$53.33
4				\$689.50		\$68.10	\$757.60
5	\$70.49						\$70.49
6	\$12.89						\$12.89
7	\$350.86						\$350.86
8		\$518.57		\$190.46		\$28.84	\$737.87
9		\$42.74		\$153.70			\$196.44
10	\$1,165.07						\$1,165.07
11	\$73.56						\$73.56
12	\$522.75						\$522.75
SUBTOTAL	\$3,760.37	\$561.31	\$0.00	\$2,341.05	\$0.00	\$96.94	\$6,759.67

Calendar Year: 2008

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	58
Indemnity	55
Medical Only	0
Denied	0
Complaints	3
Additional	0

Audit No: SAC-16-08-R1-5

Subject: Sedgwick Claims Management Services

Location: Roseville

Type: TPA

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	9	\$1,570	\$1,570	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	2	\$960	\$960	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	7	\$700	\$700	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	9	\$2,700	\$2,700	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	3	\$1,200	\$1,200	\$0	\$0	
Failure to pay any PD indemnity benefit.	2	\$1,200	\$1,200	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	2	\$550	\$550	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	34	\$8,880	\$8,880	\$0	\$0	

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

Calendar Year: 2008
Notices of Compensation Due

Individual Exhibit 3

Audit No: SAC-16-08-R1-5

Subject: Sedgwick Claims Management Services

Location: Roseville

Type: TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$10.59						\$10.59
2	\$215.57						\$215.57
3		\$2,530.00					\$2,530.00
4				\$307.74			\$307.74
5	\$183.78			\$19.38			\$203.16
6		\$574.42					\$574.42
TOTAL	\$409.94	\$3,104.42	\$0.00	\$327.12	\$0.00	\$0.00	\$3,841.48

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: VNO-02-08-R1-5

Subject: Sedgwick Claims Management Services

Location: Van Nuys

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 8 divide by # claims with payable indem 55 = 0.14545

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

Total unpd indem. = \$ 9,308.65 divide by # of claims with obligation to pay indem. 55
Avg Unpd Ind = \$ 169.25

C. Severity Rate

Avg Unpd Indem \$ 169.25 divide by avg unpd indem 2004-2006 of \$ 180.42 = 0.93808

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.14545 X Severity rate 0.93808 X modifier of 2
= 0.27290

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

# claims with late 1st TD	10	divide by # with TD payments	52	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	10	divide by	Totals 52	=
				0.19231

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

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

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 15 divide by # with subsequent payments 39 = 0.38462

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

# claims with AME/QME notice violations	4	divide by # requiring notices	41	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
Totals	4	Totals	41	
				= 0.09756

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2008

Profile Audit Review Performance Rating of 1.82402 or greater is a failing score.

1.19738

Calendar Year: 2008

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: VNO-02-08-R1-5

Subject: Sedgwick Claims Management Services

Location: Van Nuys

Type: TPA

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	13	\$4,920	\$4,920	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	4	\$3,540	\$3,540	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	34	\$7,130	\$7,130	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process.	4	\$1,100	\$1,100	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	6	\$1,800	\$1,800	\$0	\$0	
Failure to pay any PD indemnity benefit.	3	\$2,300	\$2,300	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	2	\$600	\$600	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	66	\$21,390	\$21,390	\$0	\$0	

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

Calendar Year: 2008
Notices of Compensation Due

Individual Exhibit 3

Audit No: VNO-02-08-R1-5

Subject: Sedgwick Claims Management Services

Location: Van Nuys

Type: TPA

Item #	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1		\$229.79		\$36.12			\$265.91
2		\$5,186.14		\$1,736.78			\$6,922.92
3	\$75.71						\$75.71
4	\$22.27						\$22.27
5		\$78.06		\$7.81			\$85.87
6	\$230.28						\$230.28
7	\$1,418.19			\$141.82			\$1,560.01
8	\$145.68						\$145.68
TOTAL	\$1,892.13	\$5,493.99	\$0.00	\$1,922.53	\$0.00	\$0.00	\$9,308.65

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: LAO-30-08-R1-2

Subject: Sempra Energy Corporation/Southern California Gas Co.

Location: Los Angeles

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 10 divide by # claims with payable indem 50 = 0.20000

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

Total unpd indem. = \$12,178.44 divide by # of claims with obligation to pay indem. 50
Avg Unpd Ind = \$243.57

C. Severity Rate

Avg Unpd Indem \$243.57 divide by avg unpd indem 2004-2006 of \$180.42 = 1.35001

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.20000 X Severity rate 1.35001 X modifier of 2
= 0.54000

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

# claims with late 1st TD	8	divide by # with TD payments	50	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	8	divide by	Totals 50	=
				0.16000

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

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

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 17 divide by # with subsequent payments 41 = 0.41463

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

# claims with AME/QME notice violations	4	divide by # requiring notices	34	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
Totals	4	Totals	34	
				= 0.11765

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2008

Profile Audit Review Performance Rating of 1.82402 or greater is a failing score.

1.39895

Calendar Year: 2008

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: LAO-30-08-R1-2

Subject: Sempra Energy Corp./Southern California Gas Co.

Location: Los Angeles

Type: SI

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	9	\$1,980	\$1,980	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	4	\$3,720	\$3,720	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	30	\$4,770	\$4,770	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process.	4	\$1,500	\$1,500	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	4	\$6,900	\$6,900	\$0	\$0	
Failure to pay any PD indemnity benefit.	3	\$2,300	\$2,300	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	5	\$800	\$800	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	59	\$21,970	\$21,970	\$0	\$0	

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

Calendar Year: 2008
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-30-08-R1-2

Subject: Sempra Energy Corporation/Southern California Gas Co.

Location: Los Angeles

Type: SI

Item #	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1		\$3,353.08		\$335.31			\$3,688.39
2				\$820.44			\$820.44
3	\$15.41						\$15.41
4	\$690.00			\$69.00			\$759.00
5		\$527.85		\$52.79			\$580.64
6		\$12.00					\$12.00
7	\$4,369.34			\$436.93			\$4,806.27
8	\$240.00			\$60.00			\$300.00
9	\$1,052.54			\$70.65			\$1,123.19
10				\$73.10			\$73.10
TOTAL	\$6,367.29	\$3,892.93	\$0.00	\$1,918.22	\$0.00	\$0.00	\$12,178.44

Calendar Year: 2008

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	57
Indemnity	54
Medical Only	0
Denied	0
Complaints	3
Additional	0

Audit No: OAK-08-08-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)	19	\$19,825	\$19,825	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	9	\$6,450	\$6,450	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	13	\$2,280	\$2,280	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	10	\$3,900	\$3,900	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	3	\$800	\$800	\$0	\$0	
Failure to pay any PD indemnity benefit.	3	\$2,300	\$2,300	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	2	\$1,000	\$1,000	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	59	\$36,555	\$36,555	\$0	\$0	

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

Calendar Year: 2008
Notices of Compensation Due

Individual Exhibit 3

Audit No: OAK-08-08-R1-3

Subject: Sentry Insurance / Parker Services, Inc

Location: Stevens Point, WI

Type: INS / TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$430.74						\$430.74
2				\$138.00			\$138.00
3		\$451.87		\$56.18			\$508.05
4	\$38.44						\$38.44
5	\$160.30			\$16.03			\$176.33
6				\$132.00			\$132.00
7		\$2,096.31		\$455.33			\$2,551.64
TOTAL	\$629.48	\$2,548.18	\$0.00	\$797.54	\$0.00	\$0.00	\$3,975.20

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: SAC-12-08-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 5 divide by # claims with payable indem 49 = 0.10204

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

Total unpd indem. = \$ 1,831.29 divide by # of claims with obligation to pay indem. 49
 Avg Unpd Ind = \$ 37.37

C. Severity Rate

Avg Unpd Indem \$ 37.37 divide by avg unpd indem 2004-2006 of \$ 180.42 = 0.20715

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.10204 X Severity rate 0.20715 X modifier of 2
 = 0.04227

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

# claims with late 1st TD	3	divide by # with TD payments	43	
# claims with late first SC notice	1	divide by # with salary continuation	1	
Totals	4	divide by	44	=
				0.09091

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

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

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 0 divide by # with subsequent payments 42 =
0.00000

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

# claims with AME/QME notice violations	10	divide by # requiring notices	25	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
Totals	10		25	
				= 0.40000

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2008 0.77128

Profile Audit Review Performance Rating of 1.82402 or greater is a failing score.

Calendar Year: 2008

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: SAC-12-08-R1-2

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)	3	\$500	\$500	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	9	\$6,160	\$6,160	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	0	\$0	\$0	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	1	\$50	\$50	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	10	\$3,800	\$3,800	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	2	\$600	\$600	\$0	\$0	
Failure to pay any PD indemnity benefit.	1	\$400	\$400	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	3	\$1,150	\$1,150	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	29	\$12,660	\$12,660	\$0	\$0	

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

Calendar Year: 2008
Notices of Compensation Due

Individual Exhibit 3

Audit No: SAC-12-08-R1-2

Subject: Sierra Pacific Industries

Location: Anderson

Type: SI

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1				\$334.23			\$334.23
2	\$285.00			\$28.50			\$313.50
3		\$621.00		\$414.00			\$1,035.00
4	\$54.00			\$1.20			\$55.20
5				\$93.36			\$93.36
TOTAL	\$339.00	\$621.00	\$0.00	\$871.29	\$0.00	\$0.00	\$1,831.29

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: LAO-18-08-R1-2

Subject: Southern California Edison Company

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 55 = 0.07273

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

Total unpd indem. = \$ 5,449.47 divide by # of claims with obligation to pay indem. 55
Avg Unpd Ind = \$ 99.08

C. Severity Rate

Avg Unpd Indem \$ 99.08 divide by avg unpd indem 2004-2006 of \$ 180.42 = 0.54917

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.07273 X Severity rate 0.54917 X modifier of 2
= 0.07988

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

# claims with late 1st TD	3	divide by # with TD payments	54	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	3	divide by	Totals 54	=
				0.05556

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

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

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 9 divide by # with subsequent payments 41 = 0.21951

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

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

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2008

Profile Audit Review Performance Rating of 1.82402 or greater is a failing score.

0.57944

Calendar Year: 2008

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	57
Indemnity	55
Medical Only	0
Denied	0
Complaints	2
Additional	0

Audit No: LAO-18-08-R1-2

Subject: Southern California Edison Company

Location: Rosemead

Type: SI

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	3	\$580	\$580	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	2	\$1,040	\$1,040	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	12	\$1,695	\$1,695	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process.	4	\$1,000	\$1,000	\$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.	3	\$1,600	\$1,600	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	0	\$0	\$0	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	25	\$6,115	\$6,115	\$0	\$0	

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

Calendar Year: 2008
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-18-08-R1-2

Subject: Southern California Edison Company

Location: Rosemead

Type: SI

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1		\$1,320.00		\$132.00			\$1,452.00
2		\$1,173.00					\$1,173.00
3	\$104.00						\$104.00
4		\$2,473.15		\$247.32			\$2,720.47
TOTAL	\$104.00	\$4,966.15	\$0.00	\$379.32	\$0.00	\$0.00	\$5,449.47

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: LAO-29-08-R1-5

Subject: State Compensation Insurance Fund - State Contract Claims

Location: Riverside

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

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

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

Total unpd indem. = \$ 13,414.84 # of claims with obligation to pay indem. 58
Avg Unpd Ind = \$ 231.29

C. Severity Rate

Avg Unpd Indem \$ 231.29 divide by avg unpd indem 2004-2006 of \$ 180.42 = 1.28196

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.22414 X Severity rate 1.28196 X modifier of 2
= 0.57467

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

# claims with late 1st TD	16	divide by # with TD payments	44	
# claims with late first SC notice	10	divide by # with salary continuation	16	
Totals	26	divide by	Totals 60	=
				0.43333

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

# claims with late first PD	4	divide by # with first PD	30	
# claims with late first VRMA		divide by # with first VRMA		
# claims with late first DB		divide by # with first DB paid		
Totals	4	divide by	Totals 30	=
				0.13333

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 23 divide by # with subsequent payments 46 = 0.50000

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

# claims with AME/QME notice violations	5	divide by # requiring notices	39	
# claims with VR potential eligibility notice violations		divide by # requiring notices		
Totals	5		Totals 39	=
				0.12821

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2008

Profile Audit Review Performance Rating of 1.82402 or greater is a failing score.

1.76954

Calendar Year: 2008

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: LAO-29-08-R1-5

Subject: State Compensation Insurance Fund - State Contract Claims

Location: Riverside

Type: TPA

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	17	\$11,630	\$11,630	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	9	\$6,070	\$6,070	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	59	\$22,735	\$22,735	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	11	\$710	\$710	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	1	\$400	\$400	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process.	5	\$2,300	\$2,300	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	5	\$9,300	\$9,300	\$0	\$0	
Failure to pay any PD indemnity benefit.	4	\$2,400	\$2,400	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	16	\$4,150	\$4,150	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	127	\$59,695	\$59,695	\$0	\$0	

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

Calendar Year: 2008
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-29-08-R1-5

Subject: State Compensation Insurance Fund - State Contract Claims

Location: Riverside

Type: TPA

Item #	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$2,809.62	\$736.04		\$326.36			\$3,872.02
2	\$1,988.63			\$300.15			\$2,288.78
3	\$33.02						\$33.02
4	\$514.72	\$71.09					\$585.81
5	\$425.87	\$99.00					\$524.87
6				\$40.83			\$40.83
7		\$973.89		\$97.39		\$128.00	\$1,199.28
8				\$86.40			\$86.40
9		\$2,183.14		\$267.97			\$2,451.11
10				\$101.49			\$101.49
11				\$645.63			\$645.63
12	\$22.16	\$875.50		\$153.59			\$1,051.25
13				\$403.20			\$403.20
14	\$675.00			\$101.78			\$776.78
TOTAL	\$6,469.02	\$4,938.66	\$0.00	\$2,524.79	\$0.00	\$128.00	\$14,060.47

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: OAK-06-08-R1-1

Subject: State Compensation Insurance Fund

Location: Fairfield

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

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

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

Total unpd indem. = \$ 19,459.63 divide by # of claims with obligation to pay indem. 58
Avg Unpd Ind = \$ 335.51

C. Severity Rate

Avg Unpd Indem \$ 335.51 divide by avg unpd indem 2004-2006 of \$ 180.42 = 1.85961

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.22414 X Severity rate 1.85961 X modifier of 2
= 0.83362

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

# claims with late 1st TD	17	divide by # with TD payments	57	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	17	divide by	Totals 57	=

0.29825

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

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

0.09091

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 8 divide by # with subsequent payments 32 = 0.25000

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

# claims with AME/QME notice violations	9	divide by # requiring notices	29	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
Totals	9	Totals	29	=

0.31034

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2008

Profile Audit Review Performance Rating of 1.82402 or greater is a failing score.

1.78312

Calendar Year: 2008

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: OAK-06-08-R1-1

Subject: State Compensation Insurance Fund

Location: Fairfield

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)	17	\$7,630	\$7,630	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	0	\$0	\$0	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	13	\$3,710	\$3,710	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	7	\$2,100	\$2,100	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	8	\$10,800	\$10,800	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	7	\$900	\$900	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	52	\$25,140	\$25,140	\$0	\$0	

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

Calendar Year: 2008
Notices of Compensation Due

Individual Exhibit 3

Audit No: OAK-06-08-R1-1

Subject: State Compensation Insurance Fund

Location: Fairfield

Type: INS

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1				\$20.11			\$20.11
2				\$18.05			\$18.05
3	\$42.86			\$60.00			\$102.86
4	\$91.32						\$91.32
5	\$14,146.93			\$1,068.25			\$15,215.18
6	\$262.86						\$262.86
7	\$1,227.35			\$122.73			\$1,350.08
8				\$25.20			\$25.20
9	\$1,659.81						\$1,659.81
10				\$76.80			\$76.80
11	\$377.83						\$377.83
12				\$142.93			\$142.93
13				\$116.60			\$116.60
TOTAL	\$17,808.96	\$0.00	\$0.00	\$1,650.67	\$0.00	\$0.00	\$19,459.63

Calendar Year: 2008

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: VNO-06-08-R1-1

Subject: State Compensation Insurance Fund

Location: Oxnard

Type: INS

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	17	\$4,380	\$4,380	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	3	\$1,940	\$1,940	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	29	\$13,905	\$13,905	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process.	7	\$2,000	\$2,000	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	6	\$3,600	\$3,600	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	0	\$0	\$0	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	62	\$25,825	\$25,825	\$0	\$0	

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

Calendar Year: 2008
Notices of Compensation Due

Individual Exhibit 3

Audit No: VNO-06-08-R1-1

Subject: State Compensation Insurance Fund

Location: Oxnard

Type: INS

Item #	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$1,721.26			\$33.68			\$1,754.94
2	\$869.91			\$69.60			\$939.51
3	\$661.45			\$22.05			\$683.50
4	\$46.12			\$4.61			\$50.73
5	\$135.86						\$135.86
6	\$99.99						\$99.99
TOTAL	\$3,534.59	\$0.00	\$0.00	\$129.94	\$0.00	\$0.00	\$3,664.53

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: OAK-18-08-R1-1

Subject: State Compensation Insurance Fund

Location: Pleasanton

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

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

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

Total unpd indem. = \$ 7,194.97 divide by # of claims with obligation to pay indem. 58
Avg Unpd Ind = \$ 124.05

C. Severity Rate

Avg Unpd Indem \$ 124.05 divide by avg unpd indem 2004-2006 of \$ 180.42 = 0.68757

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.15517 X Severity rate 0.68757 X modifier of 2
= 0.21338

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

# claims with late 1st TD	21	divide by # with TD payments	57	
# claims with late first SC notice	0	divide by # with salary continuation	1	
Totals	21	divide by	Totals 58	=

0.36207

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

# claims with late first PD	1	divide by # with first PD	12	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	1	divide by	Totals 12	=

0.08333

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 10 divide by # with subsequent payments 43 = 0.23256

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

# claims with AME/QME notice violations	13	divide by # requiring notices	35	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
Totals	13	Totals	35	

= 0.37143

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2008

Profile Audit Review Performance Rating of 1.82402 or greater is a failing score.

1.26277

Calendar Year: 2008

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	67
Indemnity	58
Medical Only	0
Denied	0
Complaints	9
Additional	0

Audit No: OAK-18-08-R1-1

Subject: State Compensation Insurance Fund

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)	29	\$13,310	\$13,310	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	4	\$510	\$510	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	29	\$7,745	\$7,745	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	12	\$3,800	\$3,800	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	7	\$8,200	\$8,200	\$0	\$0	
Failure to pay any PD indemnity benefit.	2	\$1,400	\$1,400	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	7	\$775	\$775	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	90	\$35,740	\$35,740	\$0	\$0	

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

Calendar Year: 2008
Notices of Compensation Due

Individual Exhibit 3

Audit No: OAK-18-08-R1-1

Subject: State Compensation Insurance Fund

Location: Pleasanton

Type: INS

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$93.38						\$93.38
2	\$2,519.33			\$235.74			\$2,755.07
3		\$17,671.60		\$1,767.16			\$19,438.76
4	\$1,302.84			\$90.40			\$1,393.24
5	\$285.71			\$28.57			\$314.28
6				\$34.00			\$34.00
7				\$109.39			\$109.39
8				\$18.67			\$18.67
9	\$1,508.52	\$473.14		\$198.17			\$2,179.83
10				\$53.77			\$53.77
11	\$259.05			\$18.29			\$277.34
TOTAL	\$5,968.83	\$18,144.74	\$0.00	\$2,554.16	\$0.00	\$0.00	\$26,667.73

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: SAC-15-08-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 9 divide by # claims with payable indem 58 = 0.15517

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

Total unpd indem. = \$ 3,118.52 divide by # of claims with obligation to pay indem. 58
Avg Unpd Ind = \$ 53.77

C. Severity Rate

Avg Unpd Indem \$ 53.77 divide by avg unpd indem 2004-2006 of \$ 180.42 = 0.29801

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.15517 X Severity rate 0.29801 X modifier of 2
= 0.09249

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

# claims with late 1st TD	8	divide by # with TD payments	56	
# claims with late first SC notice	0	divide by # with salary continuation	1	
Totals	8	divide by	Totals 57	=
				0.14035

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

# claims with late first PD	3	divide by # with first PD	17	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	3	divide by	Totals 17	=
				0.17647

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 4 divide by # with subsequent payments 39 = 0.10256

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

# claims with AME/QME notice violations	5	divide by # requiring notices	18	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
Totals	5		Totals 18	
				= 0.27778

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2008

Profile Audit Review Performance Rating of 1.82402 or greater is a failing score.

0.78965

Calendar Year: 2008

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: SAC-15-08-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)	8	\$2,000	\$2,000	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	3	\$2,120	\$2,120	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	6	\$1,300	\$1,300	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	5	\$1,500	\$1,500	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	8	\$2,400	\$2,400	\$0	\$0	
Failure to pay any PD indemnity benefit.	1	\$800	\$800	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	1	\$50	\$50	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	32	\$10,170	\$10,170	\$0	\$0	

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

Calendar Year: 2008
Notices of Compensation Due

Individual Exhibit 3

Audit No: SAC-15-08-R1-1

Subject: State Compensation Insurance Fund

Location: Redding

Type: INS

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$770.14			\$59.91			\$830.05
2	\$58.50			\$1.95			\$60.45
3	\$91.12						\$91.12
4	\$65.40						\$65.40
5	\$48.36			\$4.84			\$53.20
6		\$1,416.59		\$141.66			\$1,558.25
7	\$257.14						\$257.14
8	\$102.86						\$102.86
9	\$100.05						\$100.05
TOTAL	\$1,493.57	\$1,416.59	\$0.00	\$208.36	\$0.00	\$0.00	\$3,118.52

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: LAO-27-08-R1-5

Subject: State Compensation Insurance Fund Claims Mgmt Services - TPA Claims

Location: Santa Ana

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 2 divide by # claims with payable indem 9 = 0.22222

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

Total unpd indem. = \$ 206.84 divide by # of claims with obligation to pay indem. 9
Avg Unpd Ind = \$ 22.98

C. Severity Rate

Avg Unpd Indem \$ 22.98 divide by avg unpd indem 2004-2006 of \$ 180.42 = 0.12738

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.22222 X Severity rate 0.12738 X modifier of 2
= 0.05661

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

# claims with late 1st TD	2	divide by # with TD payments	8	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	2	divide by	8	=
				0.25000

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

# claims with late first PD	0	divide by # with first PD	1	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	0	divide by # with first DB paid	1	
Totals	0	divide by	2	=
				0.00000

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 5 divide by # with subsequent payments 6 = 0.83333

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

# claims with AME/QME notice violations	1	divide by # requiring notices	8	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
Totals	1	Totals	8	
				= 0.12500

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2008

Profile Audit Review Performance Rating of 1.82402 or greater is a failing score.

1.26495

Calendar Year: 2008

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	9
Indemnity	9
Medical Only	0
Denied	0
Complaints	0
Additional	0

Audit No: LAO-27-08-R1-5

**Subject: State Compensation Insurance Fund
Claims Management Services - TPA Claims**

Location: Santa Ana

Type: TPA

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	2	\$700	\$700	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	0	\$0	\$0	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	22	\$6,290	\$6,290	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process.	1	\$500	\$500	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	0	\$0	\$0	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	2	\$250	\$250	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	27	\$7,740	\$7,740	\$0	\$0	

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

Calendar Year: 2008
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-27-08-R1-5

Subject: State Compensation Insurance Fund
Claims Management Services - TPA Claims

Location: Santa Ana

Type: TPA

Item #	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1				\$120.00			\$120.00
2				\$86.84			\$86.84
TOTAL	\$0.00	\$0.00	\$0.00	\$206.84	\$0.00	\$0.00	\$206.84

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: OAK-04-08-R1-6

Subject: State Compensation Insurance Fund ~ Risk Management

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 53 = 0.11321

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

Total unpd indem. = \$ 12,336.66 divide by # of claims with obligation to pay indem. 53
Avg Unpd Ind = \$ 232.77

C. Severity Rate

Avg Unpd Indem \$ 232.77 divide by avg unpd indem 2004-2006 of \$ 180.42 = 1.29014

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.11321 X Severity rate 1.29014 X modifier of 2
= 0.29211

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

# claims with late 1st TD	3	divide by # with TD payments	4	
# claims with late first SC notice	8	divide by # with salary continuation	46	
Totals	11	divide by	Totals 50	=
				0.22000

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

# claims with late first PD	7	divide by # with first PD	13	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	7	divide by	Totals 13	=
				0.53846

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

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

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

# claims with AME/QME notice violations	5	divide by # requiring notices	24	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
Totals	5		Totals 24	
				= 0.20833

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2008

Profile Audit Review Performance Rating of 1.82402 or greater is a failing score.

1.37001

Calendar Year: 2008

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	54
Indemnity	53
Medical Only	0
Denied	0
Complaints	1
Additional	0

Audit No: OAK-04-08-R1-6

Subject: State Compensation Insurance Fund ~ Risk Mgmt

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)	4	\$900	\$900	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	7	\$3,020	\$3,020	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	3	\$450	\$450	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	9	\$660	\$660	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	6	\$1,500	\$1,500	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	0	\$0	\$0	\$0	\$0	
Failure to pay any PD indemnity benefit.	4	\$3,500	\$3,500	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	5	\$1,400	\$1,400	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	38	\$11,430	\$11,430	\$0	\$0	

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

Calendar Year: 2008
Notices of Compensation Due

Individual Exhibit 3

Audit No: OAK-04-08-R1-6

Subject: State Compensation Insurance Fund ~ Risk Management

Location: San Francisco

Type: SI

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1		\$593.99		\$128.86			\$722.85
2				\$665.50			\$665.50
3				\$11.53			\$11.53
4		\$4,741.20		\$1,307.98			\$6,049.18
5		\$2,300.00		\$233.29			\$2,533.29
6		\$2,140.28		\$214.03			\$2,354.31
TOTAL	\$0.00	\$9,775.47	\$0.00	\$2,561.19	\$0.00	\$0.00	\$12,336.66

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: LAO-23-08-R1-3

Subject: The Travelers Companies, Inc.

Location: Orange

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 14 divide by # claims with payable indem 58 = 0.24138

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

Total unpd indem. = \$ 13,566.94 divide by # of claims with obligation to pay indem. 58
 Avg Unpd Ind = \$ 233.91

C. Severity Rate

Avg Unpd Indem \$ 233.91 divide by avg unpd indem 2004-2006 of \$ 180.42 = 1.29649

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.24138 X Severity rate 1.29649 X modifier of 2
 = 0.62589

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

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

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

# claims with late first PD	8	divide by # with first PD	20	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	8	divide by	20	=
				0.40000

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 9 divide by # with subsequent payments 46 =
0.19565

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

# claims with AME/QME notice violations	3	divide by # requiring notices	50	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
Totals	3		50	=
				0.06000

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2008 1.48525

Profile Audit Review Performance Rating of 1.82402 or greater is a failing score.

Calendar Year: 2008

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: LAO-23-08-R1-3

Subject: The Travelers Companies, Inc.

Location: Orange

Type: INS / TPA

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	12	\$6,380	\$6,380	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	8	\$5,450	\$5,450	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	23	\$5,675	\$5,675	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process.	3	\$1,500	\$1,500	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	16	\$13,400	\$13,400	\$0	\$0	
Failure to pay any PD indemnity benefit.	1	\$400	\$400	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	4	\$2,000	\$2,000	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	67	\$34,805	\$34,805	\$0	\$0	

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

Calendar Year: 2008
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-23-08-R1-3

Subject: The Travelers Companies, Inc.

Location: Orange

Type: INS / TPA

Item #	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1	\$92.60						\$92.60
2		\$460.00					\$460.00
3	\$240.42			\$11.01			\$251.43
4	\$95.59						\$95.59
5	\$5,758.89	\$1,728.67		\$249.54			\$7,737.10
6	\$121.70						\$121.70
7	\$113.42			\$11.34			\$124.76
8	\$925.27			\$225.55			\$1,150.82
9				\$276.12			\$276.12
10	\$186.75						\$186.75
11	\$56.75						\$56.75
12				\$378.00			\$378.00
13	\$116.29						\$116.29
14	\$2,519.03						\$2,519.03
TOTAL	\$10,226.71	\$2,188.67	\$0.00	\$1,151.56	\$0.00	\$0.00	\$13,566.94

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: LAO-25-08-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 11 divide by # claims with payable indem 57 = 0.19298

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

Total unpd indem. = \$ 15,944.69 divide by # of claims with obligation to pay indem. 57
 Avg Unpd Ind = \$ 279.73

C. Severity Rate

Avg Unpd Indem \$ 279.73 divide by avg unpd indem 2004-2006 of \$ 180.42 = 1.55045

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.19298 X Severity rate 1.55045 X modifier of 2
 = 0.59842

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

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

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

# claims with late first PD	4	divide by # with first PD	11	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	4	divide by	11	=
				0.36364

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 15 divide by # with subsequent payments 39 =
0.38462

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

# claims with AME/QME notice violations	0	divide by # requiring notices	33	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
Totals	0		33	
				=
				0.00000

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2008

Profile Audit Review Performance Rating of 1.82402 or greater is a failing score.

1.75408

Calendar Year: 2008

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: LAO-25-08-R1-5

Subject: Tristar Risk Management

Location: Signal Hill

Type: TPA

Type of Violation	# of Violations	Total \$ Violations Identified	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	28	\$7,680	\$7,680	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	4	\$2,450	\$2,450	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	24	\$7,595	\$7,595	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with 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.	6	\$2,000	\$2,000	\$0	\$0	
Failure to pay any PD indemnity benefit.	4	\$3,500	\$3,500	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	10	\$2,700	\$2,700	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	76	\$25,925	\$25,925	\$0	\$0	

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

Calendar Year: 2008
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-25-08-R1-5

Subject: Tristar Risk Management

Location: Signal Hill

Type: TPA

Item #	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty Interest or Other	Total
1		\$3,383.89		\$1,058.44			\$4,442.33
2	\$25.71						\$25.71
3	\$82.78						\$82.78
4				\$92.07			\$92.07
5	\$776.68	\$4,888.16		\$545.06			\$6,209.90
6				\$60.00			\$60.00
7		\$587.05		\$1,164.71			\$1,751.76
8	\$396.86			\$23.45			\$420.31
9	\$58.57						\$58.57
10	\$81.30			\$8.13			\$89.43
11		\$2,346.00		\$365.83			\$2,711.83
TOTAL	\$1,421.90	\$11,205.10	\$0.00	\$3,317.69	\$0.00	\$0.00	\$15,944.69

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: OAK-13-08-R1-5

Subject: TriStar Risk Management

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 58 = 0.06897

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

Total unpd indem. = \$ 2,987.04 divide by # of claims with obligation to pay indem. 58
Avg Unpd Ind = \$ 51.50

C. Severity Rate

Avg Unpd Indem \$ 51.50 divide by avg unpd indem 2004-2006 of \$ 180.42 = 0.28545

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.06897 X Severity rate 0.28545 X modifier of 2
= 0.03937

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

# claims with late 1st TD	7	divide by # with TD payments	39	
# claims with late first SC notice	5	divide by # with salary continuation	18	
Totals	12	divide by	Totals 57	=
				0.21053

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

# claims with late first PD	3	divide by # with first PD	13	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	3	divide by	Totals 13	=
				0.23077

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 3 divide by # with subsequent payments 29 = 0.10345

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

# claims with AME/QME notice violations	5	divide by # requiring notices	36	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
Totals	5	Totals	36	
				= 0.13889

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2008

Profile Audit Review Performance Rating of 1.82402 or greater is a failing score.

0.72300

Calendar Year: 2008

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: OAK-13-08-R1-5

Subject: TriStar Risk Management

Location: Walnut Creek

Type: TPA

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	8	\$6,760	\$6,760	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	4	\$2,020	\$2,020	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	3	\$450	\$450	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	5	\$1,400	\$1,400	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	7	\$1,200	\$1,200	\$0	\$0	
Failure to pay any PD indemnity benefit.	2	\$800	\$800	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	2	\$700	\$700	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	31	\$13,330	\$13,330	\$0	\$0	

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

Calendar Year: 2008
Notices of Compensation Due

Individual Exhibit 3

Audit No: OAK-13-08-R1-5

Subject: TriStar Risk Management

Location: Walnut Creek

Type: TPA

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$556.12			\$180.10			\$736.22
2		\$950.80		\$95.08			\$1,045.88
3	\$599.85			\$355.70			\$955.55
4		\$226.72		\$22.67			\$249.39
TOTAL	\$1,155.97	\$1,177.52	\$0.00	\$653.55	\$0.00	\$0.00	\$2,987.04

Calendar Year: 2008

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	59
Indemnity	53
Medical Only	0
Denied	0
Complaints	6
Additional	0

Audit No: LAO-02-08-R-9

Subject: Uninsured Employers Benefit Trust Fund

Location: Anaheim

Type: UEBTF

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	0	\$0	\$0	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	0	\$0	\$0	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	2	\$560	\$560	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with 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	\$11,000	\$11,000	\$0	\$0	
Failure to pay any PD indemnity benefit.	7	\$9,950	\$9,950	\$0	\$0	
Failure to pay any VR indemnity benefit.	1	\$1,000	\$1,000	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	0	\$0	\$0	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	14	\$22,510	\$22,510	\$0	\$0	

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

Calendar Year: 2008
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-02-08-R-9

Subject: Uninsured Employers Benefit Trust Fund

Location: Anaheim

Type: UEBTF

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1		\$5,052.80					\$5,052.80
2		\$20,000.00					\$20,000.00
3	\$8,748.44						\$8,748.44
4		\$52.86					\$52.86
5		\$1,380.86					\$1,380.86
6	\$15,557.14	\$10,067.50	\$21,125.36				\$46,750.00
7	\$13,694.01	\$13,613.99					\$27,308.00
8	\$2,975.00						\$2,975.00
9		\$14,225.00					\$14,225.00
TOTAL	\$40,974.59	\$64,393.01	\$21,125.36	\$0.00	\$0.00	\$0.00	\$126,492.96

Calendar Year: 2008

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	49
Indemnity	47
Medical Only	0
Denied	0
Complaints	2
Additional	0

Audit No: LAO-01-08-R-9

Subject: Uninsured Employers Benefit Trust Fund

Location: Los Angeles

Type: UEBTF

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	0	\$0	\$0	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	0	\$0	\$0	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	1	\$960	\$960	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	0	\$0	\$0	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	2	\$2,000	\$2,000	\$0	\$0	
Failure to pay any PD indemnity benefit.	2	\$2,000	\$2,000	\$0	\$0	
Failure to pay any VR indemnity benefit.	4	\$7,200	\$7,200	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	0	\$0	\$0	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	1	\$1,000	\$1,000	\$0	\$0	
TOTAL	10	\$13,160	\$13,160	\$0	\$0	

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

Calendar Year: 2008
Notices of Compensation Due

Individual Exhibit 3

Audit No: LAO-01-09-R-9

Subject: Uninsured Employers Benefit Trust Fund

Location: Los Angeles

Type: UEBTF

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1		\$19,179.06					\$19,179.06
2	\$10,683.47	\$19,070.00	\$8,500.00				\$38,253.47
3	\$4,557.52		\$12,318.00				\$16,875.52
4					\$7,628.89		\$7,628.89
5			\$2,125.00				\$2,125.00
TOTAL	\$15,240.99	\$38,249.06	\$22,943.00	\$0.00	\$7,628.89	\$0.00	\$84,061.94

Calendar Year: 2008

Individual Exhibit 2

Penalty Assessments and Collections

Files Audited:	39
Indemnity	39
Medical Only	0
Denied	0
Complaints	0
Additional	0

Audit No: OAK-01-08-R-9

Subject: Uninsured Employers Benefits Trust Fund

Location: Oakland

Type: UEBTF

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	0	\$0	\$0	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	0	\$0	\$0	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	0	\$0	\$0	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with 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.	0	\$0	\$0	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any VR indemnity benefit.	1	\$5,000	\$5,000	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	0	\$0	\$0	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	1	\$5,000	\$5,000	\$0	\$0	

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

Calendar Year: 2008
Notices of Compensation Due

Individual Exhibit 3

Audit No: OAK-01-08-R-9

Subject: Uninsured Employers Benefits Trust Fund

Location: Oakland

Type: UEBTF

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1			\$1,700.00				\$1,700.00
TOTAL	\$0.00	\$0.00	\$1,700.00	\$0.00	\$0.00	\$0.00	\$1,700.00

Calendar Year: 2008

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: SAC-01-08-R-9

Subject: Uninsured Employers Benefits Trust Fund

Location: Sacramento

Type: UEBTF

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	0	\$0	\$0	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	0	\$0	\$0	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	24	\$9,450	\$9,450	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with 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.	1	\$800	\$800	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	0	\$0	\$0	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	25	\$10,250	\$10,250	\$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-20-08-R3-1

Subject: Unigard Insurance Group

Location: Bellevue, WA

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 0 divide by # claims with payable indem 5 = 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. 5
Avg Unpd Ind = \$ -

C. Severity Rate

Avg Unpd Indem \$ - divide by avg unpd indem 2004-2006 of \$ 180.42 = 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 OR FIRST NOTICE OF SC

# claims with late 1st TD	4	divide by # with TD payments	5	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	4	divide by	Totals 5	=
				0.80000

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

# claims with late first PD	1	divide by # with first PD	1	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	1	divide by	Totals 1	=
				1.00000

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 5 divide by # with subsequent payments 5 = 1.00000

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

# claims with AME/QME notice violations	2	divide by # requiring notices	2	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
Totals	2		Totals 2	
				= 1.00000

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2008

Profile Audit Review Performance Rating of 1.82402 or greater is a failing score.

3.80000

Calendar Year: 2008

Individual Exhibit 2

Penalty Assessments and Collections

Page 1 of 2

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

Audit No: OAK-20-08-R3-1

Subject: Unigard Insurance Group

Location: Bellevue, 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)	6	\$13,050	\$0	\$13,050	\$0	
Late first payment of permanent disability indemnity benefits (PD).	2	\$920	\$0	\$920	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	9	\$2,355	\$0	\$2,355	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process.	2	\$1,000	\$0	\$1,000	\$0	
Failure to pay any TD or SC in lieu of TD.	0	\$0	\$0	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	1	\$400	\$0	\$400	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	

Calendar Year: 2008
Penalty Assessments and Collections

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

Audit No: OAK-20-08-R3-1

Subject: Unigard Insurance Group

Location: Bellevue, WA

Type: INS

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Failure to issue benefit notices other than specific notices for VR or denial.	22	\$2,200	\$0	\$2,200	\$0	
Failure to pay or object to medical treatment expense in the manner required by law or regulation.	25	\$7,500	\$0	\$7,500	\$0	
Failure to pay or object to medical-legal expense in the manner required by law or regulation.	0	\$0	\$0	\$0	\$0	
Failure to pay or object to VR expense in the manner required by law or regulation.	0	\$0	\$0	\$0	\$0	
Failure to timely assign a QRR to an employee after 90 aggregate days of total TD for injuries prior to 1/1/94.	0	\$0	\$0	\$0	\$0	
Failure to provide VR information after 90 aggregate days of total TD (injuries 1/1/94 thru 12/31/03).	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of non-eligibility for VR.	0	\$0	\$0	\$0	\$0	
Failure to provide notices denying all liability or death benefits as required.	0	\$0	\$0	\$0	\$0	
Failure to timely respond to a request to provide or authorize medical treatment.	0	\$0	\$0	\$0	\$0	
Failure to include specific items or properly designate entries on a claim log.	1	\$25	\$0	\$25	\$0	
Materially incomplete or inaccurate benefit notices including denial for all liability, other than specific vocational rehabilitation notices.	0	\$0	\$0	\$0	\$0	
Failure to investigate.	1	\$1,000	\$0	\$1,000	\$0	
Late payment of WCAB Orders or Awards or RU Orders for late payment of attorney fees and issues other than late payment of indemnity.	0	\$0	\$0	\$0	\$0	
Penalties for failure to comply with any regulation of the AD not otherwise assessed.	8	\$2,000	\$0	\$2,000	\$0	
Unsupported denial of all liability for a claim.	0	\$0	\$0	\$0	\$0	
TOTAL	77	\$30,450	\$0	\$30,450	\$0	

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

Calendar Year: 2008
Notices of Compensation Due

Individual Exhibit 3

Audit No: OAK-20-08-R3-1

Subject: Unigard Insurance Group

Location: Bellevue, WA

Type: INS

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1				\$37.80			\$37.80
TOTAL	\$0.00	\$0.00	\$0.00	\$37.80	\$0.00	\$0.00	\$37.80

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: OAK-02-08-R2-2

Subject: USS POSCO Industries

Location: Pittsburg

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 8 divide by # claims with payable indem 32 = 0.25000

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

Total unpd indem. = \$ 9,307.59 divide by # of claims with obligation to pay indem. 32
 Avg Unpd Ind = \$ 290.86

C. Severity Rate

Avg Unpd Indem \$ 290.86 divide by avg unpd indem 2004-2006 of \$ 180.42 = 1.61214

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.25000 X Severity rate 1.61214 X modifier of 2
 = 0.80607

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

# claims with late 1st TD	1	divide by # with TD payments	28	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	1	divide by	28	=
				0.03571

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

# claims with late first PD	4	divide by # with first PD	10	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	4	divide by	10	=
				0.40000

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 1 divide by # with subsequent payments 21 =
0.04762

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

# claims with AME/QME notice violations	7	divide by # requiring notices	10	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
Totals	7	Totals	10	=
				0.70000

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2008

Profile Audit Review Performance Rating of 1.82402 or greater is a failing score.

1.98940

Full Compliance Audit Performance Rating of Randomly Selected Claims

Audit No: OAK-02-08-R2-2

Subject: USS POSCO Industries

Location: Pittsburg

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 11 divide by # claims with payable indem 44 = 0.25000

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

Total unpd indem = \$ 9,704.82 divide by # of claims with obligation to pay indem. 44
 Avg Unpd Ind = \$ 220.56

C. Severity Rate

Avg Unpd Ind. \$ 220.56 divide by avg unpd indem 2004-2006 of \$ 180.42 = 1.22250

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.25000 X Severity rate 1.22250 X modifier of 2
 = 0.61125

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

# claims with late 1st TD	2	divide by # with TD payments	39	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	2	divide by	Totals 39	=
				0.05128

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

# claims with late first PD	5	divide by # with first PD	12	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims/late first death benefits	0	divide by # with first death ben paid	0	
Totals	5	divide by	Totals 12	=
				0.41667

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subseq payments 3 divide by # with subseq payments 31 =
 0.09677

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

# claims with AME/QME notice violations	8	divide by # requiring notices	14	
# claims with VR potential eligibilty notice violations	0	divide by # requiring notices	0	
Totals	8	Totals	14	=
				0.57143

FULL COMPLIANCE AUDIT PERFORMANCE RATING - 2008

Full Compliance Audit Performance Rating of indemnity files of 2.14049 or greater is a failing score.

1.74740

Calendar Year: 2008

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: OAK-02-08-R2-2

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)	2	\$260	\$52	\$208	\$208	
Late first payment of permanent disability indemnity benefits (PD).	6	\$3,030	\$606	\$2,424	\$2,424	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	3	\$840	\$168	\$672	\$672	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	8	\$3,800	\$3,800	\$0	\$0	
Failure to pay any TD or SC in lieu of TD.	3	\$600	\$120	\$480	\$480	
Failure to pay any PD indemnity benefit.	2	\$2,300	\$460	\$1,840	\$1,840	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	10	\$3,450	\$690	\$2,760	\$2,760	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	34	\$14,280	\$5,896	\$8,384	\$8,384	

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

Calendar Year: 2008
Notices of Compensation Due

Individual Exhibit 3

Audit No: OAK-02-08-R2-2

Subject: USS POSCO Industries

Location: Pittsburg

Type: SI

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1				\$15.71			\$15.71
2				\$207.00			\$207.00
3	\$300.24			\$30.02			\$330.26
4		\$5,020.57		\$502.06			\$5,522.63
5				\$240.00			\$240.00
6				\$366.30			\$366.30
7				\$166.23			\$166.23
8	\$295.69	\$1,610.00		\$509.51			\$2,415.20
9	\$249.49						\$249.49
10				\$168.00			\$168.00
11				\$24.00			\$24.00
TOTAL	\$845.42	\$6,630.57	\$0.00	\$2,228.83	\$0.00	\$0.00	\$9,704.82

Profile Audit Review Performance Rating of Randomly Selected Claims

Audit No: OAK-03-08-R3-1

Subject: Utica National Insurance Group

Location: Richardson, TX

1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY

A. Frequency Rate

claims with unpd indem 0 divide by # claims with payable indem 1 = 0.00000

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

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

C. Severity Rate

Avg Unpd Indem \$ - divide by avg unpd indem 2004-2006 of \$ 180.42 = 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 OR FIRST NOTICE OF SC

# claims with late 1st TD	1	divide by # with TD payments	1	
# claims with late first SC notice	0	divide by # with salary continuation	0	
Totals	1	divide by	1	=
				1.00000

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

# claims with late first PD	1	divide by # with first PD	1	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	1	divide by	1	=
				1.00000

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 1 divide by # with subsequent payments 1 =
1.00000

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

# claims with AME/QME notice violations	1	divide by # requiring notices	1	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
Totals	1		1	=
				1.00000

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2008

Profile Audit Review Performance Rating of 1.82402 or greater is a failing score.

4.00000

Penalty Assessments and Collections

Files Audited:	<u>3</u>
Indemnity	<u>1</u>
Medical Only	<u>0</u>
Denied	<u>2</u>
Complaints	<u>0</u>
Additional	<u>0</u>

Audit No: OAK-03-08-R3-1

Subject: Utica National Insurance Group

Location: Richardson, TX

Type: INS

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Late first payment of temporary disability indemnity benefits. (TD)	1	\$100	\$0	\$100	\$100	
Late first payment of permanent disability indemnity benefits (PD).	2	\$960	\$0	\$960	\$960	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	2	\$400	\$0	\$400	\$400	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	1	\$80	\$0	\$80	\$80	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process.	1	\$500	\$0	\$500	\$500	
Failure to pay any TD or SC in lieu of TD.	0	\$0	\$0	\$0	\$0	
Failure to pay any PD indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	0	\$0	\$0	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	

Calendar Year: 2008
Penalty Assessments and Collections

Files Audited:	3
Indemnity	1
Medical Only	0
Denied	2
Complaints	0
Additional	0

Audit No: OAK-03-08-R3-1

Subject: Utica National Insurance Group

Location: Richardson, TX

Type: INS

Type of Violation	# of Violations Cited	Total \$ Violations Cited	\$ Not Subject to Assessment	Total \$ Subject to Assessment	Total \$ Amount Collected	Appeal
Failure to issue benefit notices other than specific notices for VR or denial.	2	\$200	\$0	\$200	\$200	
Failure to pay or object to medical treatment expense in the manner required by law or regulation.	2	\$400	\$0	\$400	\$400	
Failure to pay or object to medical-legal expense in the manner required by law or regulation.	0	\$0	\$0	\$0	\$0	
Failure to pay or object to VR expense in the manner required by law or regulation.	0	\$0	\$0	\$0	\$0	
Failure to timely assign a QRR to an employee after 90 aggregate days of total TD for injuries prior to 1/1/94.	0	\$0	\$0	\$0	\$0	
Failure to provide VR information after 90 aggregate days of total TD (injuries 1/1/94 thru 12/31/03).	0	\$0	\$0	\$0	\$0	
Failure to notify an injured employee in a timely manner of non-eligibility for VR.	0	\$0	\$0	\$0	\$0	
Failure to provide notices denying all liability or death benefits as required.	0	\$0	\$0	\$0	\$0	
Failure to timely respond to a request to provide or authorize medical treatment.	0	\$0	\$0	\$0	\$0	
Failure to include specific items or properly designate entries on a claim log.	1	\$100	\$0	\$100	\$100	
Materially incomplete or inaccurate benefit notices including denial for all liability, other than specific vocational rehabilitation notices.	0	\$0	\$0	\$0	\$0	
Failure to investigate.	0	\$0	\$0	\$0	\$0	
Late payment of WCAB Orders or Awards or RU Orders for late payment of attorney fees and issues other than late payment of indemnity.	0	\$0	\$0	\$0	\$0	
Penalties for failure to comply with any regulation of the AD not otherwise assessed.	0	\$0	\$0	\$0	\$0	
Unsupported denial of all liability for a claim.	0	\$0	\$0	\$0	\$0	
TOTAL	12	\$2,740	\$0	\$2,740	\$2,740	

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-05-08-R1-1

Subject: Zenith Insurance Company

Location: Sacramento

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. = \$ 532.30 divide by # of claims with obligation to pay indem. 56
 Avg Unpd Ind = \$ 9.51

C. Severity Rate

Avg Unpd Indem \$ 9.51 divide by avg unpd indem 2004-2006 of \$ 180.42 = 0.05268

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate 0.05357 X Severity rate 0.05268 X modifier of 2
 = 0.00564

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

# claims with late 1st TD	6	divide by # with TD payments	53	
# claims with late first SC notice	2	divide by # with salary continuation	3	
Totals	8	divide by	56	=
				0.14286

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

# claims with late first PD	0	divide by # with first PD	14	
# claims with late first VRMA	0	divide by # with first VRMA	0	
# claims with late first DB	0	divide by # with first DB paid	0	
Totals	0	divide by	14	=
				0.00000

4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS

claims with late subsequent payments 0 divide by # with subsequent payments 25 =
0.00000

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

# claims with AME/QME notice violations	6	divide by # requiring notices	33	
# claims with VR potential eligibility notice violations	0	divide by # requiring notices	0	
Totals	6		33	
				=
				0.18182

PROFILE AUDIT REVIEW PERFORMANCE RATING - 2008

Profile Audit Review Performance Rating of 1.82402 or greater is a failing score.

0.33032

Calendar Year: 2008

Individual Exhibit 2

Penalty Assessments and Collections

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

Audit No: SAC-05-08-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)	7	\$1,795	\$1,795	\$0	\$0	
Late first payment of permanent disability indemnity benefits (PD).	0	\$0	\$0	\$0	\$0	
Late first payment of vocational rehabilitation indemnity benefits (VR).	0	\$0	\$0	\$0	\$0	
Late subsequent payment of indemnity benefits.	4	\$120	\$120	\$0	\$0	
Late first payment of death benefits (DB).	0	\$0	\$0	\$0	\$0	
Late provision of benefit notices other than specific notices for VR and for denial of injury.	2	\$100	\$100	\$0	\$0	
Failure to notify an injured employee in a timely manner of potential eligibility for VR as required for injuries through 12/31/03.	0	\$0	\$0	\$0	\$0	
Failure to comply with requirements to provide notice of the QME/AME process	6	\$1,700	\$1,700	\$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 VR indemnity benefit.	0	\$0	\$0	\$0	\$0	
Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.	0	\$0	\$0	\$0	\$0	
Failure to pay any indemnity as ordered by the WCAB or by the Rehabilitation Unit.	0	\$0	\$0	\$0	\$0	
Failure to pay any other indemnity, including but not limited to failure to pay any interest on a WCAB Order or Award; failure to pay DB.	0	\$0	\$0	\$0	\$0	
TOTAL	22	\$4,515	\$4,515	\$0	\$0	

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

Calendar Year: 2008
Notices of Compensation Due

Individual Exhibit 3

Audit No: SAC-05-08-R1-1

Subject: Zenith Insurance Company

Location: Sacramento

Type: INS

Item Number	Temporary Disability	Permanent Disability	VRMA	Self-Imposed Increase	Death Benefits	Penalty, Interest or Other	Total
1	\$184.26			\$18.43			\$202.69
2	\$130.35			\$7.74			\$138.09
3	\$174.11			\$17.41			\$191.52
TOTAL	\$488.72	\$0.00	\$0.00	\$43.58	\$0.00	\$0.00	\$532.30