

Audits

Routine Audits - Self insured employers are subject to routine audits every three years as specified in Labor Code Section 3702.6 (a) and can be viewed at: <http://www.leginfo.ca.gov/calaw.html> Select the Labor Code box then in the search engine type in 3702.6(a).

More information on routine audits is available

[http://www.dir.ca.gov/SIP/Additional Information on Routine Audits.pdf](http://www.dir.ca.gov/SIP/Additional%20Information%20on%20Routine%20Audits.pdf)

Revocation Audits - Occur when an employer ceases being self insured as specified in Title 8 California Code of Regulations Section 15497.1 and can be viewed at: http://www.dir.ca.gov/t8/15497_1.html All cases are audited in a revocation audit.

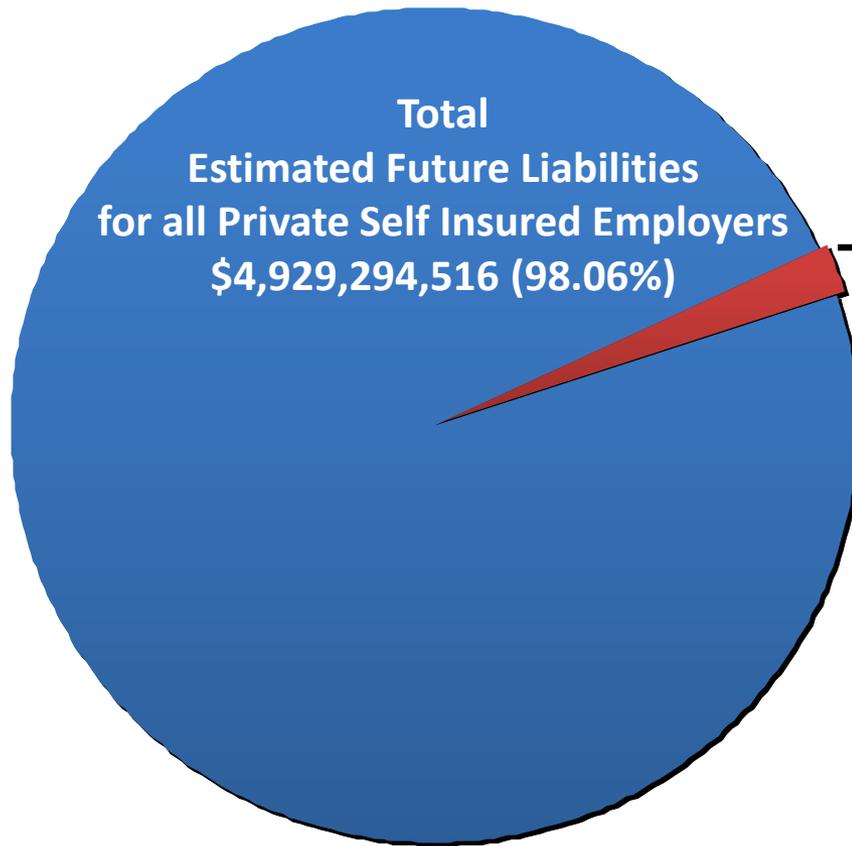
Special Audits – Occur when an employer defaults on payment of workers' compensation benefits, the results of a routine audit indicate additional cases should be reviewed, or other circumstances indicate a need for additional review.

Active Third Party Administrators

Main Locations by Year

2005- 159 Main Adjusting Locations
2006- 156 Main Adjusting Locations
2007- 159 Main Adjusting Locations
2008- 157 Main Adjusting Locations
2009- 157 Main Adjusting Locations

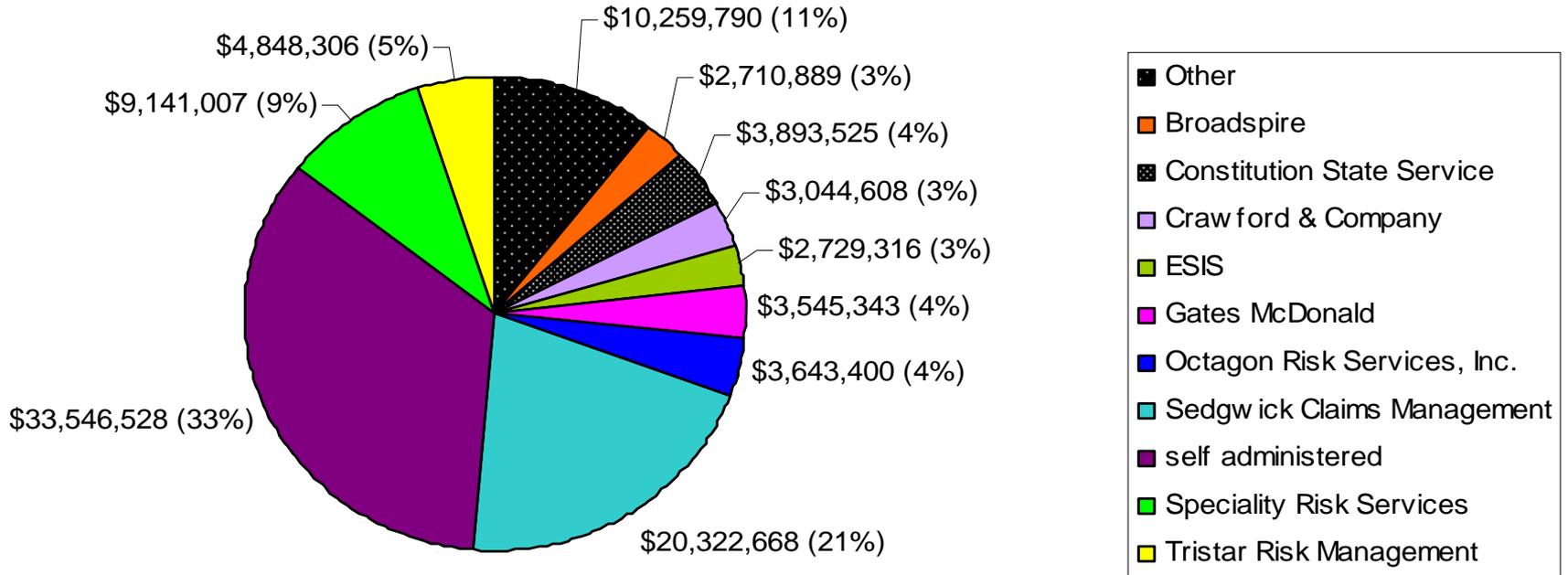
2005 Private Self Insured Audit Findings



**Total Estimated Future Liabilities
Shortfall, \$97,685,380 (1.94%)**

<u>Shortfall Categories,</u>	<u>Amounts</u>	<u>(%)</u>
Routine Audits	\$ 95,628,690	(1.90%)
Special Audits	\$ 1,058,766	(0.02%)
Revocation Audits	\$ 997,924	(0.02%)

2005 Audit Shortfall by Third Party Administrator (TPA), Including Dollar Amount and Percent of Total Shortfall

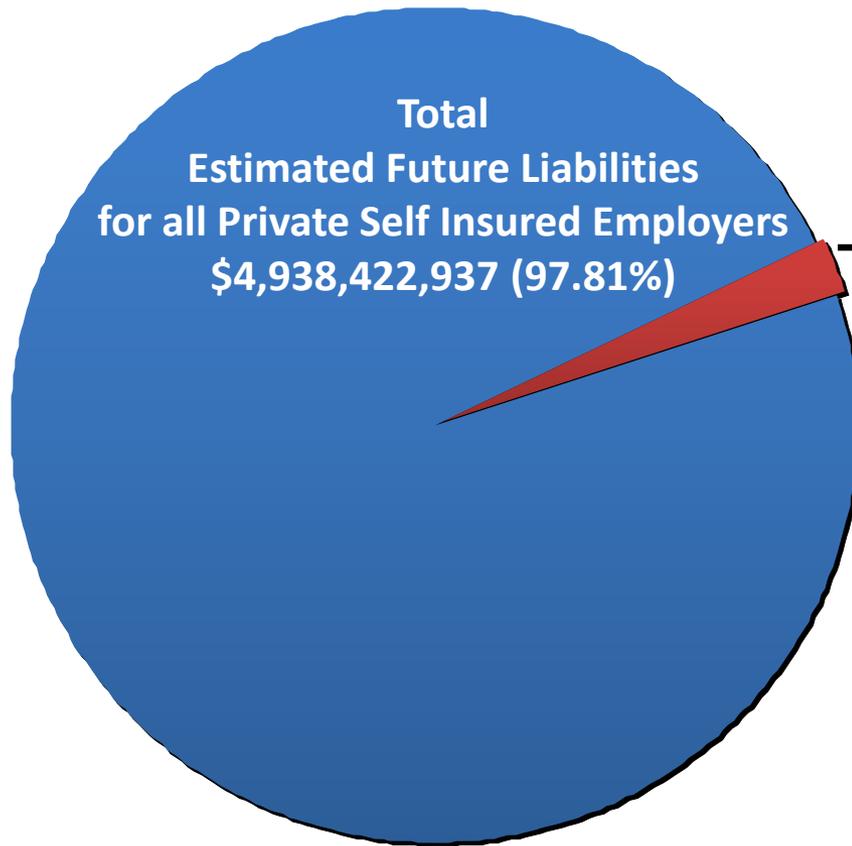


19 Other TPA's with less than 3% each

- Chubb Services Corp
- American Professional Risk Services
- Athens Administrators
- Judith E. Tiley, LLC
- Hazelrigg Risk Management
- State Compensation Insurance Fund
- GAB Robbins
- ClaimQuest, Inc.
- Southern California Risk Management Associates

- Matrix Absence Management
- Acclamation Insurance Management
- Claims Management, Inc.
- Helmsman Management Services
- JT2 Integrated Services
- ITT Speciality Risk Services
- Keenan & Associates
- Pinnacle Risk Management Services, Inc.
- Gallagher Bassett Services
- Cambridge Integrate Services Group, Inc.

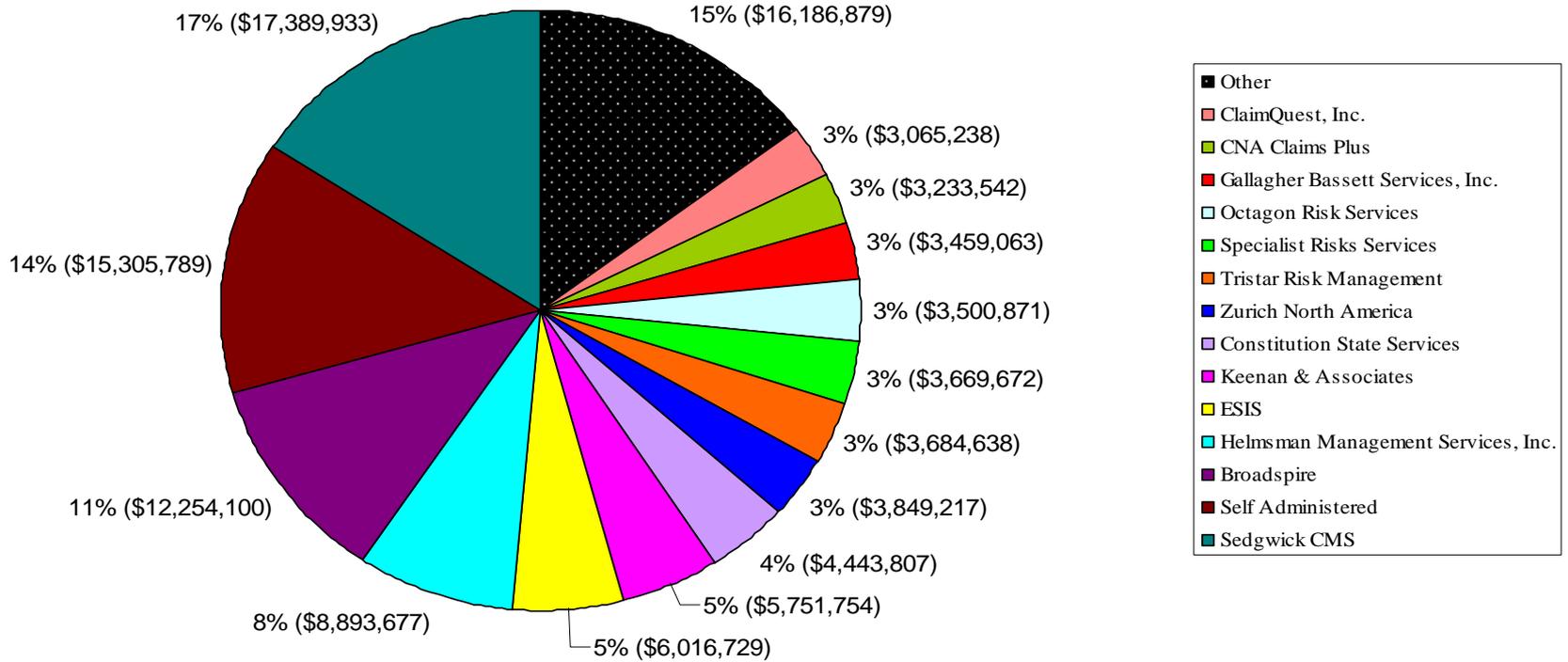
2006 Private Self Insured Audit Findings



**Total Estimated Future Liabilities
Shortfall, \$110,704,909 (2.19%)**

<u>Shortfall Categories,</u>	<u>Amounts</u>	<u>(%)</u>
Routine Audits	\$ 110,008,266	(2.18%)
Special Audits	\$ 0	(0.0%)
Revocation Audits	\$ 696,643	(0.01%)

2006 Audit Shortfall by Third Party Administrator (TPA), Including Dollar Amount and Percent of Total Shortfall

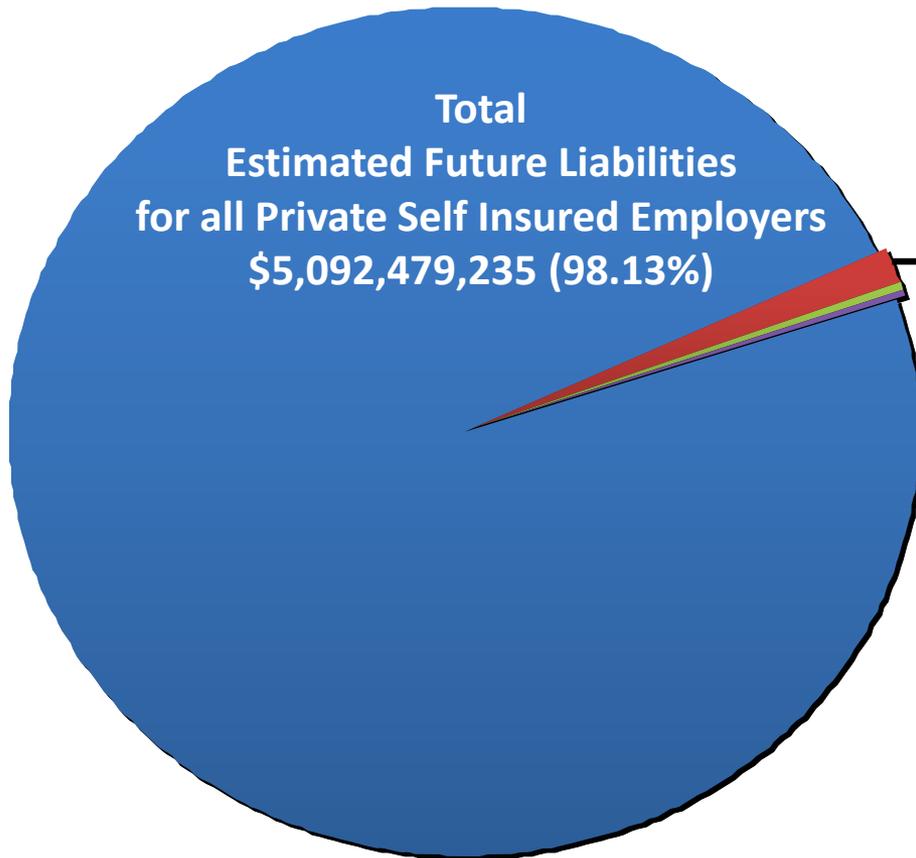


21 Other TPA's with less than 3% each

Acclamation Insurance Management
 Alternative Service Concepts
 Athens Administrators
 Cambridge Integrated Services
 Cannon Cochran Management Services, Inc.
 Claims Management Inc.
 Crawford & Company
 Frank Gates Service Company
 GAB Robbins
 Gates McDonald

Gregory Bragg
 Hazelrigg Risk Management Services, Inc.
 Intercare Insurance Services
 JT2 Integrated Resources
 Matrix Absence Management
 Parker Services LLC
 Pegasus Risk Management
 Southern California Risk Management Associates
 State Compensation Insurance Fund
 Ward North America-Nova Pro

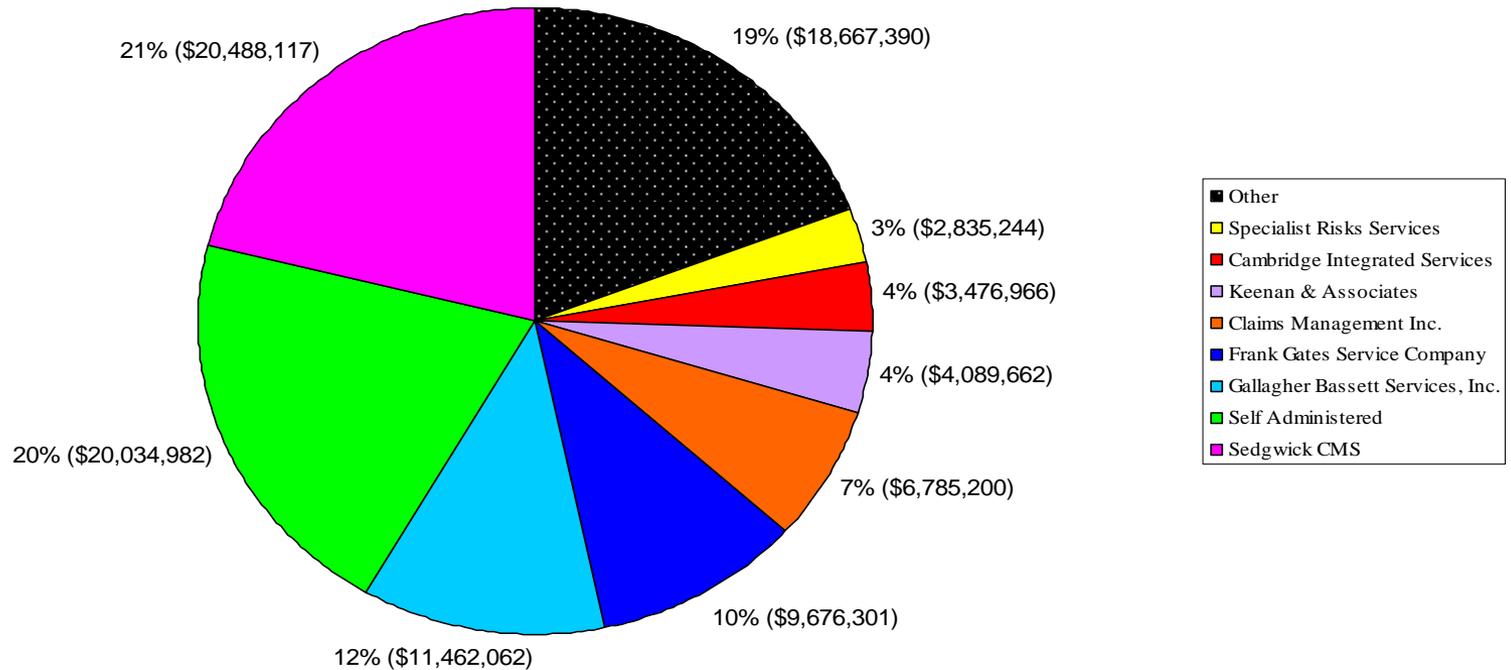
2007 Private Self Insured Audit Findings



Total Estimated Future Liabilities
Shortfall, \$97,515,927 (1.87%)

<u>Shortfall Categories,</u>	<u>Amounts</u>	<u>(%)</u>
Routine Audits	\$ 74,860,366	(1.44%)
Special Audits	\$ 8,515,308	(0.16%)
Revocation Audits	\$ 14,140,250	(0.27%)

2007 Audit Shortfall by Third Party Administrator (TPA), Including Dollar Amount and Percent of Total Shortfall

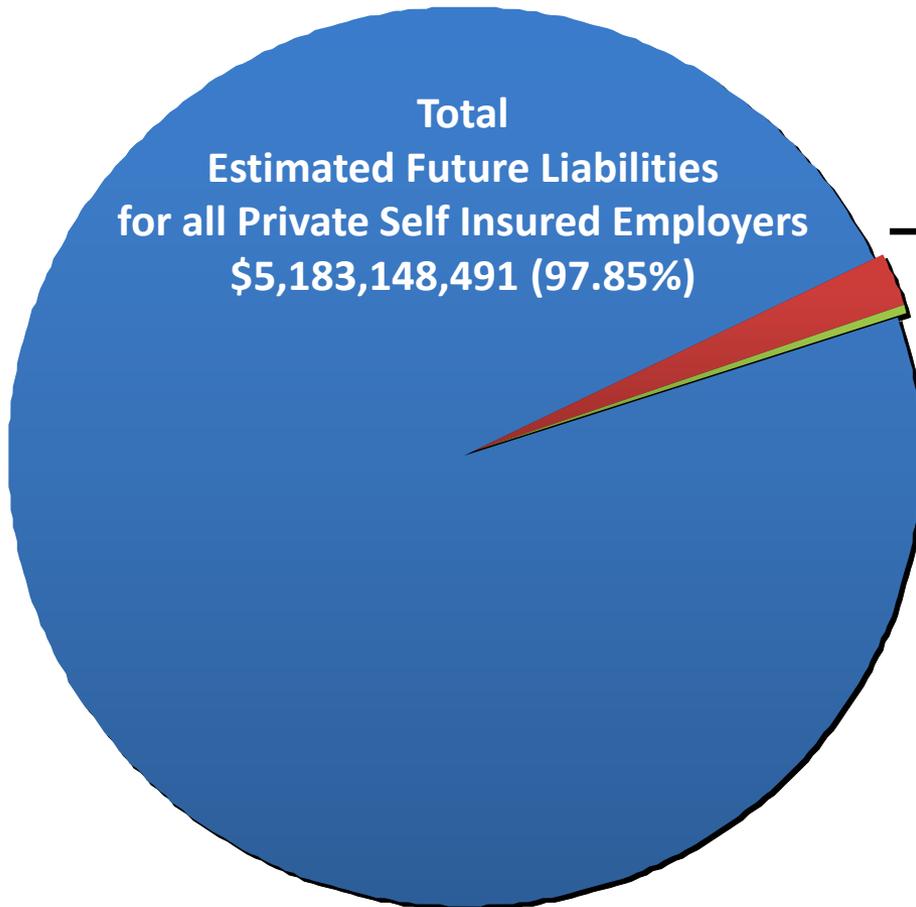


28 Other TPA's with less than 3% each

Advanced Risk Technologies
 Affinity Insurance Services TPA
 Alternative Service Concepts
 American All risk Loss Administrators
 Athens Administrators
 Broadspire/Crawford
 Cannon Cochran Management Services, Inc
 ClaimQuest, Inc.
 CNA Claims Plus
 Colen and Lee/
 Adminsure, Inc.
 Constitution State Services
 Corvel Corporation
 Crawford & Co.
 ESIS, Inc.

Hazelrigg Risk Management Services, Inc.
 Helmsman Management Services, Inc.
 Innovative Claims Solutions
 JT2 Integrated Resources
 LWP Claims Solutions, Inc.
 Matrix Absence Management, Inc.
 Metro Risk Management, Inc.
 Octagon Risk Services
 Pegasus Risk Management
 RICOMP Claims Management Corporation
 Sigma Self-Insurance Services, Inc.
 Southern California Risk Management Associates, Inc.
 Southland Claims Service, Inc.
 Tristar Risk Management

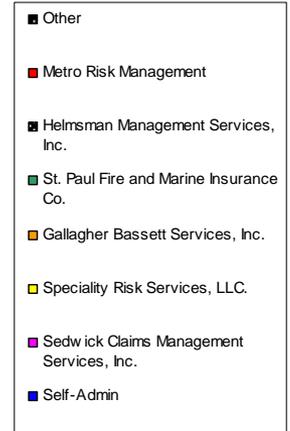
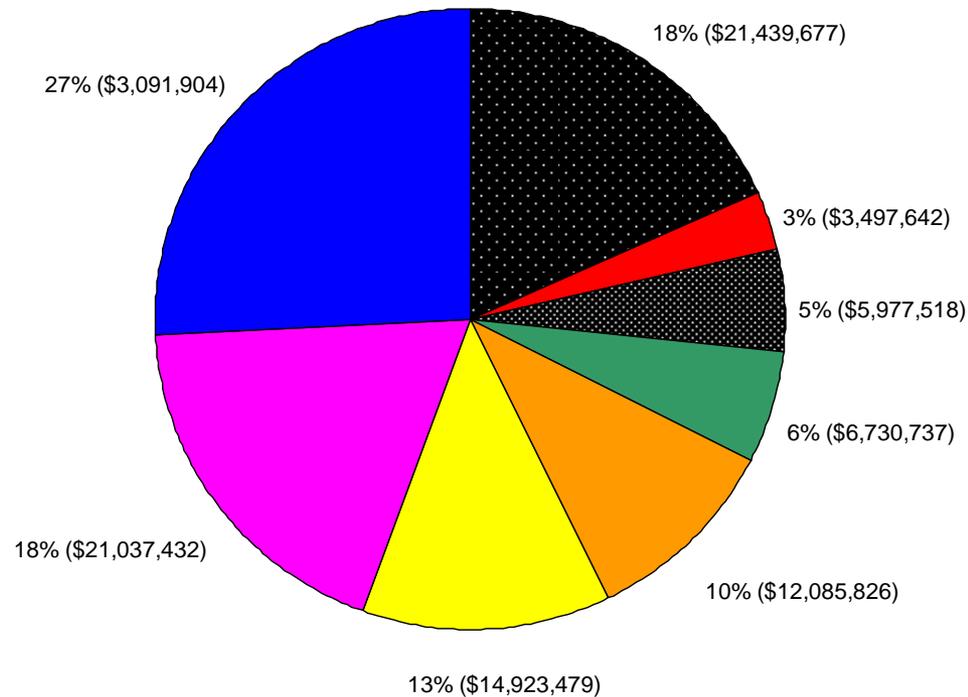
2008 Private Self Insured Audit Findings



**Total Estimated Future Liabilities
Shortfall, \$114,106,121 (2.15%)**

<u>Shortfall Categories,</u>	<u>Amounts</u>	<u>(%)</u>
Routine Audits	\$ 104,016,121	(1.96%)
Special Audits	\$ 3,049,500	(0.06%)
Revocation Audits	\$ 7,040,500	(0.13%)

2008 Audit Shortfall by Third Party Administrator (TPA), Including Dollar Amount and Percent of Total Shortfall



26 Other TPA's with less than 3% each

Ann M. Kantor Claims Administration Services
Adminsure, Inc.

The Frank Gates Service Company dba AVIZENT

Judith E. Tilley

Alternative Services Concepts

Ricomp Claims Management Corporation

Acclamation Insurance Management Services

Claimquest, Inc.

F. A. Richard & Associates, Inc

Corvel Corporation

State Compensation Insurance Fund

Pegasus Risk Management Inc.

Pinnacle Risk Management Services, Inc.

Athens Administrators

Keenan & Associates

Broadspire Services, Inc.

Intercare Insurance Services

Tristar Risk Management

CNA Claimplus, Inc

ESIS, Inc.

Matrix Absence Management, Inc.

Southern California Risk Management Associates, Inc.

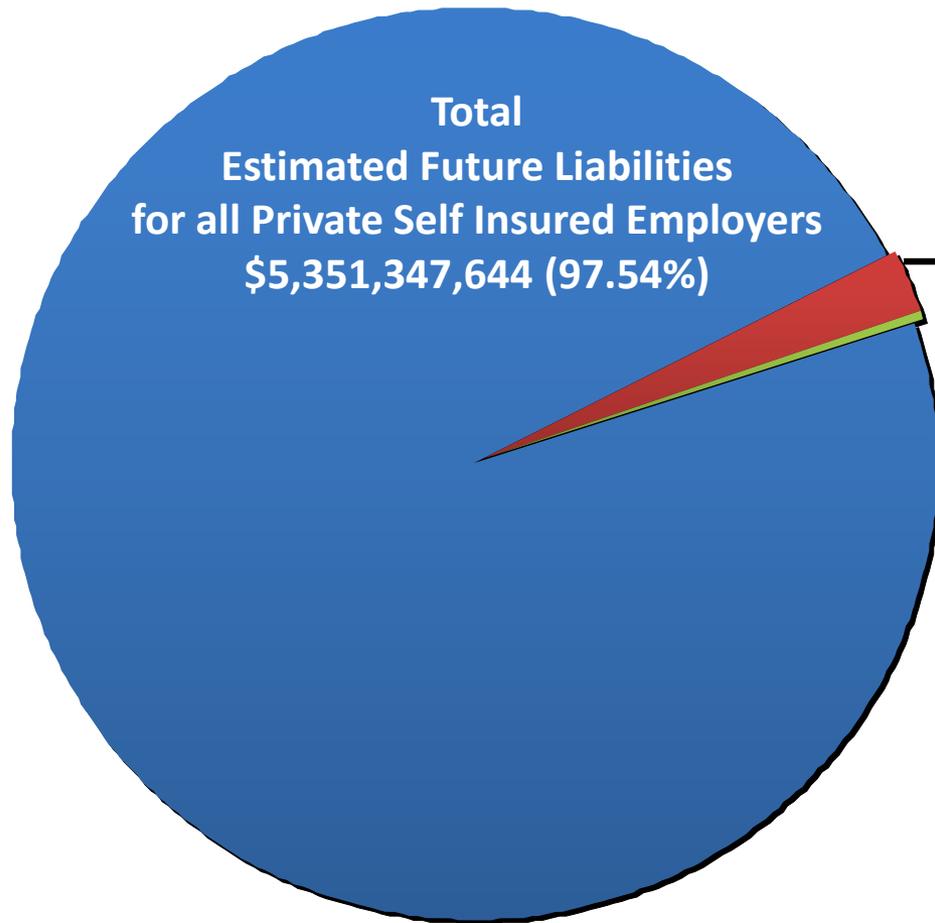
Constitution State Services LLC

Murphy and Beane

Cambridge Integrated Services Group, Inc.

Claims Management Inc.

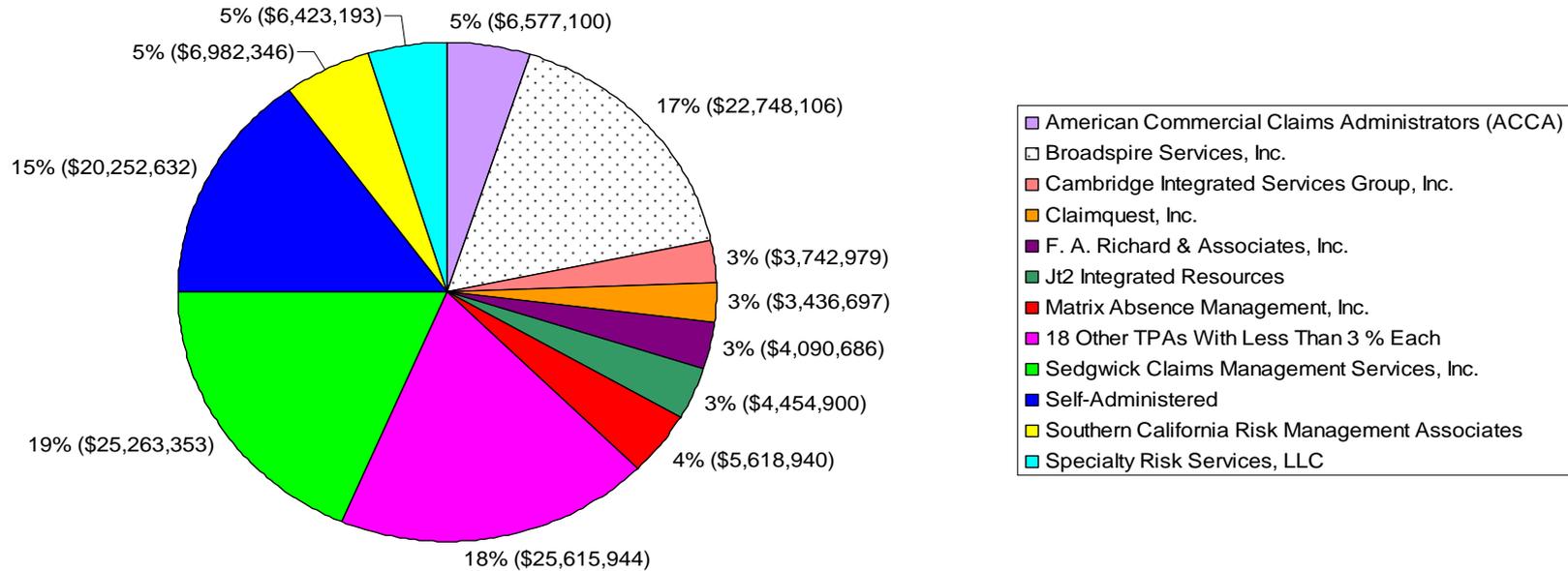
2009 Private Self Insured Audit Findings



**Total Estimated Future Liabilities
Shortfall, \$135,206,876 (2.46%)**

<u>Shortfall Categories,</u>	<u>Amounts</u>	<u>(%)</u>
Routine Audits	\$ 125,683,354	(2.29%)
Special Audits	\$ 0	(0.0%)
Revocation Audits	\$ 9,523,522	(0.17%)

2009 Audit Shortfall by Third Party Administrator (TPA) Including, Dollar Amount and Percent of Total Shortfall



18 Other TPA's with less than 3% each

Accelerated Claims Services, Inc.
 Acclamation Insurance Management Services
 Acme Administrators, Inc.
 Arrowood Indemnity Company
 Athens Administrators
 CA-ICA Administrators
 Cannon Cochran Management Services, Inc
 Constitution State Services LLC

Corvel Enterprise Comp, Inc.
 ESIS
 GAB Robins North America, Inc.
 Gallagher Bassett
 Helmsman Management Services Inc.
 Intercare Insurance
 Keenan & Associates
 Metro Risk Management
 Tristar
 York Insurance Services Group, Inc.-CA