

DEPARTMENT OF INDUSTRIAL RELATIONS
DIVISION OF WORKERS' COMPENSATION

**Audit Unit**

2424 Arden Way, Suite #305
Sacramento, CA 95825-2403

Tel: (916) 263-2710

Fax: (916) 263-2712

February 16, 2007**Attn: Workers' Compensation Claim Manager**

Dear Manager:

Enclosed is an Annual Report of Inventory. Title 8, California Code of Regulations, section 10104 requires claims administrators of California workers' compensation claims to file with the Administrative Director an Annual Report of Inventory indicating the number of **California** claims reported at each adjusting location for the preceding calendar year. The report for 2006 must be filed by April 1, 2007. Even if you had no claims reported in the prior year, you must complete and submit the report. Each adjusting location is required to submit an Annual Report of Inventory, whether or not they receive a form for reporting claims from this office.

Changes in reporting Requirements for the Report due on or after April 1, 2003

- Effective January 1, 2003, 8CCR§10104 has been amended to require that totals be reported for each population class: indemnity claims; denied claims; and medical-only claims.
- Effective January 1, 2003, the definition of "indemnity claim" has been changed from a "... claim which has resulted *or may result* in entitlement to..." indemnity payments, to a claim "... that *has resulted* in the payment..." of indemnity (8CCR§10100.2). It is critical to the audit process, that claim logs accurately document this distinction for identification of indemnity claims.
- Also effective January 1, 2003, the definition of "adjusting location" has been changed: "Separate underwriting companies, self-administered, self-insured employers, and/or third party administrators operating at one location shall be combined as one audit subject..." (but) "... only if claims are administered under the same management at that location." (8CCR§10100.2).

IMPORTANT: Regarding future submissions

Adjusting locations reporting all required data 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..."

Your submission for April 1, 2007 will be reviewed in comparison to your WCIS submissions for 2006. If the Administrative Director determines the WCIS data meets the above regulation, you will be notified, in writing, that a waiver will be granted beginning with April 1, 2008.

Instructions for Completion of the Annual Report of Inventory

Part 1 of the Annual Report of Inventory must be completed for each adjusting location of California workers' compensation claims, including self-insured claims and/or insured claims, whether insured under

DWC – Audit Unit
Annual Report of Inventory

specific workers' compensation policies, under commercial line policies, or the workers' compensation endorsement of homeowner commercial line policies. The report must list all workers' compensation claims, open and closed, reported at the location during the preceding year. Please make sure that you list an up to date physical address and a mailing address, if applicable, as well as a contact person, phone number and e-mail address. **Additionally, please report the total number of the open pending claims for all years of injury as of the end of 2006.**

Part 2 of the Annual Report of Inventory must be completed for each adjusting location that includes claims that are administered for more than one entity. For instance, if claims are administered for separate underwriting companies that are part of an insurance group and/or for self-insured employers, the numbers of claims reported for each separate underwriting company of the insurer group and/or client (insurer, self-insured employer, Joint Powers Authority, or California Insurance Guarantee Association) of the TPA must be indicated separately on Part 2 of the Report of Inventory.

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

Should your organization relocate, open new locations, close locations, change from TPA-administered to self-administered or from self-administered to TPA-administered, change from self-insured to insured or insured to self-insured during 2006, please advise the Administrative Director by way of the Audit Unit - ARI Desk at the address listed on the enclosed form.

Penalty assessments of up to \$500 per location for failure to timely file this Report of Inventory may be assessed under Title 8, California Code of Regulations, Section 10111.2(b)(25). This report must be filed by **April 1, 2007**.

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

Sincerely,

Robert S. Walensa
Manager
DWC – Audit Unit

Enc.

ANNUAL REPORT OF CLAIMS INVENTORY

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

PART 1

<p>COMPANY NAME</p> <p>STREET ADDRESS</p> <p>CITY/STATE/ZIP</p> <p>P. O. BOX</p> <p>CITY/STATE/ZIP</p> <p>Manager Name:</p> <p>Telephone:</p> <p>Fax No.</p> <p>E-Mail:</p>	<p>CHECK ONE:</p> <p><input type="checkbox"/> Self-Administered Insurance Company or Group</p> <p><input type="checkbox"/> Third-Party Administrator</p> <p><input type="checkbox"/> Self-Administered Self-Insured Employer (private or public)</p> <p><input type="checkbox"/> Self-Administered Joint Powers Authority</p> <p><input type="checkbox"/> Combination of any of the following, but only if administered under the same local management. (Check two or more):</p> <p><input type="checkbox"/> Self-Administered Insurance Company or Group</p> <p><input type="checkbox"/> Self-Administered Self-Insured Employer</p> <p><input type="checkbox"/> Third-Party Administrator</p>
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Number of California workers' compensation claims reported at this location during the 2006 year:

Type of Claim	Number		Number
• Indemnity	_____	• Indemnity with indemnity payments	_____
• Denied	_____		
• Medical-only	_____	• Open claims (all years) end of year	_____
		2006	
Total:	_____		_____

Signature _____

Title: _____

Date: _____

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

- Reports of Claims Inventory for each adjusting location of California workers' compensation claims are due by **April 1, 2007**.
- Failure to timely submit reports may subject you to penalty assessments of up to \$500 per location.

ANNUAL REPORT OF CLAIMS INVENTORY

PART 2

For each individual underwriting company in an insurance group or client of a third-party administrator (whether an insurer, self-insured employer or CIGA), whose claims are administered at the adjusting location, complete the following (note: all information below is for the individual underwriting company or client. Do not duplicate information from Part 1):

<p>COMPANY NAME</p> <p>STREET ADDRESS</p> <p>CITY/STATE/ZIP</p> <p>Mailing address: P. O. BOX; CITY/STATE/ZIP</p> <p>Manager Name:</p> <p>Telephone:</p> <p>Fax No:</p> <p>E-Mail:</p>	<p>CHECK ONE:</p> <p><input type="checkbox"/> Insurance Company</p> <p><input type="checkbox"/> California Insurance Guarantee Assoc.</p> <p><input type="checkbox"/> Self-insured employer (private or public including joint powers authority)</p> <table style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; border-bottom: 1px solid black;">Type of Claim</th> <th style="text-align: right; border-bottom: 1px solid black;">Number</th> </tr> </thead> <tbody> <tr> <td style="border-bottom: 1px solid black;">• Indemnity</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td style="border-bottom: 1px solid black;">• Denied</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td style="border-bottom: 1px solid black;">• Medical Only</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td style="text-align: right; border-bottom: 1px solid black;">Total</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td style="border-bottom: 1px solid black;">• Indemnity with payments</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> <tr> <td style="border-bottom: 1px solid black;">• Open claims (all yrs) end of 2006</td> <td style="text-align: right; border-bottom: 1px solid black;">_____</td> </tr> </tbody> </table>	Type of Claim	Number	• Indemnity	_____	• Denied	_____	• Medical Only	_____	Total	_____	• Indemnity with payments	_____	• Open claims (all yrs) end of 2006	_____
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Complete and attach additional sheets if necessary. The sum of the totals for claims of all entities reported for Part 2 must equal the total of claims reported for Part 1.