

# **Statewide Audit Exhibits**

## **DWC Administrative Director's 2004 Audit Ranking Report**

### **Statewide Performance Review**

- Exhibit 1            Statewide Performance ~ 48 Audits
- Exhibit 1A~1      Pass Profile Audit Review ~ 37 Audits
- Exhibit 1A~2      Fail Profile Audit Review ~ 11 Audits
- Exhibit 1B~1      Pass Full Compliance Audit -Stage 1 ~ 5 Audits
- Exhibit 1B~2      Fail Full Compliance Audit -Stage 1 ~ 6 Audits
- Exhibit 1C        Full Compliance Audit-Stage 2 ~ 6 Audits

### **Penalty Assessments and Collections**

- Exhibit 2A        Statewide Summary
- Exhibit 2B        Northern California
- Exhibit 2C        Southern California
- Exhibit 2D        Audit Subjects by Method of Selection
- Exhibit 2E        Audit Subjects by Type of Claims Administrator
- Exhibit 3A        Key to Administrative Penalty Assessments
- Exhibit 3B        Summary of Penalties Cited by Type of Penalty
- Exhibit 4        Summary of Notices of Compensation Due

# DWC ADMINISTRATIVE DIRECTOR'S 2004 AUDIT RANKING REPORT

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

Rank	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) <b>AUDIT SUBJECT / LOCATION</b>	Unpaid Compensation All Claim Files # Notices / \$ Value	PAR Standard 1.92667	FCA Stage 1 Standard 2.77703	FCA Stage 2 Standard 2.77703
<i>The following audit subjects under the Profile Audit Review (LC 129) met or exceed the PAR standard (1.92667 or less). All administrative penalties were waived 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	City of Riverside/Riverside	0 / \$0	0.01923	n/a	n/a
2	Zenith Insurance Company/Woodland Hills	1 / \$44.18	0.09735	n/a	n/a
3	Republic American Insurance Group/Encino	2 / \$298.23	0.13990	n/a	n/a
4	City of San Bernardino/San Bernardino	1 / \$130.87	0.16192	n/a	n/a
5	Octagon Risk Services, Inc./San Diego	2 / \$1,181.15	0.21816	n/a	n/a
6	Ross & Castillo/Fresno	2 / \$812.63	0.46666	n/a	n/a
7	Interstate Brands Corporation/San Diego	3 / \$461.86	0.47754	n/a	n/a
8	City of Santa Monica/Santa Monica	8 / \$836.85	0.55807	n/a	n/a
9	Octagon Risk Services, Inc./Pleasanton	2 / \$777.53	0.57825	n/a	n/a
10	Intercare Insurance Services/Sacramento	1 / \$3,130.60	0.62870	n/a	n/a
11	Farmers Insurance Group/Pleasanton	5 / \$598.35	0.68392	n/a	n/a
12	Northern Claims Management/Santa Rosa	1 / \$126.51	0.70078	n/a	n/a
13	Monterey County Schools, Workers' Compensation/JPA/Salinas	2 / \$805.57	0.73731	n/a	n/a
14	LWP Claims Solutions, Inc./Sacramento	5 / \$4,652.95	0.75727	n/a	n/a
15	ESIS (an ACE Group Company)/Irving, TX	5 / \$525.36	0.77059	n/a	n/a
16	AIG Claim Services, Inc./Costa Mesa	8 / 6,365.03	0.78355	n/a	n/a
17	Claims Management, Inc./Rancho Cordova	8 / \$5,749.21	0.96793	n/a	n/a
18	Cambridge Integrated Services Group, Inc./Salinas	9 / \$10,459.63	1.01199	n/a	n/a
19	Solar Turbines, Inc./San Diego	3 / \$3,961.42	1.01547	n/a	n/a
20	National Steel & Shipbuilding Company/San Diego	4 / \$2,370.63	1.01969	n/a	n/a
21	Keenan & Associates/Riverside	9 / \$1,427.56	1.03385	n/a	n/a
22	Southern California Risk Management Associates, Inc./Oxnard	5 / \$20,658.97	1.06449	n/a	n/a

## DWC ADMINISTRATIVE DIRECTOR'S 2004 AUDIT RANKING REPORT

Issued in accordance with Labor Code Section 129(e)  
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Rank	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 1.92667	FCA Stage 1 Standard 2.77703	FCA Stage 2 Standard 2.77703
23	Clougherty Packing Company/Los Angeles	6 / \$5,207.58	1.06521	n/a	n/a
24	City of San Diego/San Diego	8 / \$6,514.23	1.33270	n/a	n/a
25	Vanliner Insurance Company/St. Louis, MO	7 / \$8,088.16	1.33346	n/a	n/a
26	Travelers P&C Co./Constitution State Services/Rancho Cordova	13 / \$5,848.74	1.36668	n/a	n/a
27	Specialty Risk Services/Burbank	13 / \$4,847.81	1.45169	n/a	n/a
28	National RV, Inc./Perris	7 / \$11,525.57	1.50627	n/a	n/a
29	Valley Risk TPA (Formerly SDI)/Stockton	8 / \$12,279.47	1.53954	n/a	n/a
30	American All Risk Loss Administrators/Fresno	15 / \$10,905.22	1.55207	n/a	n/a
31	One Beacon Insurance Co/Foxborough, MA	2 / \$7,887.91	1.56100	n/a	n/a
32	Hazelrigg Risk Management Services, Inc./San Diego	11 / \$20,669.58	1.58222	n/a	n/a
33	Specialty Risk Services/Pleasanton	14 / \$17,329.96	1.62126	n/a	n/a
34	Frank Gates Service Company/Anaheim	12 / \$4,400.69	1.73664	n/a	n/a
35	Universal Underwriters Insurance Company/Roseville	11 / \$3,370.90	1.82401	n/a	n/a
36	Crawford & Company/San Diego	7 / \$4,014.55	1.83856	n/a	n/a
37	Broadspire Services, Inc. (Formerly Cunningham Lindsey)/Brea	9 / \$8,136.00	1.90946	n/a	n/a
<p><i>The following audit subjects under the Profile Audit Review (LC 129) failed to meet or exceed the PAR standard (1.92667 or less). The audit proceeded to the Full Compliance Audit Stage 1 [LC 129(b)(2)] and met or exceeded the FCA standard (2.77703 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>					
38	Crum & Forster Insurance/Los Angeles	41 / \$26,572.42	2.12138	2.22371	n/a
41	COMCO Management, Inc./Sierra Madre	18 / \$8,478.47	2.12281	1.83344	n/a
39	Ralphs' Grocery Co./Sedgwick Claims Mgmt./Long Beach	36 / \$44,584.74	2.19794	1.90700	n/a
40	PEGASUS Risk Management/Fresno	21 / \$21,423.63	2.21982	1.74175	n/a
42	City of Pasadena/Pasadena	26 / \$9,019.66	2.32710	2.32592	n/a

## DWC ADMINISTRATIVE DIRECTOR'S 2004 AUDIT RANKING REPORT

Issued in accordance with Labor Code Section 129(e)  
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Rank	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) <b>AUDIT SUBJECT / LOCATION</b>	Unpaid Compensation All Claim Files # Notices / \$ Value	PAR Standard 1.92667	FCA Stage 1 Standard 2.77703	FCA Stage 2 Standard 2.77703
	<p><i>The following audit subjects under the Profile Audit Review (LC 129) failed to meet or exceed the PAR standard (1.92667 or less). The audit proceeded to the Full Compliance Audit Stage 1 [LC 129(b)(2)] and failed to meet or exceed the FCA standard (2.77703 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></p>				
43	Santa Ana Unified School District Risk Management/Santa Ana	27 / \$87,163.93	2.83610	4.72739	4.05276
44	United Service Automobile Association/Sacramento	19 / \$31,208.21	2.91751	5.55684	5.16681
45	Sompo Japan Insurance/Los Angeles	36 / \$47,502.42	3.11958	3.95569	4.19792
46	Kaiser Permanente Medical Care Program/Oakland	56 / \$69,939.68	3.64320	2.92514	2.97528
47	GARMI/Orange	19 / \$23,979.50	3.77355	4.24310	4.22521
48	City of Los Angeles - Dept. of Water & Power/Los Angeles	31 / \$68,462.80	5.05345	3.11906	3.24459

**Statewide Final Performance Rating of Randomly Selected Claims**

**48 Audits**

**1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY**

A. Frequency Rate

# claims with unpd indem      543      divide by # claims with payable indem      2997      =      0.18118

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

Total unpd indem. =      \$ 603,611.36      divide by      # of claims with obligation to pay indem.      2997  
 Avg Unpd Ind =      \$ 201.41

C. Severity Rate

Avg Unpd Indem      \$      201.41      divide by avg unpd indem 2000-2002 of      \$ 184.59      =      1.09109

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.18118      X      Severity rate      1.09109      X      modifier of      2  
 =      **0.39537**

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

# claims with late 1st TD	627	divide by # with TD payments	1946	
# claims with late first SC notice	300	divide by # with salary continuation	866	
Totals	927	divide by	Totals	2812
				=
				<b>0.32966</b>

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

# claims with late first PD	229	divide by # with first PD	1030	
# claims with late first VRMA	26	divide by # with first VRMA	289	
# claims with late first DB	0	divide by # with first DB paid	3	
Totals	255	divide by	Totals	1322
				=
				<b>0.19289</b>

**4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS**

# claims with late subsequent payments      467      divide by # with subsequent payments      1840      =  
**0.25380**

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

# claims with AME/QME notice violations	548	divide by # requiring notices	2166	
# claims with VR potential eligibility notice violations	297	divide by # requiring notices	566	
Totals	845	Totals	2732	
				=
				<b>0.30930</b>

**PROFILE AUDIT REVIEW PERFORMANCE RATING**      **1.48102**

Profile Audit Review Performance Rating of 1.92668 or greater is a failing score.

**Profile Audit Review Performance Rating of Randomly Selected Claims**

**Findings for the 37 Audits that**

**Met or Exceeded the PAR Performance Rating of 1.92667**

**1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY**

A. Frequency Rate

# claims with unpd indem      225      divide by # claims with payable indem      1872      =      0.12019

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

Total unpd indem. =      \$ 179,969.31      divide by      # of claims with obligation to pay indem.      1872  
 Avg Unpd Ind =      \$ 96.14

C. Severity Rate

Avg Unpd Indem      \$ 96.14      divide by avg unpd indem 2000-2002 of \$ 184.59      =      0.52082

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.12019      X      Severity rate      0.52082      X      modifier of      2  
 =      0.12520

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

# claims with late 1st TD	312	divide by # with TD payments	1257	
# claims with late first SC notice	112	divide by # with salary continuation	467	
Totals	424	divide by	Totals	1724 =
				0.24594

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

# claims with late first PD	98	divide by # with first PD	708	
# claims with late first VRMA	14	divide by # with first VRMA	221	
# claims with late first DB	0	divide by # with first DB paid	2	
Totals	112	divide by	Totals	931 =
				0.12030

**4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS**

# claims with late subsequent payments      250      divide by # with subsequent payments      1226      =  
 0.20392

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

# claims with AME/QME notice violations	249	divide by # requiring notices	1365	
# claims with VR potential eligibility notice violations	175	divide by # requiring notices	390	
Totals	424		Totals	1755
				= 0.24160

**PROFILE AUDIT REVIEW PERFORMANCE RATING**      **0.93695**

**Profile Audit Review Performance Rating of 1.92668 or greater is a failing score.**

**Profile Audit Review Performance Rating of Randomly Selected Claims**

**Combined Findings for the 11 Audits that Failed to**

**Meet or Exceed the PAR Performance Rating of 1.92667**

**1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY**

A. Frequency Rate

# claims with unpd indem      162      divide by # claims with payable indem      538      =      0.30112

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

Total unpd indem. =      \$ 197,106.38      divide by      # of claims with obligation to pay indem.      538  
 Avg Unpd Ind =      \$ 366.37

C. Severity Rate

Avg Unpd Indem      \$ 366.37      divide by avg unpd indem 2000-2002 of      \$ 184.59      =      1.98477

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.30112      X      Severity rate      1.98477      X      modifier of      2  
 =      1.19529

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

# claims with late 1st TD	161	divide by # with TD payments	335	
# claims with late first SC notice	99	divide by # with salary continuation	198	
Totals	260	divide by	Totals	533
				=
				0.48780

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

# claims with late first PD	66	divide by # with first PD	159	
# claims with late first VRMA	7	divide by # with first VRMA	39	
# claims with late first DB	0	divide by # with first DB paid	1	
Totals	73	divide by	Totals	199
				=
				0.36683

**4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS**

# claims with late subsequent payments      121      divide by # with subsequent payments      315      =  
 0.38413

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

# claims with AME/QME notice violations	165	divide by # requiring notices	388	
# claims with VR potential eligibility notice violations	67	divide by # requiring notices	98	
Totals	232		Totals	486
				=
				0.47737

**PROFILE AUDIT REVIEW PERFORMANCE RATING**      **2.91142**

Profile Audit Review Performance Rating of 1.92668 or greater is a failing score.

**Full Compliance Audit Performance Rating of Randomly Selected Claims**

**Findings for the 5 Audits that**

**Met or Exceeded the FCA-Stage 1 Performance Rating of 2.77703**

**1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY**

A. Frequency Rate

# claims with unpd indem      141      divide by # claims with payable indem      578      =      0.24394

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

Total unpd indem =      \$ 109,596.89      divide by      # of claims with obligation to pay indem.      578  
 Avg Unpd Ind =      \$ 189.61

C. Severity Rate

Avg Unpd Ind.      \$ 189.61      divide by avg unpd indem 2000-2002 of      \$ 184.59      =      1.02722

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.24394      X      Severity rate      1.02722      X      modifier of      2  
 =      **0.50117**

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

# claims with late 1st TD	126	divide by # with TD payments	362	
# claims with late first SC notice	100	divide by # with salary continuation	210	
Totals	226	divide by	Totals	572
				=
				<b>0.39510</b>

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

# claims with late first PD	57	divide by # with first PD	155	
# claims with late first VRMA	4	divide by # with first VRMA	34	
# claims/late first death benefits	0	divide by # with first death ben paid	1	
Totals	61	divide by	Totals	190
				=
				<b>0.32105</b>

**4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS**

# claims with late subseq payments      134      divide by # with subseq payments      296      =  
**0.45270**

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

# claims with AME/QME notice violations	102	divide by # requiring notices	434	
# claims with VR potential eligibilty notice violations	65	divide by # requiring notices	98	
Totals	167	Totals	532	
				=
				<b>0.31391</b>

**FULL COMPLIANCE AUDIT PERFORMANCE RATING**

**Full Compliance Audit Performance Rating of indemnity files of 2.77704 or greater is a failing score.      **1.98394****

**Full Compliance Audit Performance Rating of Randomly Selected Claims**

**Findings for the 6 Audits that Failed to**

**Meet or Exceed the FCA-Stage 1 Performance Rating of 2.77703**

**1. FACTOR FOR FAILURE TO PAY ACCRUED AND UNDISPUTED INDEMNITY**

A. Frequency Rate

# claims with unpd indem      173      divide by # claims with payable indem      538      =      0.32156

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

Total unpd indem =      \$ 321,310.78      divide by      # of claims with obligation to pay indem.      538  
 Avg Unpd Ind =      \$ 597.23

C. Severity Rate

Avg Unpd Ind.      \$ 597.23      divide by avg unpd indem 2000-2002 of      \$ 184.59      =      3.23545

D. Factor for Failure to pay Undisputed Accrued Indemnity

Frequency rate      0.32156      X      Severity rate      3.23545      X      modifier of      2  
 =      2.08079

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

# claims with late 1st TD	185	divide by # with TD payments	319	
# claims with late first SC notice	86	divide by # with salary continuation	188	
Totals	271	divide by	Totals 507	=
				0.53452

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

# claims with late first PD	73	divide by # with first PD	160	
# claims with late first VRMA	8	divide by # with first VRMA	33	
# claims/late first death benefits	0	divide by # with first death ben paid	0	
Totals	81	divide by	Totals 193	=
				0.41969

**4. FACTOR FOR LATE SUBSEQUENT INDEMNITY PAYMENTS**

# claims with late subseq payments      82      divide by # with subseq payments      307      =  
 0.26710

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

# claims with AME/QME notice violations	194	divide by # requiring notices	359	
# claims with VR potential eligibilty notice violations	57	divide by # requiring notices	76	
Totals	251	Totals	435	
				=
				0.57701

**FULL COMPLIANCE AUDIT PERFORMANCE RATING      3.87911**

**Full Compliance Audit Performance Rating of indemnity files of 2.77704 or greater is a failing score.**



**Calendar Year 2004**

**Exhibit 2A**

**Penalty Assessments and Collections  
Statewide Summary**

	# of Audits	Number of Files Audited					# of Times Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed
		I	D	C	A	Total						
No. California	20	1,165	84	54	20	1,323	2,122	\$443,737	\$215,205	\$228,532	\$0	0
So. California	28	1,823	110	18	2	1,953	4,472	\$910,856	\$303,400	\$267,010	\$340,446	0
<b>TOTAL</b>	<b>48</b>	<b>2,988</b>	<b>194</b>	<b>72</b>	<b>22</b>	<b>3,276</b>	<b>6,594</b>	<b>\$1,354,593</b>	<b>\$518,605</b>	<b>\$495,542</b>	<b>\$340,446</b>	<b>0</b>

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

**Penalty Assessments and Collections  
Northern California**

Audit Subject & Location	R / T	INS/ SI/ TPA	Number of Files Audited					# of AP's Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appeals		
			I	D	C	A	Total						Y	N	
			American All Risk Loss Administrators/Fresno	R	TPA	58	0						0	0	58
Cambridge Integrated Services Group/Salinas	R	TPA	47	0	0	0	47	34	\$16,550	\$16,550	\$0	\$0		x	
Claims Management, Inc./Rancho Cordova	R	TPA	59	0	0	0	59	50	\$10,575	\$10,575	\$0	\$0		x	
ESIS (an ACE Group Company)/Irving, TX	R	TPA	51	0	0	0	51	37	\$6,590	\$6,590	\$0	\$0		x	
Farmers Insurance Group/Pleasanton	R	INS	58	0	5	0	63	37	\$9,490	\$9,490	\$0	\$0		x	
Intercare Insurance Services/Sacramento	R	TPA	45	0	0	0	45	26	\$7,340	\$7,340	\$0	\$0		x	
Kaiser Permanente/Oakland	T	SI	136	65	35	20	256	714	\$155,737	\$4,185	\$151,552	\$0	\$0		x
LWP Claims Solutions, Inc./Sacramento	R	TPA	58	0	0	0	58	40	\$8,770	\$8,770	\$0	\$0		x	
Monterey Co Schools-JPA/Salinas	R	SI	53	0	0	0	53	28	\$6,360	\$6,360	\$0	\$0		x	
Northern Claims Management/Santa Rosa	R	TPA	53	0	0	0	53	26	\$4,225	\$4,225	\$0	\$0		x	
Octagon Risk Services, Inc./Pleasanton	R	TPA	43	0	0	0	43	29	\$3,580	\$3,580	\$0	\$0		x	
One Beacon Insurance Co/Foxborough, MA	R	INS	37	0	1	0	38	63	\$12,820	\$12,820	\$0	\$0		x	
Pegasus Risk Management/Fresno	R	TPA	118	0	0	0	118	171	\$32,335	\$17,560	\$14,775	\$0	\$0		x
Ross & Castillo/Fresno	R	TPA	56	0	0	0	56	28	\$3,040	\$3,040	\$0	\$0		x	
Specialty Risk Services/Pleasanton	R	TPA	59	0	12	0	71	99	\$28,790	\$28,790	\$0	\$0		x	
Travelers-Constitution State/Rancho Cordova	T	INS	58	0	1	0	59	143	\$22,830	\$22,830	\$0	\$0		x	
United Service Automobile Assoc/Sacramento	R	INS	42	19	0	0	61	287	\$62,205	\$0	\$62,205	\$0	\$0		x
Universal Underwriters Insurance Co/Roseville	R	INS	46	0	0	0	46	117	\$12,685	\$12,685	\$0	\$0		x	
Valley Risk TPA/Stockton	R	TPA	41	0	0	0	41	44	\$6,940	\$6,940	\$0	\$0		x	
Vanliner Insurance Company/St. Louis, MO	R	INS	47	0	0	0	47	69	\$13,655	\$13,655	\$0	\$0		x	
<b>TOTAL</b>			<b>1,165</b>	<b>84</b>	<b>54</b>	<b>20</b>	<b>1,323</b>	<b>2,122</b>	<b>\$ 443,737</b>	<b>\$ 215,205</b>	<b>\$ 228,532</b>	<b>\$0</b>	<b>0</b>	<b>20</b>	

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

R - Routine	18
T - Target	2
<b>TOTAL</b>	<b>20</b>

INS - Insurer	6
SI - Self-Insured Employer	2
TPA - Third Party Administrator	12
<b>TOTAL</b>	<b>20</b>

**Penalty Assessments and Collections  
Southern California**

Audit Subject & Location	R / T	INS/ SI/ TPA	Number of Files Audited					# of AP's Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appeals	
			I	D	C	A	Total						Y	N
AIG Claim Services, Inc./Costa Mesa	R	TPA	59	0	7	0	66	42	\$9,650	\$9,650	\$0	\$0		x
Broadspire (Fmly - Cunningham Lindsey)/Brea	R	TPA	54	0	1	0	55	123	\$27,110	\$27,110	\$0	\$0		x
City of L A - Water & Power/Los Angeles	T	SI	118	46	0	0	164	548	\$121,376	\$125	\$0	\$121,251		x
City of Pasadena/Pasadena	T	SI	91	0	0	0	91	163	\$28,810	\$13,890	\$14,920	\$0		x
City of Riverside/Riverside	R	SI	48	0	0	0	48	1	\$400	\$400	\$0	\$0		x
City of San Bernardino/San Bernardino	R	SI	49	0	0	0	49	8	\$945	\$945	\$0	\$0		x
City of San Diego/San Diego	R	SI	56	0	0	0	56	65	\$17,100	\$17,100	\$0	\$0		x
City of Santa Monica/Santa Monica	R	SI	53	0	0	0	53	31	\$5,350	\$5,350	\$0	\$0		x
Clougherty Packing Company/Los Angeles	R	SI	37	0	0	0	37	60	\$10,790	\$10,790	\$0	\$0		x
COMCO Management, Inc./Sierra Madre	R	TPA	107	0	0	0	107	172	\$42,645	\$15,890	\$0	\$26,755		x
Crawford & Company/San Diego	R	TPA	27	0	0	0	27	73	\$22,540	\$22,540	\$0	\$0		x
Crum & Forster Insurance/Los Angeles	R	INS	130	0	1	0	131	335	\$70,545	\$22,400	\$48,145	\$0		x
Frank Gates Service Company/Anaheim	R	TPA	54	0	0	0	54	102	\$21,600	\$21,600	\$0	\$0		x
GARMI/Anaheim	R	TPA	49	8	0	0	57	267	\$53,955	\$4,375	\$49,580	\$0		x
Hazlrigg Risk Management Svcs Inc./San Diego	R	TPA	58	0	2	0	60	75	\$16,960	\$16,960	\$0	\$0		x
Interstate Brands Corporation/San Diego	T	SI	54	0	0	0	54	27	\$4,840	\$4,840	\$0	\$0		x
Keenan & Associates/Riverside	R	TPA	58	0	0	0	58	72	\$15,150	\$15,150	\$0	\$0		x
National RV, Inc./Perris	T	SI	45	0	0	0	45	66	\$20,365	\$20,365	\$0	\$0		x
National Steel & Shipbuilding Co/San Diego	R	SI	31	0	0	0	31	27	\$8,845	\$8,845	\$0	\$0		x
Octagon Risk Services, Inc./San Diego	R	TPA	55	0	0	0	55	12	\$1,985	\$1,985	\$0	\$0		x
Ralphs' /Sedgwick Claims Mgmt/Long Beach	T	SI	132	0	2	0	134	209	\$42,425	\$12,730	\$29,695	\$0		x
Republic American Insurance/Encino	R	INS	57	0	0	0	57	16	\$1,375	\$1,375	\$0	\$0		x
Santa Ana US D Risk Management/Santa Ana	T	SI	107	28	1	0	136	1,068	\$194,875	\$2,435	\$0	\$192,440		x
Solar Turbines, Inc./San Diego	R	SI	41	0	0	0	41	29	\$5,715	\$5,715	\$0	\$0		x

**Penalty Assessments and Collections  
Southern California**

Audit Subject & Location	R / T	INS/ SI/ TPA	Number of Files Audited					# of AP's Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appeals	
			I	D	C	A	Total						Y	N
Sompo Japan Insurance/Los Angeles	R	INS	86	28	4	2	120	706	\$128,085	\$3,415	\$124,670	\$0		x
Southern California Risk Mgmt Assoc/Oxnard	R	TPA	54	0	0	0	54	39	\$6,820	\$6,820	\$0	\$0		x
Specialty Risk Services/Burbank	R	TPA	55	0	0	0	55	130	\$26,625	\$26,625	\$0	\$0		x
Zenith Insurance Company/Woodland Hills	R	INS	58	0	0	0	58	6	\$3,975	\$3,975	\$0	\$0		x
<b>TOTAL</b>			<b>1,823</b>	<b>110</b>	<b>18</b>	<b>2</b>	<b>1,953</b>	<b>4,472</b>	<b>\$ 910,856</b>	<b>\$ 303,400</b>	<b>\$ 267,010</b>	<b>\$ 340,446</b>	<b>0</b>	

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

R - Routine	22
T - Target	6
<b>TOTAL</b>	<b>28</b>

INS - Insurer	4
SI - Self-Insured Employer	13
TPA - Third Party Administrator	11
<b>TOTAL</b>	<b>28</b>

**Penalty Assessments and Collections  
Audit Subjects by Methods of Selection**

TYPE OF ROUTINE AUDIT SUBJECT	# of Audits	Number of Files Audited					# of AP's Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
		I	D	C	A	Total						Y	N
Insurer	9	561	47	11	2	621	1,636	\$314,835	\$79,815	\$235,020	\$0		0
Self-insured Employer	8	368	0	0	0	368	249	\$55,505	\$55,505	\$0	\$0		0
Third-party Administrator	23	1,318	8	22	0	1,348	1,771	\$392,995	\$301,885	\$64,355	\$26,755		0
<b>TOTAL</b>	<b>40</b>	<b>2,247</b>	<b>55</b>	<b>33</b>	<b>2</b>	<b>2,337</b>	<b>3,656</b>	<b>\$763,335</b>	<b>\$437,205</b>	<b>\$299,375</b>	<b>\$26,755</b>	<b>0</b>	<b>0</b>

TYPE OF TARGET AUDIT SUBJECT	# of Audits	Number of Files Audited					# of AP's Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
		I	D	C	A	Total						Y	N
Insurer	1	58	0	1	0	59	143	\$22,830	\$22,830	\$0	\$0		0
Self-insured Employer	7	683	139	38	20	880	2,795	\$568,428	\$51,710	\$203,027	\$313,691		0
Third-party Administrator	0	0	0	0	0	0	0	\$0	\$0	\$0	\$0		0
<b>TOTAL</b>	<b>8</b>	<b>741</b>	<b>139</b>	<b>39</b>	<b>20</b>	<b>939</b>	<b>2,938</b>	<b>\$591,258</b>	<b>\$74,540</b>	<b>\$203,027</b>	<b>\$313,691</b>	<b>0</b>	<b>0</b>

TYPE OF AUDIT	# of Audits	Number of Files Audited					# of AP's Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Appealed	
		I	D	C	A	Total						Y	N
Total Routine	40	2,247	55	33	2	2,337	3,656	\$763,335	\$437,205	\$299,375	\$26,755	0	0
Total Target	8	741	139	39	20	939	2,938	\$591,258	\$74,540	\$203,027	\$313,691	0	0
<b>TOTAL</b>	<b>48</b>	<b>2,988</b>	<b>194</b>	<b>72</b>	<b>22</b>	<b>3,276</b>	<b>6,594</b>	<b>\$1,354,593</b>	<b>\$511,745</b>	<b>\$502,402</b>	<b>\$340,446</b>	<b>0</b>	<b>0</b>

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

**Penalty Assessments and Collections  
Audit Subjects by Type of Claims Administrator**

INSURER	# of Audits	Number of Files Audited					# of AP's Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Audits Appealed	
		I	D	C	A	Total						Y	N
		Routine	9	561	47	11						2	621
Target	1	58	0	1	0	59	143	\$22,830	\$22,830	\$0	\$0		0
<b>TOTAL</b>	<b>10</b>	<b>619</b>	<b>47</b>	<b>12</b>	<b>2</b>	<b>680</b>	<b>1779</b>	<b>\$337,665</b>	<b>\$102,645</b>	<b>\$235,020</b>	<b>\$26,755</b>	<b>0</b>	<b>0</b>

SELF-INSURED EMPLOYER	# of Audits	Number of Files Audited					# of AP's Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Audits Appealed	
		I	D	C	A	Total						Y	N
		Routine	8	368	0	0						0	368
Target	7	683	139	38	20	880	2,795	\$568,428	\$58,570	\$196,167	\$313,691		0
<b>TOTAL</b>	<b>15</b>	<b>1,051</b>	<b>139</b>	<b>38</b>	<b>20</b>	<b>1,248</b>	<b>3,044</b>	<b>\$623,933</b>	<b>\$114,075</b>	<b>\$196,167</b>	<b>\$313,691</b>	<b>0</b>	<b>0</b>

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

**Penalty Assessments and Collections**  
**Audit Subjects by Type of Claims Administrator**

THIRD-PARTY ADMINISTRATOR	# of Audits	Number of Files Audited					# of AP's Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Audits Appealed	
		I	D	C	A	Total						Y	N
Routine	23	1,318	8	22	0	1,348	1,771	\$392,995	\$301,885	\$64,355	\$0		0
Target	0	0	0	0	0	0	0	\$0	\$0	\$0	\$0		0
<b>TOTAL</b>	<b>23</b>	<b>1,318</b>	<b>8</b>	<b>22</b>	<b>0</b>	<b>1,348</b>	<b>1,771</b>	<b>\$392,995</b>	<b>\$301,885</b>	<b>\$64,355</b>	<b>\$0</b>	<b>0</b>	<b>0</b>

CLAIMS ADMINISTRATOR	# of Audits	Number of Files Audited					# of AP's Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due	Audits Appealed	
		I	D	C	A	Total						Y	N
Insurer	10	619	47	12	2	680	1,779	\$ 337,665	\$ 102,645	\$ 235,020	\$ 26,755	0	0
Self-insured Employer	15	1051	139	38	20	1248	3,044	\$ 623,933	\$ 114,075	\$ 196,167	\$313,691	0	0
Third-party Administrator	23	1318	8	22	0	1348	1,771	\$ 392,995	\$ 301,885	\$ 64,355	\$0	0	0
<b>TOTAL</b>	<b>48</b>	<b>2,988</b>	<b>194</b>	<b>72</b>	<b>22</b>	<b>3,276</b>	<b>6,594</b>	<b>\$1,354,593</b>	<b>\$518,605</b>	<b>\$495,542</b>	<b>\$340,446</b>	<b>0</b>	<b>0</b>

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

**Key to Exhibits**

**For Administrative Penalty Assessments**

Item #	Nature of Violation by Category
• 1	Late first payment of temporary disability indemnity benefits.
• 2	Late first payment of permanent disability indemnity benefits.
• 3	Late first payment of vocational rehabilitation indemnity benefits.
• 4	Late subsequent payment of indemnity benefits.
• 5	Late first payment of death benefits indemnity benefits.
6	Failure to issue benefit notices other than specific notices for vocational rehabilitation and for denial of injury.
• 7	Late provision of benefit notices other than specific notices for vocational rehabilitation and notices for denial of injury.
8	Failure to pay or object to medical expenses within specific timeframe including payment of interest and increase.
9	Failure to pay or object to medical-legal expenses within specific time frame including payment of interest and increase.
10	Failure to pay or object to vocational rehabilitation expenses within specific time frame.
11	Failure to timely assign a qualified rehabilitation representative to an employee after 90 aggregate days of total temporary disability for injuries prior to 1/1/94.
12	Failure to notify an injured employee in a timely manner of vocational rehabilitation information as required after 90 aggregate days of total temporary disability for injuries 1/1/94 through 12/31/03.
13	Failure to notify an injured employee in a timely manner of potential eligibility for vocational rehabilitation as required for injuries through 12/31/03.
14	Failure to notify an injured employee in a timely manner of non-eligibility for vocational rehabilitation as required.
15	Failure to notify an injured employee in a timely manner of the procedure to evaluate permanent disability as required.
16	Failure to provide notices denying all liability or death benefits as required.
17	Failure to timely respond to a request to provide or authorize medical treatment.
• 18a	Failure to pay any temporary disability indemnity benefit or salary continuation in lieu of temporary disability indemnity.
• 18b	Failure to pay any permanent disability indemnity benefit.
• 18c	Failure to pay any vocational rehabilitation indemnity benefit.
• 18d	Failure to pay any 10% self-imposed increase for any late paid indemnity benefits.
• 18e	Failure to pay any indemnity as ordered by the Workers' Compensation Appeals Board (WCAB) or as ordered by the Rehabilitation Unit.
• 18f	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 any death benefits.
19	Failure to include specific items or properly designate entries on a claim log.
20a	Materially incomplete or inaccurate benefit notices including denial for all liability, other than specific vocational rehabilitation notices.
20b	Failure to investigate.
20c	Late payment of WCAB Orders or Awards or Rehabilitation Unit Orders for late payment of attorney fees and issues other than late payment of indemnity.
20d	Other penalties for failure to comply with any regulation of the Administrative Director not otherwise assessed.
21	Unsupported denial of all liability for a claim.

- Items audited during Profile Audit Review and Full Compliance Audit – Stage 1.

**Statewide Summary of Penalties**

**Cited by Type of Penalty**

Item	# Times Cited	Total \$ Penalties Assessable	Total \$ Penalties Waived	Total \$ Amount Collected	Balance \$ Due
1	745	\$ 150,990	\$ 48,505	\$ 82,845	\$ 19,640
2	258	\$ 84,081	\$ 30,850	\$ 32,545	\$ 20,686
3	28	\$ 7,350	\$ 2,240	\$ 3,405	\$ 1,705
4	1,123	\$ 140,432	\$ 94,105	\$ 30,825	\$ 15,502
5	0	\$ -	\$ -	\$ -	\$ -
6	638	\$ 67,080	\$ 5,800	\$ 32,420	\$ 28,860
7	534	\$ 33,124	\$ 9,230	\$ 13,041	\$ 10,853
8	1,042	\$ 150,555	\$ -	\$ 73,230	\$ 77,325
9	83	\$ 9,630	\$ -	\$ 950	\$ 8,680
10	6	\$ 550	\$ -	\$ -	\$ 550
11	0	\$ -	\$ -	\$ -	\$ -
12	65	\$ 30,040	\$ -	\$ 14,020	\$ 16,020
13	314	\$ 106,560	\$ 80,500	\$ 20,100	\$ 5,960
14	3	\$ 1,300	\$ -	\$ 900	\$ 400
15	556	\$ 226,000	\$ 129,800	\$ 41,900	\$ 54,300
16	11	\$ 4,200	\$ -	\$ 4,200	\$ -
17	0	\$ -	\$ -	\$ -	\$ -
18a	288	\$ 132,740	\$ 68,500	\$ 57,910	\$ 6,330
18b	126	\$ 80,135	\$ 17,675	\$ 29,900	\$ 32,560
18c	16	\$ 15,150	\$ 8,700	\$ 3,550	\$ 2,900
18d	472	\$ 62,945	\$ 20,100	\$ 31,320	\$ 11,525
18e	11	\$ 3,600	\$ 2,100	\$ 1,100	\$ 400
18f	2	\$ 5,500	\$ 500	\$ -	\$ 5,000
19	31	\$ 5,436	\$ -	\$ 4,836	\$ 600
20a	74	\$ 2,505	\$ -	\$ 1,025	\$ 1,480
20b	0	\$ -	\$ -	\$ -	\$ -
20c	7	\$ 15,220	\$ -	\$ 11,320	\$ 3,900
20d	161	\$ 19,470	\$ -	\$ 4,200	\$ 15,270
21	0	\$ -	\$ -	\$ -	\$ -
<b>TOTAL</b>	<b>6,594</b>	<b>\$ 1,354,593</b>	<b>\$ 518,605</b>	<b>\$ 495,542</b>	<b>\$ 340,446</b>

**Calendar Year 2004**

**Exhibit 4**

**Notices of Compensation Due  
Statewide Summary**

	Temporary Disability	Permanent Disability	VRMA	Self-imposed Increase	Death Benefits	Penalty interest, or other	Total	# of Notices
No. California	\$70,886.23	\$102,626.47	\$4,129.99	\$37,627.40	\$0.00	\$1,054.52	\$216,324.61	206
So. California	\$119,559.93	\$214,794.58	\$19,964.49	\$64,105.04	\$0.00	\$392.66	\$418,816.70	353
<b>TOTAL</b>	<b>\$190,446.16</b>	<b>\$317,421.05</b>	<b>\$24,094.48</b>	<b>\$101,732.44</b>	<b>\$0.00</b>	<b>\$1,447.18</b>	<b>\$635,141.31</b>	<b>559</b>