

EXHIBIT 1



**COMMUNITY RESIDENCE INSURANCE SAVING PLAN (CRISP)
SELF-INSURANCE AGREEMENT AND DECLARATION OF TRUST**

THIS AGREEMENT, made and entered into this 31 day of October, 1995, by and between the parties hereto which may become parties hereto, and the Trustees which have heretofore, or which may hereafter, be appointed to serve as provided herein.

WITNESSETH:

WHEREAS, several of the parties hereto have heretofore applied to the Worker's Compensation Board of the State of New York, for the establishment of a group Self-Insurance Trust pursuant to the provisions of Subdivision 3-a of Section 50 of the Workers' Compensation law, and

WHEREAS, the establishment of a group Self-Insurance Trust for the purpose of satisfying an employer's obligation with the New York State Workers' Compensation Act has been approved by the Workers' Compensation Board, and

WHEREAS, it is considered to be in the best interest of the Trust that an Agreement and Declaration of Trust fully setting forth the duties and responsibilities of the Trustees be entered into.

NOW THEREFORE, for and in consideration of the mutual covenants and agreements herein contained, the **COMMUNITY RESIDENCE INSURANCE SAVING PLAN (CRISP) SELF-INSURANCE TRUST** is hereby established as follows:

ARTICLE I

DEFINITIONS

Trust - The group Self-Insurance Trust or Trusts which are hereby created for the purposes set forth herein.

Indemnity Agreement - The Indemnity Agreement which was filed by the **COMMUNITY RESIDENCE INSURANCE SAVING PLAN (CRISP) SELF-INSURANCE TRUST** pursuant to the Rules for Self-Insurance, said Agreement being dated October 31, 1995.

Member - A company, firm corporation, individual, partnership or other legal entity which is engaged in the provision of community services as an employer employing employees, and which is a participating member in this Trust.

Rules for Self-Insurance - The Rules for Self-Insurance under the Workers' Compensation Law as revised from time to time, and administered by the Workers' Compensation Board, of the State of New York.

Program Administrator - Any individual, firm, corporation, partnership or association duly authorized or licensed to write or act as a broker in the writing of Workers' Compensation Insurance in this state who agrees to act as the manager of the group self insurance program herein created.

Trustees - The Trustees appointed to serve on the Board of Trustees of this Trust as provided herein.

*Amended
Jan. 2004*

Third Party Administrator-Any individual, firm, corporation, partnership or association duly authorized to do business in the state of New York and approved by the Workers' Compensation Board for the resolution and payment of claims pursuant to the Workers' Compensation law.

ARTICLE II

CREATION OF THE TRUST

There is hereby established and created a Trust which shall be known as the "COMMUNITY RESIDENCE INSURANCE SAVING PLAN (CRISP) SELF-INSURANCE TRUST," and the Trustees may hold property, enter into contracts and in all matters as hereinafter set forth act in behalf of the Trust Fund in that name. This Trust shall be used for the purposes as hereinafter set forth.

The members participating in this Trust jointly and severally covenant and agree to assume and discharge, by payment, any lawful awards entered by the Workers' Compensation Board against any member of the group, and any lawful award against or obligation of the Trust, which it may become legally obligated to pay, in respect of any Trust year or part thereof that such member participated in the Trust, whether or not still a member in good standing, and which award or obligation shall have been sustained by the Courts where an appeal by either party is taken.

The members jointly and severally covenant and agree to pay the necessary contributions and assessments, based upon appropriate classifications and rates in accordance with the rules of the Trust, into a designated cash reserve Trust Fund out of which lawful and proper awards and claims are to be paid, and that there will be no disbursement out of the designated cash reserve Trust Fund by way of dividends or distribution of accumulated reserves to the members, except at the discretion of and direction by the Trustees in a manner that is consistent with the Workers' Compensation Law and the rules and regulations of the Workers' Compensation Board.

ARTICLE III

PURPOSE

This Trust Agreement is made and executed for the purpose of meeting and fulfilling an employer's obligations and liabilities under Article 2 of the Workers' Compensation Law which provides for Workers' Compensation coverage and benefits; to form an overall Self-Insurance Trust pursuant to such Law, to provide maximum allowable advance discounts on contribution payments made by employers for Workers' Compensation coverage; and to minimize the cost of providing Workers' Compensation coverage by developing and refining specialized claim services and a loss prevention program for programs offering community living programs.

ARTICLE IV

DESIGNATION OF TRUSTEES

SECTION 1. NUMBER OF TRUSTEES.

The operation and administration of the Trust shall be the joint responsibility of a Board of Trustees consisting of five Trustees who shall be appointed as provided in this Article.

SECTION 2. APPOINTMENT OF TRUSTEES.

Five persons shall be designated to serve as initial Trustees. Of such initial five trustees, one shall serve a term of one year and one shall serve a term of two years. Upon the expiration of the terms of such Trustees, the Board of Trustees shall appoint Trustees for terms of three years each. The remaining three trustees, each of whom shall be a participant in the Trust shall serve a term which shall expire on the first annual meeting of the Trust following its approval. At such meeting, the Trustees shall elect three Trustees, each of whom shall be members of the Trust, one of whom shall serve for a term of one year; one for a term of two years; and one for a term of three years. Terms of office shall expire at annual meetings of the Trustees, when successor trustees shall be appointed to serve for terms of three years. No Trustee shall serve for more than two consecutive three year terms, except that service in a term of less than three years shall not count toward this limitation. A former Trustee shall be eligible for election to the Board after at least one year shall have passed following his or her most recent service as a Trustee. No Trustee may be appointed who is, or continues to serve as a Trustee after becoming, an owner, officer, or employee of a third party administrator.

Each and every Trustee heretofore or hereafter named and each successor Trustee shall acknowledge and consent to their appointment as Trustees by giving written notice of acceptance of such appointment to the chairman or acting chairman of the Board of Trustees of this Trust. At all times during such service as a Trustee, each Trustee shall remain a member in good standing of the association and of the Trust.

SECTION 3. RESIGNATION OF A TRUSTEE.

A Trustee may resign and become and remain fully discharged from all further duties or responsibility hereunder, by giving at least thirty (30) days prior notice in writing sent by registered mail to the chairman or acting chairman of the Board of Trustees of this Trust. Such notice shall state the date said resignation shall take effect and such resignation shall take effect on such date unless a successor Trustee shall have been appointed, in which event resignation shall take effect immediately upon the appointment of such successor Trustee.

Any Trustee, upon leaving office, shall forthwith turn over and deliver to the chairman or the secretary of the Trustees, at the principal office of the Trust, any and all records, books, documents or other property in his/her possession or under his/her control which belongs to the Trust.

SECTION 4. LENGTH OF APPOINTMENT AND REMOVAL OF A TRUSTEE.

In all events, the term of appointment is subject to the provisions of the sections in this Article regarding resignation, death, incapacity, or refusal of a Trustee to act.

A Trustee may be removed by a majority vote of the Board of Trustees and a resolution so removing a Trustee shall set forth the effective date of such removal.

Any such instrument of removal, in order to be effective, shall name the Trustee removed, and shall contain the name of the successor Trustee appointed to fill the vacancy caused by the removal, and shall be accompanied by the written acceptance of such successor Trustee.

SECTION 5. APPOINTMENT OF A SUCCESSOR TRUSTEE

In the event any Trustee duly appointed to serve on the Board of Trustees of this Trust shall die, resign, become incapacitated, or refuse to act, a successor Trustee shall be appointed forthwith in the same fashion as the Trustee who is being replaced was selected and shall meet the qualifications of the Trustee such successor is replacing. The notice of appointment of a successor Trustee shall be in writing to the chairman or acting chairman of the Board of Trustees by registered mail, and shall be accompanied by the written acceptance of the successor Trustee so appointed. Such successor Trustee shall serve a term of office that shall expire on the same date as the Trustee who is being succeeded.

SECTION 6. TRUSTEES TITLE

In case of death, resignation, refusal, or inability to act by any one or more of the Trustees, the remaining Trustees shall have all of the powers, rights, estates and interest of this Trust and shall be charged with its duties, provided that, in such case, no action may be taken unless it is concurred in by a majority of the remaining Trustees.

SECTION 7. TRUSTEE OFFICERS.

The Trustees shall meet as promptly as possible after execution of this Trust Agreement and elect from among the Trustees a chairman and a secretary of the Board of Trustees. The term of such officers shall commence on the date of their election and continue to the end of the fiscal year. Thereafter such officers shall be elected annually.

ARTICLE V

ADMINISTRATION OF TRUST

SECTION 1. MEETINGS.

The Trustees shall meet semi-annually and more often if required at the principal office of the Trust or at such other location as may be acceptable to all the Trustees or, in the alternative, by means of a conference phone call during the course of which each Trustee may at all times speak and hear what is being said. The chairman of the Trustees shall set the date, time and location of each meeting and notice thereof shall be furnished to each Trustee by the secretary or administrator not less than ten (10) days prior to the date of such meeting. Such notice shall specify the date, time, and location of such meeting and may specify the purpose thereof and any action proposed to be taken thereat.

Whenever any notice is required to be given to any Trustee hereunder, such notice shall be directed to said Trustee by first class mail to the address of such Trustee as recorded in the office of the Trust or by means of facsimile transmission to such number as may be provided by the Trustee.

All meetings of the Trustees may be held at any time and place without notice provided all Trustees execute a waiver of notice and consent to the said meeting.

For the purposes of a duly called and noticed meeting of the Board of Trustees a quorum shall consist of at least fifty (50) percent of the said Board of Trustees.

The secretary, acting secretary, or his designee shall keep minutes of all meetings, proceedings and acts of the Board of Trustees, but such minutes need not be verbatim. Copies of all minutes of the meeting of the Board of Trustees shall be sent by the secretary, acting secretary, or a designee to all Trustees.

SAME

SECTION 2. VOTING.

All actions by, and decisions of, the Board of Trustees shall be by the vote of a majority of the number of Trustees attending a duly called meeting of the Trustees at which a quorum is present; provided, however, that actions by, and decisions of, the Board of Trustees may be taken by a vote of a majority of the number of Trustees attending a special meeting without notice when a proper waiver and consent has been obtained as provided in Section 1 above.

SECTION 3. OFFICE OF THE TRUST.

The Trustees shall establish and maintain an office of the Trust, the exact location of which is to be made known to the parties interested in or participating in the said Trust and to the appropriate governmental agencies and departments of state. The books and records pertaining to the Trust and its administration shall be kept and maintained at the office of the Trust.

SECTION 4. EXECUTION OF DOCUMENTS.

A certificate signed by the chairman and secretary of the Trust shall be evidence of the action of the Board of Trustees and any such certificate or other instrument so signed shall conclusively be presumed to be authentic, and all facts and matters stated therein shall conclusively be presumed to be true.

SECTION 5. APPOINTMENT OF ADMINISTRATOR.

The Trustees may designate a fiscal agent and/or an administrator to administer the financial affairs of the Trust. Any fiscal agent and/or administrator so appointed shall furnish a fidelity bond with the Trustees as obligee, in an amount sufficient to protect the Trust against the misappropriation or misuse of any moneys or securities held by or in the name of the Trust. The amount of the bond shall be determined by the Trustees and evidence of such bond shall be filed with the appropriate governmental agencies and departments.

SECTION 6. COMPENSATION AND REIMBURSEMENT OF TRUSTEES.

The Trustees may establish, from time to time, a reasonable amount of compensation to cover attendance at meetings of the Board of Trustees and the performance of the normal duties of a Trustee which compensation may include reimbursement for necessary expenses incurred therein.

ARTICLE VI

POWERS AND DUTIES OF THE TRUSTEES

SECTION 1. AUTHORITY OF TRUSTEES.

The Trustees shall have the power and authority and shall be charged with the duty of general supervision and operation of the Trust, and shall conduct the business and activities of the Trust in accordance with this Declaration of Trust, the Indemnity Agreement and the by-laws promulgated for the operation of the Trust, applicable federal and/or state statutes and applicable governmental rules and regulations.

SECTION 2. CONSIDERATION OF NEW MEMBERS.

The Trustees, after the inception date of the Trust, shall receive applications for membership from prospective new members to the Trust and shall consider such application for membership in accordance with the Rules for Self-Insurance, the terms of the Indemnity Agreement, and the rules and regulations established and promulgated by the Trustees for the admission of new members to the Trust. The Board of Trustees may delegate the ministerial authority for membership approval to the administrator or such other person as they select. For the purposes of this Section "ministerial authority" shall be construed to mean the authority to screen applicants for membership in the Trust, make a recommendation to the Trustees in accordance with the standards established by the Trustees and to execute documents on behalf of the Trust upon the written consent of all or a majority of the Trustees. All members of the Trust shall specifically acknowledge that they are jointly and severally liable for all claims made against the Trust. Members may terminate membership in the Trust only on the anniversary date of membership.

SECTION 3. ESTABLISHMENT OF FUNDS.

The Trustees shall be responsible for establishing such Trust funds, loss funds, or other funds which may be required from time to time by the Workers' Compensation Law, or the Rules for Self-Insurance or the Rules of Conduct and Administration of this Trust as may be established by the Trustees from time to time.

SECTION 4. POSTING OF SECURITY.

The Trustees shall be responsible for and shall undertake the posting of such security deposit and/or security bonds as may be required to be posted with the Workers' Compensation Board pursuant to §50 of the Workers' Compensation Law, or the Rules for Self-Insurance or such other legislative enactments or administrative regulations which may be established from time to time.

SECTION 5. REPORTS.

The Trustees shall be responsible for and shall cause to be filed such annual or other periodic audits, reports, and disclosures as may be required from time to time pursuant to applicable federal or state statutes or governmental regulations, including, but not limited to, periodic payroll audits, periodic summary loss reports, periodic statements of financial condition, certified audits, appropriate applications filed by prospective new members, reports as to financial standing, payroll records, coverage, accident experience and compensation payments, summary loss data statements, periodic status reports, and any other such reports as may be required from time to time.

SECTION 7. RULES AND REGULATIONS.

The Trustees may prescribe such rules and regulations as may, in their discretion, be proper and necessary for the sound and efficient administration of the Trust, provided the rules and regulations shall not be inconsistent with the provisions of this Declaration of Trust, the Indemnity Agreement, the Rules for Self-Insurance, applicable federal and/or statutes, and applicable governmental regulations.

SECTION 8. TRUSTEES' LIABILITIES.

No Trustee shall be liable for any action taken pursuant to this Trust Agreement in good faith or for an omission, except gross negligence, or for any act of omission or commission by any other Trustee or by any employee of Trustee. And the Trustees are hereby authorized and empowered to obtain, at the expense of the Trust, liability coverage fully protecting the Trustees and the Trust from any loss or expense incurred, including reasonable attorney's fees, for all acts of the Trustees except bad faith and gross negligence on the part of the Trustees. The Trust hereby agrees to save, hold harmless, and indemnify the Trustees from any loss, damage, or expense incurred by said Trustees while acting in the capacity of Trustees excepting bad faith and gross negligence.

SECTION 9. RELIANCE ON COUNSEL'S OPINION.

The Trustees may consult with legal counsel concerning any questions which may arise with reference to the duties and powers or with reference to any other matter pertaining to this Agreement or the Trust created hereby; and the opinion of such counsel shall be full and complete authorization and protection with respect to any action taken or suffered by the Trustees hereunder in good faith in accordance with the opinion of such counsel, and the Trustees shall not be liable therefore.

ARTICLE VII

MISCELLANEOUS

SECTION 1. AMENDMENTS.

This Agreement may be amended in writing at any time by the concurrence of a majority of the Trustees. However, this Agreement may not be amended so as to change its purpose as set forth in Article III above or to permit the diversion or application of any of the Trusts of the Trust for any purpose other than those specified herein. The Trustees, upon amending this Agreement, shall send a copy of any such amendment bearing the necessary signatures, to the Members.

SECTION 2. TERMINATION OF TRUST.

This Trust may be terminated at any time by a concurrence of all of the parties to this Agreement.

This Trust shall terminate in any case upon the death of the last survivor of such persons who were living at the time of the creation of the Trust and who were participating in the Trust, unless, without the benefit of this provision, the Trust does not violate the rule against perpetuities; in which case, the Trust may continue in perpetuity unless otherwise terminated.

SECTION 6. ASSET PROTECTION.

The Trustees shall take all necessary precautions to safeguard the assets of the Trust including but not limited to the following:

- a. The designation of a fiscal agent and/or administrator to administer the financial affairs of the Trust provided, however, such fiscal agent and/or administrator shall not be an owner, officer or employee of a third party administrator. Further, the Trustees shall require the fiscal agent and/or administrator to furnish a fidelity bond with the Trustees as obligee to an amount sufficient to protect the Trust against misappropriation or misuse of any moneys or securities, the amount of such bond shall be determined by the Trustees and evidence of the said bond shall be filed with the appropriate governmental agencies and departments.
- b. Retaining control of all moneys collected or distributed for the Trust; all loss funds or funds of any type shall remain in the custody of the Trustees or the authorized administrator; provided, however, that a revolving fund for payment of compensation benefits due and other related expenses may be established for the use of the authorized third party administrator.
- c. Designation of a third party administrator which shall be required to furnish a fidelity bond covering its employees, with the Trust as obligee, and in an amount sufficient to protect all moneys placed in any revolving Fund made available to such third party administrator for the payment of compensation benefits due and other related expenses; provided, however, in the event the bond required of the fiscal agent and/or administrator also covers moneys deposited in the revolving fund, then and in that event, a separate bond shall not be required of the third party administrator if the third party administrator is already covered by sufficient bond.
- d. Having the accounts and records of the Trust audited annually or at any time which may be required by the Workers' Compensation Board or other governmental agency, such audits to be made by a certified public accountant; to implement any uniform accounting system prescribed by the Workers' Compensation Board for use by Self-Insurance Trusts and/or third party administrators.
- e. Activate efforts to collect delinquent accounts resulting from any unpaid contributions by members which shall include any cost incurred in the collection of same.
- f. To prevent utilization of any of the moneys collected as contributions for any purpose unrelated to Workers' Compensation coverage.
- g. To invest any surplus moneys not needed for current obligations in accordance with the Rules for Self-Insurance, or applicable federal or state statutes or regulations.
- h. To set up, operate and enforce administrative rules, regulations and by-laws as between the individual members of the Trust.
- i. To adopt and promulgate rules and regulations for the proper administration of the Trust, the admission of members to the Trust, the suspension of members and the expulsion of members.
- j. To take all reasonable and necessary precautions to protect the members from losses and provide for excess coverage designed to protect said members against excess losses.
- k. To abide by all applicable federal and state statutes and administrative regulations.

This Agreement shall continue in full force and effect as may be amended and supplemented from time to time subject, however, to the above termination provision. In the event of termination, the remaining Trusts available in the Trust, after providing for all outstanding obligations shall be distributed through a formula determined by the Trustees to the participating members.

SECTION 3. SITUS OF THE TRUST.

This Trust Agreement is executed by the parties hereto and accepted by the Trustees in the State of New York, and all questions pertaining to its validity, construction and administration shall be determined in accordance with the laws of the State of New York.

SECTION 4. CONSTRUCTION.

Whenever any words are used in this Agreement in the masculine gender, they shall be construed as though they were also used in the feminine or neuter gender in all situations where they would so apply, and whenever any words are used in this Agreement in the singular form, they shall be construed as though they were also used in the plural form in all situations where they would so apply, and whenever words were used in this Agreement in the plural form, they shall be construed as though they were also used in the singular form in all situations where they would so apply.

IN WITNESS WHEREOF the Trustees have executed this Trust Agreement and accepted the duties of Trustee of this Trust.

Albert B. Brayson, II

Janice L. Anderson

Janice Anderson

Sidney Paul

Sidney Paul

Steven Greenfield

Steve Greenfield

Janice M. Johnson

Janice Johnson

Revised October 31, 1995

THE UNDERSIGNED intending to be bound by the provisions of the Trust Agreement and Declaration of Trust hereby acknowledges that ___ he has executed the SELF INSURANCE AGREEMENT AND DECLARATION OF TRUST of the COMMUNITY RESIDENCE INSURANCE SAVING PLAN (CRISP) SELF-INSURANCE TRUST, understands its contents and understands the potential benefits and liabilities of becoming a member of this group, freely accepts them and agrees to be bound by them and further acknowledges that ___ he has read and understands the obligations of this Indemnity Agreement and the provisions of the By-laws of the COMMUNITY RESIDENCE INSURANCE SAVING PLAN (CRISP) SELF-INSURANCE TRUST, freely accepts them and agrees to be bound by its terms and conditions in consideration for participating in such Trust.

(ORGANIZATION NAME)

By: _____
(NAME OF AUTHORIZED SIGNER ON BEHALF OF ORGANIZATION)

Date: _____

DETACH HERE _____

THE UNDERSIGNED intending to be bound by the provisions of the Trust Agreement and Declaration of Trust hereby acknowledges that ___ he has executed the SELF INSURANCE AGREEMENT AND DECLARATION OF TRUST of the COMMUNITY RESIDENCE INSURANCE SAVING PLAN (CRISP) SELF-INSURANCE TRUST, understands its contents and understands the potential benefits and liabilities of becoming a member of this group, freely accepts them and agrees to be bound by them and further acknowledges that ___ he has read and understands the obligations of this Indemnity Agreement and the provisions of the By-laws of the COMMUNITY RESIDENCE INSURANCE SAVING PLAN (CRISP) SELF-INSURANCE TRUST, freely accepts them and agrees to be bound by its terms and conditions in consideration for participating in such Trust.

(ORGANIZATION NAME)

By: _____
(NAME OF AUTHORIZED SIGNER ON BEHALF OF ORGANIZATION)

Date: _____

FOR PROGRAM ADMINISTRATOR USE ONLY

IN WITNESS WHEREOF, the Trustees of the COMMUNITY RESIDENCE INSURANCE SAVING PLAN (CRISP) SELF-INSURANCE TRUST, acting for and on behalf of the Trust and all of its participants, do hereby agree to accept and hereby do accept the above named entity as a Member of said Trust.

BY: _____
Thomas B. Arney, as Program Administrator, on behalf of the COMMUNITY RESIDENCE INSURANCE SAVING PLAN (CRISP) SELF-INSURANCE TRUST.

Dated this _____ day of _____, 199_____.

RECEIVED
Workers' Compensation Board
NOV - 6 1995
SELF INSURANCE OFFICE

EXHIBIT 2



BY-LAWS

of

COMMUNITY RESIDENCE INSURANCE SAVING PLAN (CRISP) SELF-INSURANCE TRUST

ARTICLE I

NAME AND LOCATION

Section 1. This trust shall be known as the COMMUNITY RESIDENCE INSURANCE SAVING PLAN (CRISP) SELF-INSURANCE TRUST. Its principal office shall be located 120 Washington Avenue, Albany, NY 12210.

ARTICLE II

PURPOSE AND POLICY

Section 1. COMMUNITY RESIDENCE INSURANCE SAVING PLAN (CRISP) SELF-INSURANCE TRUST (hereinafter called the "Trust") is a group self insurance organization organized pursuant to Section 50, subdivision 3-a of the Workers' Compensation Law of the State of New York. Its policies and purposes are:

- (a) To provide Workers' Compensation Self-Insurance coverage in the State of New York to employers providing community living programs.
- (b) To pay benefits promptly and on a weekly basis.
- (c) To improve safe working conditions and to promote a safety program dedicated to the prevention of occupational accidents and disease.
- (d) To improve the medical care and promote the rehabilitation of injured workers.
- (e) To establish compensation coverage rates which are comparable to, or more favorable than, other available Workers' Compensation Coverage rates.
- (f) To do any other act or thing incidental to or connected with the foregoing purpose or in advancement thereof.

ARTICLE III

MEMBERSHIP

Section 1. All parties to the Trust Agreement and identified therein as members shall be members of the Trust. All members shall be entitled to one vote on any matter submitted to a vote of the Members.

Section 2. Additional members may be added to the Trust by vote of the Trustees of the Trust, in accordance with these By-laws and any applicable regulations governing the group self-insurance trust as adopted from time to time by the Workers' Compensation Board of the State of New York. To qualify for membership and to continue to be eligible for membership, an applicant must be a provider of community residence services and satisfy the following underwriting criteria:

[i] A prospective member must be financially solvent, and must meet such other criteria as to financial qualification and otherwise as may be established by the Trustees;

[ii] a prospective Member's expected loss rate must be within the parameters as determined from time to time by the Trustees;

[iii] a prospective Member must satisfy all other requirements of the Fund's excess carrier or carriers, the Workers' Compensation Board of the State of New York; and

[iv] A prospective Member must adhere to the safety policies and practices as outlined in the policies adopted by the Trustees from time to time.

Section 3. Any qualified applicant may apply for membership by completing and submitting to the Trust an application on a form approved by the Workers' Compensation Board of the State of New York, and such other documents as the Trustees or the Workers' Compensation Board or the Superintendent of Insurance shall require, and paying to the Trust the required application fees as determined by the Trustees. Each applicant shall furnish to the Trust such access to its records and facilities as are deemed necessary by the Trustees in their sole and absolute discretion to permit evaluation of the eligibility for membership of the proposed Member. New members may be admitted to the Trust at any time during the year. All applications, application fees determined by the Trustees and other required information and documentation must be received by the Trust no later than sixty days before the proposed date of admission in order to qualify the applicant for admission as of the proposed admission date. The Trustees shall consider all completed applications no later than thirty days before the proposed date of admission, and any approval may be made subject to conditions imposed by the Trustees. All members shall, at the request of the program administrator, not less than annually provide such information as will demonstrate that such member continues to meet the qualifications for membership in the Trust.

Section 4. An application shall be approved only upon the affirmative vote of a majority of the Trustees then in office, in accordance with the provisions of Article IV of these By-laws. Upon approval of any application and satisfaction by the applicant of all other requirements of the Trust, these By-laws and applicable laws and regulations, the applicant shall be admitted as a Member as of the proposed date of admission approved by the Trustees.

Section 5. The approval or rejection of any application for admission by a prospective additional Member shall be subject to the sole and unfettered discretion of the Trustees, notwithstanding the qualification of the applicant and the satisfaction of the requirements of these By-laws and applicable rules and regulations, and the Trustees may approve or reject any such application for any reason, and no applicant shall be deemed to have any legal or equitable entitlement or right to membership in the Trust.

Section 6. Each member shall pay dues or assessments each quarter as the same shall from time to time be determined by the trustees of the Trust, or more frequently as may be required by the Workers' Compensation Board.

Section 7. Membership shall be continued for those members who continue to be engaged in the provision of community living programs except that the trustees may exclude or suspend any member from continued membership for failure to comply with these By-laws, failure to comply with applicable laws relating to Workers' Compensation, or failure to pay contribution due. Notice of termination shall be in writing and be given at least ten (10) days prior to the date of termination and shall be effective ten (10) days after the filing of due notice with the Chairman of the Workers' Compensation Board or the Self-Insurance Division of that Board and shall not alter, impair or annul any obligation for the payment of all contributions which were due during the time such entity was a member of the Trust.

Section 8. Each employer upon becoming a member shall designate the Trust and its Chairman as its agent and representative with respect to all matters relating to coverage and claims arising

under the Workers' Compensation Law and related statutes and shall abide by all the By-laws of the Trust.

Section 9. Cancellation or termination of membership in the group Trust shall terminate any and all benefits that would otherwise accrue to such member or participant. Notwithstanding such cancellation or termination of membership, such member or participant shall remain liable for any and all dues and assessments applicable during any period during which a member was a participant in the Self-Insurance Trust. Voluntary termination of membership may only take place on the anniversary date of such membership.

ARTICLE IV TRUSTEES

Section 1. Five persons shall be designated to serve as initial Trustees. Of such initial five trustees, one shall serve a term of one year and one shall serve a term of two years. Upon the expiration of the terms of such Trustees, the Board of Trustees shall appoint Trustees for terms of three years each. The remaining three trustees, each of whom shall be a participant in the Trust shall serve a term which shall expire on the first annual meeting of the Trust following its approval. At such meeting, the Trustees shall elect three Trustees, each of whom shall be members of the Trust, one of whom shall serve for a term of one year; one for a term of two years; and one for a term of three years. Terms of office shall expire at annual meetings of the Trustees, when successor trustees shall be appointed to serve for terms of three years. No Trustee shall serve for more than two consecutive three year terms, except that service in a term of less than three years shall not count toward this limitation. A former Trustee shall be eligible for election to the Board after at least one year shall have passed following his or her most recent service as a Trustee. No Trustee may be appointed who is, or continues to serve as a Trustee after becoming, an owner, officer, or employee of a third party administrator.

Each and every Trustee heretofore or hereafter named and each successor Trustee shall acknowledge and consent to their appointment as Trustees by giving written notice of acceptance of such appointment to the chairman or acting chairman of the Board of Trustees of this Trust. At all times during such service as a Trustee, each Trustee shall remain a member in good standing of the association and of the Trust.

The absence of a trustee for three (3) consecutive meetings without reasonable excuse may, in the discretion of the chairman, constitute cause to terminate his service as a trustee. Upon notice from the Chairman such vacancy or any other vacancy shall be filled by a person who meets the qualifications to hold such office..

Section 2. In addition to a Chairman, the Trustees shall elect annually from its membership, by majority vote, a Secretary-Treasurer. Any vacancy in office shall be filled by the Trustees. The trustees shall have the discretion to create and fill such other and further offices as they shall deem necessary or desirable for the fulfillment of the purposes for which the trust was created.

Section 3. The trustees shall administer the operations and business of the Trust and shall establish the premium rates to be charged members or participants and shall establish and promulgate By-laws to effectuate the policies and purposes of the Trust.

Section 4. The trustees shall regularly report to the members the operations, conditions and status of the Trust. The Trustees shall appoint a Certified Public Accountant to audit the records of the Trust and to submit its records.

Section 5. The Trustees shall meet at least two times per year at the call of the Chairman, upon at least five days notice to all trustees. Special meeting may be called by the Chairman or upon request of three trustees. Two days written notice for such meetings shall be sent by the Chairman to all members. The trustees may meet by means of conference phone call during which each trustee can, at all times, both speak and hear. Notwithstanding the foregoing, the trustees may meet without notice provided that all trustees sign a waiver of notice of the meeting and ratify the actions taken at such meeting.

Section 6. A quorum for the transaction of business at any regular or special meeting of the Trustees shall consist of not less than a majority of the Trustees.

Section 7. The order of business at all meetings of the Trustees shall be as follows:

1. Roll Call.
2. Reading of Minutes.
3. Communications.
4. Report of Chairman.
5. Treasurer's Report.
6. Reports of Committees.
7. Director's Report.
8. Safety Director's Report.
9. Unfinished Business.
10. New Business.

Section 8. Each Trustee shall be protected in acting upon any paper or document believed by him or her to be genuine and to have been made, executed or delivered by the proper party purporting to have made, executed or delivered the same, and shall be protected in relying and acting upon the opinion of legal counsel in connection with any matter pertaining to the administration or carrying out the functions of the Trust.

The trustees shall not be liable for any action taken or omitted by them in good faith, or for the acts of any agent, employee, attorney or accountant selected by them with reasonable care, or for any act or omission of any other member of the Board. The foregoing shall not relieve any member of the Trustees of liability for the commission of any act of misfeasance and malfeasance.

ARTICLE V

MEETING OF MEMBERS

Section 1. The annual meeting of the membership shall be held during the month of November of each year or on such other date as may be fixed by the Trustees. At least ten days written notice of such meeting shall be given to each member. Each member shall be entitled to one vote on any matter voted on at such meeting.

Section 2. Special meetings of members may be called by the Chairman upon two days written notice to the members sent either by certified mail return receipt requested or by facsimile transmission, and must be called by him upon the written request of 2/3 of the members.

Section 3. A quorum for the transaction of business at any regular or special meeting of members shall consist of not less than 1/3 members, present in person.

ARTICLE VI FUNDS

Section 1. All funds of the Trust shall be deposited in banks or trust companies designated by the Trustees.

Section 2. All checks for the withdrawal of funds shall be signed in such manner as may be fixed by resolution duly adopted by the Trustees from time to time.

ARTICLE VII DUTIES OF OFFICERS

Section 1. The Chairman shall preside at all meetings of the Trustees. He or the Secretary shall sign all contracts and orders drawn on the Treasurer. He shall apply for all bonds and catastrophe coverage as may be required of the Trust by the Chairman of the Workers' Compensation Board or other State agency to qualify the Trust and do any and all acts that may be necessary to obtain such bonds and coverage. He shall appoint all committees of the organization and shall define their powers and duties, except as otherwise provided, and shall be a member ex-officio of such committees. He shall submit regular reports of the operation of the Trust to its members. He shall furnish to each member of the Trustees a proposed budget consisting of an itemized statement of estimated revenue and anticipated and proposed expenditures for the fiscal year.

Section 2. The Secretary-Treasurer shall have access to all official papers of the Trust and the records of its proceedings. He shall attend meetings of the Trustees and keep the minutes of such meetings. He shall also attest, when required, written contracts or other documents and shall perform all such other duties as are incident to his office and, in the absence of the chair may sign all contracts and orders of the Trust. Additionally, he shall collect all fees, dues and assessments and such other funds as may be due to Trust. All moneys received by him shall immediately be deposited in the name of the COMMUNITY RESIDENCE INSURANCE SAVING PLAN (CRISP) SELF-INSURANCE TRUST in such banks or trust companies as may be designated by the Trust and shall not be drawn upon except by checks signed by the Chairman of the Trust and countersigned by the Secretary-Treasurer of the Trust. He shall pay all bills and other indebtedness when ordered to do so by the Trust and shall make a detailed report at the meeting of the Trustees. His accounts shall be audited by a Certified Public Accountant selected by the Trust. He shall furnish a bond to the COMMUNITY RESIDENCE INSURANCE SAVING PLAN (CRISP) SELF-INSURANCE TRUST satisfactory in form and amount, the fee and premium to be paid by the Trust.

Section 3. The officers of the Trust are empowered to invest and reinvest all funds of the said Trust in housing, mortgages, and in Government and other securities as they may in their sole discretion, select and to purchase, lease for any term of years, sell, exchange, convey or dispose of any property, whether real or personal, or any interest therein, all of which shall be at such prices and upon such terms and conditions as said officers may deem advisable to carry out the purposes of the Trust and whether or not any of the foregoing are authorized by law for the investment of trust funds generally; to borrow money in such amounts and upon such terms and conditions as shall be deemed advisable by the officers to carry out the purposes of the Trust and to pledge any securities and to mortgage any property, real or personal, or any interests therein, for the payment of any such loan, to lend moneys upon such terms and conditions as they may deem advisable; and to do all acts whether or not expressly authorized herein, which the officers may deem necessary or proper to effectuate the foregoing and for the protection of the property held hereunder.

Section 4. The acts of the officers shall be subject to the review and approval of the Trustees.

ARTICLE VIII

STANDING COMMITTEES

Section 1. The Chairman shall make provision for committees of the trust to undertake the following committee functions:

- (a) Education and Planning Committee.
- (b) Accounting, Reserves and Premium Rate Committee.
- (C) Safety Advisory Committee.
- (d) Membership Committee.

In the event that the number of trustees shall not exceed five, the trustees shall undertake all of these activities as a committee of the whole.

Section 2. The Trustees or the Chairman may from time to time create additional standing or special committees as may be deemed necessary and the Chairman shall make appointments to and designate the duties of such committees.

ARTICLE IX

ADMINISTRATION

Section 1. A Management Agreement shall be negotiated with a qualified entity, as may be determined by the Trustees, for the purposes of efficiently securing the benefits for which the group self-insurance Trust was established and to carry out the intent of the Workers' Compensation Law and shall perform all necessary and incidental tasks necessary for the orderly functioning of the trust. A third party administrator shall be contracted with the administer the self-insurance program including, but not limited to, the processing of reports of accidents or occupational diseases of employees of the members, determining the validity of claims, advising the members with respect to such claims, filing of all required reports with the Workers' Compensation Board and do all other things and acts necessary in compliance with the Workers' Compensation Law and the Rules and Regulations promulgated by the Chairman of the Workers' Compensation Board for the proper disposition of claims for benefits. The Chairman shall be empowered to sign certificates of coverage to be furnished to the members of the Trust. The Chairman shall periodically review the reserves.

Section 2. A Program Administrator under the supervision of the Chairman shall be employed to act as manager of the group self-insurance program. Such person shall work with the trustees and the third party administrator to establish an accident prevention program. He shall meet with the trustees as often as practicable to review the experience of the members so as to prevent recurrence of accidents and review and revise safety Rules and Regulations to be carried out by the members. The counsel shall have custody of all official records of the group insurance Trust, the accountant shall have custody of the financial records of the Trust and the program administrator shall maintain the day to day records of the Trust.

Section 3. Each member shall report promptly all accidents and occupational diseases and shall keep a permanent record of said injuries sustained in the course of employment. Such record shall include the name of the injured, his occupation, the time, date, place of injury, description of occurrence, treatment given, name and address of physician and shall show any lost time. The

member shall promptly notify the Trust in writing of all subsequent loss of time of any employee due to injury or occupational disease and submit the required payroll reports. The member shall send promptly to the Trust all medical bills and any information or communications received from any physician, attorney, claimant or any other person relating to claims.

Section 4. Each member shall keep complete payroll records. The Trust shall be permitted to examine the members' payroll books and other related payroll records to verify remuneration earned by the employees. Periodically the members shall file a reconciliation statement comparing wages reported to the Trust with the wages reported to the New York State Unemployment Insurance Fund.

Section 5. All members are required to post a notice of compliance at all employees' entrances and places of congregation, and also in the first-aid room or medical bureau, if any.

Section 6. No officer, director, or employee of the COMMUNITY RESIDENCE INSURANCE SAVING PLAN (CRISP) SELF-INSURANCE TRUST may represent or participate directly on behalf of an injured workman or his dependents in any Workers' compensation proceedings.

Section 7. The Trust shall:

- (a) Keep an accurate and complete record of all accidents to employees of the participating employers and report such accidents as provided by law.
- (b) Authorize medical aid, pay compensation and file reports in accordance with the Workers' Compensation Law.
- (c) Maintain adequate reserves at all times to carry compensation claims to final settlement and advise the members of such reserves.
- (d) Permit the representatives of the Chairman of the Workers' Compensation Board to examine its establishment and records at any time for the purpose of ascertaining its full compliance with the foregoing.
- (e) Advise the Division of Self-Insurance of the Workers' Compensation Board on appropriate forms whenever a member's membership in the Trust is terminated and for each new member.
- (f) File reports with the Chairman of the Workers' Compensation Board as requested by the Chairman and as follows:
 - (1) an itemized statement of assets and liabilities as of the close of the fiscal year; to be filed not later than three months thereafter.
 - (2) a classified payroll for the twelve months' period ending March 31 of each year.
 - (3) a statement of all outstanding death and disability claims as of March 31 of each year segregated by State fiscal year of accident occurrence.
 - (4) a statement of compensation payments made by the Trust for the year ending March 31, analyzed by the State fiscal year of accident occurrence.

The reports called for in 2, 3 and 4 shall be filed on or before April 30.

- (g) All references herein to the Workers' Compensation Law and Rules and Regulations include the United States Longshoremen's and Harbor Workers' Compensation Act, applicable to New York operations.

ARTICLE X

AMENDMENTS

Section 1. These By-laws may be amended by a majority vote of all of the Trustees provided such amendment is first presented in writing at one regular meeting of the Board and voted upon at the next regular meeting after all members of the Board shall have been given notice, by mail of the proposed amendment, not less than ten days prior to the meeting at which the amendment is to be voted upon. In the event of amendment to these By-laws, a copy of such amended By-laws will promptly be furnished to the Workers' Compensation Board.

ARTICLE XI

FISCAL YEAR

Section 1. The fiscal year of the Trust shall be the period December 1 to November 30.

ARTICLE XII

CONSTRUCTION

Section 1. These By-laws shall be construed in accordance with the laws of the State of New York and the Rules and Regulations of the Workers' Compensation Board.

Section 2. Whenever a masculine pronoun is used it shall be deemed to represent both the masculine and the feminine forms of such pronoun. Similarly, whenever a feminine pronoun is used it shall be deemed to represent both the masculine and the feminine forms of such pronoun.

Section 3. These By-laws shall be liberally construed in order to effectuate the intention of the Settlers of this Trust.

[effective October 31, 1995]

RECEIVED
WOMEN'S Compensation Board
NOV - 6 1995
SELF-INSURANCE OFFICE

EXHIBIT 3

BST



**COMMUNITY RESIDENCE INSURANCE SAVING PLAN (CRISP)
SELF-INSURANCE TRUST**

INDEMNITY AGREEMENT

This agreement is made and entered into this 31 day of October, 1995, by and between all parties who execute this Agreement or the same or similar Agreement and are now or may hereafter become Members of COMMUNITY RESIDENCE INSURANCE SAVING PLAN (CRISP) SELF-INSURANCE TRUST (hereinafter referred to as "Members"), acting by and through their Trustees.

WITNESSETH

WHEREAS, the Members applied for authority to pool their liabilities pursuant to the terms of subdivision 3-a of Section 50 of the Workers' Compensation Law; and

WHEREAS, the said Members have, pursuant to the above section, formed a Trust to be known as The COMMUNITY RESIDENCE INSURANCE SAVING PLAN (CRISP) SELF-INSURANCE TRUST, hereinafter referred to as the "Trust"; and

WHEREAS, the Workers' Compensation Board, upon petition of the Trust approved the application subject to the following conditions:

(1) That the Trust shall post either deposit funds acceptable to the Workers' Compensation Board or any bonds or securities required by the Superintendent of Insurance and the Workers' Compensation Board to secure the performance of any award which might be made against the Trust or any members thereof. The Trustees shall, from time to time, be entitled to receive all interest accruing on any negotiable securities posted to be applied to the purposes for which the Trust is formed, provided that the Trust is not in default in payment of compensation benefits or of any assessment levied by the Workers' Compensation Board.

(2) That the Members of the Trust execute a covenant, or agreement whereby, in addition to the collateral above mentioned, the Trust and its Members will jointly and severally covenant to assume and discharge, by payment, any lawful awards entered by the Workers' Compensation Board against any Member of the group, which awards shall have been sustained by the courts where an appeal by either party is taken.

(3) That the Members of the Trust execute a covenant or agreement whereby the Trust and each Member thereof will jointly and severally covenant and agree to pay contributions and assessments, based upon appropriate classifications and rates, into a designated cash reserve trust fund out of which lawful and proper claims and awards are to be paid, and further that the group will jointly and severally covenant and agree that there will be no disbursement out of this reserve by way of dividends or distribution of accumulated reserves to the respective Members, except at the discretion of the Trustees; and

WHEREAS, the Members, through their designated Trustees, elected to comply with said conditions and become self-insurers, and to execute the other covenants required; and

WHEREAS, the Members, acting by and through the COMMUNITY RESIDENCE INSURANCE SAVING PLAN (CRISP), designated Albert B. Brayson, II, Steve Greenfield, Janice Anderson, Janice Johnson and Sidney Paul as the **TRUSTEES**, to maintain and direct the

affairs of the Trust for the benefit of the Members and to pass on the admissibility of future Members with the powers and duties hereinafter conferred upon the Trustees; and

WHEREAS, the above-mentioned persons have declared themselves as **TRUSTEES** of the Trust;

NOW, THEREFORE, for and in consideration of the mutual covenants, promises and obligations herein contained, which are given to and accepted by each Member who executes this Agreement hereof to the other, the Members jointly and severally stipulate and agree as follows;

ARTICLE I ACCEPTANCE OF COVENANTS

(1) The Members, through the Trustees, hereby agree to file with the Workers' Compensation Board either deposit funds acceptable to the Workers' Compensation Board or a surety bond in the amount specified by the Workers' Compensation Board to secure performance by the Trust of payment of all lawful awards made by the Workers' Compensation Board against any Member or Members, predicated on a claim or claims by an employee or employees of any Member, arising out of and in the course of such claimant's employment and which awards shall have been sustained by the courts where an appeal by either party is taken and upon condition that said Member through which such claim originates shall not have resigned from or been expelled from the Trust pursuant to the rules and regulations of the Trust.

(2) The Members jointly and severally covenant and agree to assume and discharge, by payment, any lawful awards entered by the Workers' Compensation Board against any Member of the group, and any lawful award against or obligation of the Trust which it may become legally obligated to pay in respect of any Trust year or part thereof that such Member participated in the Trust, whether or not still a Member in good standing, and which award or obligation shall have been sustained by the courts where an appeal by either party is taken.

(3) The Members jointly and severally covenant and agree to pay the necessary contributions and assessments, based upon appropriate classifications and rates, into a designated cash reserve trust fund out of which lawful and proper awards and claims are to be paid, and that there will be no disbursement out of the designated cash reserve trust fund by way of dividends or distribution of accumulated reserves to the Members, except at the discretion of and direction by the Trustees.

(4) The Members jointly and severally covenant and agree to assume and discharge, by payment, any obligation of the Trust to pay to any premium finance company any unearned or return premium or the outstanding balance of any loan from such premium finance company to any Member, if such unearned or return premium is less than such outstanding balance. The Members shall pay the premium finance company for amounts due hereunder within 60 days after any premium finance company notifies the Trust that any member has defaulted on such Member's loan from the premium finance company. Each member hereby authorizes the Trustees to pay any premium finance company any amount described herein or in any agreement or understanding between the Trust and any premium finance company. Such payments may be made from any funds available to the Trust. Any premium finance company described herein shall be a third party beneficiary of this Agreement and such premium finance company may proceed directly against one or more of the Members, as the premium finance company may determine in its sole discretion, to enforce the provisions of this section.

(5) The Members jointly and severally covenant and agree to assume and discharge, by payment, any obligation of the Trust to the Frontier Insurance Company. The Members shall pay the Frontier Insurance Company for amounts due hereunder as soon as practicable after Frontier Insurance Company notifies the Trust that it has paid any claim against it

(6) The Members intend this agreement to be a mutual covenant of assumption and not a partnership, but should any court of competent jurisdiction construe it to be a partnership, then it is the intention of the parties that such partnership be strictly construed and limited in scope to the uses for which this agreement is executed and no other.

ARTICLE II DEFINITIONS

(1) Program Administrator shall mean any individual, firm, corporation, partnership or association duly authorized or licensed to write or act as a broker in the writing of Workers' Compensation Insurance in this State and who agrees to act as the manager of the group self-insurance program and who shall have the sole discretion to engage such services as may be necessary or desirable including accountant, actuarial and legal services.

(2) Third Party Administrator shall mean such individuals or business entities appointed by the Trustees to provide administrative, processing or other services, including the resolution and payment of claims to the Trust.

(3) Member shall mean the Members named herein, and which in each case (i) is an employer within the meaning of the New York Workers' Compensation Law, (ii) meets the qualifications for membership as established by this agreement and the Declaration of Trust, (iii) has been accepted for participation in the Trust by the Trustees, and (iv) has executed this Agreement. It is further understood and agreed that all members shall annually provide the program administrator with such information as will enable such program administrator to determine that such member remains eligible for continued membership in the Trust in accordance with the standards established by the Trustees as may then be in effect.

(4) Trustees shall mean the Trustees acting hereunder and under the Declaration of Trust.

(5) Workers' Compensation Board shall mean the Workers' Compensation Workers' Compensation Board of the State of New York.

(6) Declaration of Trust shall mean The COMMUNITY RESIDENCE INSURANCE SAVING PLAN (CRISP) SELF-INSURANCE TRUST Declaration of Trust dated October 31, 1995 and as it may be amended from time to time.

(7) Trust shall mean The COMMUNITY RESIDENCE INSURANCE SAVING PLAN (CRISP) SELF-INSURANCE TRUST as established by this Indemnity Agreement.

(8) Bank Fiduciary shall mean a state or federally chartered institution having trust powers according to the laws of the State of New York.

ARTICLE III POWERS AND DUTIES OF THE TRUSTEES

(1) Each undersigned Member ratifies and confirms the designation of the Trustees as the Trustees for the Trust authorized to direct its affairs and to perform all acts necessary to accomplish the purposes and objectives of the Trust and this Agreement, in accordance with state law, applicable regulations of the Workers' Compensation Board, and the Declaration of Trust as defined herein and which is hereby incorporated by reference in its entirety.

(2) Subject to the approval of the Workers' Compensation Board, the Trustees may promulgate, adopt, operate and enforce administrative rules, regulations and/or bylaws for the administration and operation of the Trust. The Members agree to abide by any such rules, regulations or bylaws adopted by the Trustees. The Trustees may adopt, amend, change, or repeal such rules, regulations, or bylaws from time to time as they deem necessary.

(3) The Trustees are authorized to perform all other functions and exercise all other authority otherwise granted herein or necessary or desirable to carry out the purpose of this agreement or the specific powers granted herein.

ARTICLE IV ADMINISTRATION

(1) The Members ratify and confirm the designation of Program Risk Management, Inc., as Program Administrator with the authority to perform all necessary functions to administer and operate the Trust as directed by the Trustees.

(2) The Trustees are authorized to establish all necessary contributions, charges and assessments as authorized herein and as necessary for the proper operation and administration of the Trust.

(3) The Members ratify and confirm the appointment of Gallagher Bassett Claims Management, as Third Party Administrator by the Trustees. The Third Party Administrator will pay all approved items of expense as directed by the Trustees and/or Program Administrator, and give a monthly account of all monies so handled. For handling the administrative and servicing functions, the Third Party Administrator shall receive a fee which shall be in consideration of all services and expenses contracted for with the Trust, which services or expenses may include the collecting, disbursing and accounting for monies collected, counseling with Members as to safety hazards, claims handling and investigation, and providing for excess insurance coverage. The Third Party Administrator's books and records are to be open to inspection by the Workers' Compensation Board and by the Trustees or their agents at all reasonable times.

(4) The Trustees, Program Administrator or their designee shall deposit with an independent bank which is a Bank Fiduciary, for deposit to the account of the Trust, all contributions as and when collected from the Members. The Bank Fiduciary shall hold and administer the amounts on deposit in the account of the Trust as provided in the Trust Agreement between the Trust and the Bank Fiduciary. All directions by the Trustees or the Program Administrator to the Bank Fiduciary shall be in conformity with this Agreement and (a) the rules, regulations and bylaws of the Trust, (b) the Agreement between the Trustees and the Third Party Administrator and/or such independent fiduciary, (c) the rules and regulations of the Workers' Compensation Board pertaining to group self-insurers and (d) the Declaration of Trust.

(5) The Trustees are authorized and directed to take all reasonable precautions to protect the Members from losses and shall provide for excess insurance coverage designed to protect said members against excess losses. The contracts for coverage shall be governed by the rules and regulations of the Workers' Compensation Board.

(6) If the assets of the Trust are at any time actuarially determined to be insufficient to enable the Trust to discharge its legal liabilities and other obligations and to maintain actuarially sound reserves, the Trustees shall make up the deficiency by the levy of an assessment upon Members pro-rated in accordance with the Rules and Regulations adopted by the Trustees, or by other appropriate methods secure the amount needed to make up the deficiency, failing which, however, the Trustees shall levy an assessment required by any lawful order of the Workers' Compensation Board. The Members shall be given a minimum of 30 days notice of any assessment due. Any

Member failing to make the payment required when due shall, following written notice and a thirty (30) day opportunity to cure such failure, and upon a minimum of ten (10) days notice to the Workers' Compensation Board (whichever such period expires later), and otherwise in compliance with the Rules and Regulations adopted by the Trustees, be immediately suspended from membership and that Member's coverage and benefits hereunder shall prospectively cease. If the Member shall subsequently submit the payment, the Trustees may, in their discretion, reinstitute such membership. Each Member covenants and agrees to make payment of a deficiency assessment, pro-rated in accordance with the Rules and Regulations adopted by the Trustees, for any Trust year, or part thereof, that the Member participated in the Trust, whether or not still a Member in good standing. Members agree that they may terminate participation in the Trust only on the anniversary date of their participation in the Trust.

(7) The Members hereby agree that the Trustees may admit as a Member any acceptable employer having employees in the State of New York, and which qualifies to be a Member as defined herein, and that the Trustees shall be the sole judge of whether or not an applying entity shall be admitted to membership, and provided further that such admission of a new member shall be effective only upon acceptance of such applicant by the Trustees in their absolute discretion, and approval of such application for participation by the Workers' Compensation Board if required by applicable regulation of the Workers' Compensation Board. All Members of the Trust further agree that a Member may be expelled from the Trust by the Trustees in compliance with the bylaws and the Rules and Regulations adopted by the Trustees after thirty (30) days notice has been given to the Member, and ten (10) days notice has been given to the Workers' Compensation Board (except that in the case of a proposed expulsion for failure to pay any required assessment, the notice and cure provisions of paragraph (6) above shall apply in lieu of the notice provisions of this paragraph (7)), which notices may be given so that the notice periods shall all expire at the end of the 30 day notice period, and that no liability shall accrue to the Trust or its Members for any injury to an employee of an expelled Member occurring after the effective date of termination of such expelled Member.

(8) Rules and regulations and/or bylaws for administration and for the admission and expulsion of Members shall be promulgated by the Trustees. In addition, the Members agree to abide by the following rules and regulations:

- (a) Each Member agrees to follow the safety recommendations of the Trustees, the Program Administrator and the Third Party Administrator in order to give its employees the maximum in safe and sanitary working conditions, and to promote the general welfare of its employees. In the event of disagreement as to the implementation of any recommendations, any party may appeal to the Trustees, whose decision is final.
- (b) In the event of an accident or reported claim, each Member agrees to make immediate provision for remedial care for its employees as that term may be construed pursuant to the Workers' Compensation Law, and to give immediate notification of said accident to the Third Party Administrator on the prescribed forms.
- (c) Each Member shall make prompt payment of all contributions and assessments as required by the Trustees. Such contributions and assessments shall include loss and expense constants and minimum contributions, where applicable, and may be reduced by any discount allowed by the Trustees as long as such discount does not exceed the amount permitted by the Workers' Compensation Board rules pertaining to self-insurers.
- (d) Each Member agrees that the Trustees and attorneys or agents employed by the Trustees shall have sole authority to represent the Member in investigation, settlement

discussions and all levels of litigation arising out of any claim made against the Member within the scope of protection furnished by the Trust.

- (e) Each Member agrees that in the event of the payment of any loss by the Trust under this contract, the Trust shall be subrogated to the extent of such payment to all the rights of the Member against any person or other entity legally responsible for damages for said loss, and in such event the Member hereby agrees to render all reasonable assistance to effect recovery.
- (f) The Trustees of the Trust agree to defend in the name of and on behalf of the Member any suits or other proceedings which may at any time be instituted against the Member on account of injuries or death which occurred during the period of membership within the scope of the New York claims, outstanding reserves and loss requirements, shall be considered Trustees Funds. Such Trustees Funds may be used by the Trustees for any purpose they deem necessary to perform the purposes and functions of this Agreement and for the protection and preservation of the Trust. Any excess Trustees Funds remaining after provision has been made for all obligations under the Workers' Compensation Law and this Agreement, may be distributed to the Members at the discretion of the Trustees in accordance with the terms of this Agreement and the Declaration of Trust.

(9) The Trustees are authorized to annually set aside from the contributions collected a reasonable sum to cover the operation expenses and administrative expenses. This sum shall include the cost of excess insurance, the Third Party Administrator fees and the operating costs of the Trust. All remaining funds coming into their possession during any one fiscal year shall be used for the following purposes:

- (a) Payments for those benefits provided by the New York Workers' Compensation Law and also legal fees and costs in all contested cases.
 - (b) Payment of assessments as required by the New York Workers' Compensation Law.
 - (c) Payment of cost of all bonds and auditing expense required of the Trust or its agents or by the Workers' Compensation Board.
 - (d) All other investments, uses or payments as authorized by this Agreement and Declaration of Trust.
 - (e) Distribution to Members in such manner as the Trustees shall deem to be equitable of any excess monies as provided in Section 4 of this Article; provided, however, that no such distribution shall be made earlier than twelve (12) months after the end of each Trust year, except that surplus monies not needed to satisfy the loss fund requirements as established by the aggregate excess contract and surplus monies not needed to satisfy the administrative fund requirements (such as Trustees Funds) may be refunded immediately after the end of the Trust year; provided further, that undistributed excess funds from previous Trust years may be distributed at the discretion of the Trustees at any time if not required for reserves.
- (10) The Trust shall operate on a fiscal year of twelve (12) calendar months ending on November 30, in each year. Execution of this agreement by each Member, when approved and accepted in writing by the Trustees or their designee, shall constitute a continuing contract for each succeeding fiscal period unless canceled by the Workers' Compensation Board or the Trustees or unless the Member shall have withdrawn or been otherwise terminated from the Trust.

- (11) The Members jointly and severally covenant and agree that there will be no disbursement by way of dividends or distribution of accumulated reserve to Members until after provision has been made for all obligations under the Workers' Compensation Law against the Trust and except at the discretion of the Trustees.

Any Member who applies for membership and is accepted by the Trustees shall thereupon become a party to this agreement and be bound by all of the terms and conditions hereof. Approval by the Trustees is conditioned upon the truth and accuracy of the information and financial data furnished on the application. Approval of the application shall be endorsed upon this agreement.

This agreement shall be the binding on and inure to the benefit of the parties' successors and assigns.

Each of the undersigned Members warrants and represents, and agrees to provide the opinion of the Member's counsel to the effect that, the execution, delivery and performance of this Agreement has been duly authorized by all requisite action of the Member, that the officer signing below on behalf of the Member has the requisite authority to execute and deliver this document and to bind the Member, and that the execution, delivery and performance of this Agreement will not conflict with or violate any provision of the Charter, Certificate of Incorporation, Bylaws or other document governing administration of the Member's affairs, or any agreement, contract, indenture or other undertaking to which the Member is a party or by which it is bound.

The undersigned pursuant to the vote of their respective Boards of Directors, certified copies of which votes are attached and become a part of this Agreement, do hereby agree to all the terms and conditions of this Agreement between the parties to this Agreement.

Effective as of the 31 day of October, 1995.

IN WITNESS WHEREOF the Trustees have executed this Indemnity Agreement and accepted the duties of Trustee of this Trust including the acceptance of the Joint and Several liability with respect to the Frontier Insurance Company.

Albert B. Brayson, II

Janice L. Anderson

Janice Anderson

Sidney Paul

Sidney Paul

Steven Greenfield

Steven Greenfield

Janice M. Johnson

Janice Johnson

The undersigned acknowledges receipt of a copy of the provisions of §50 of the Workers' Compensation Law of the State of New York and further acknowledges that he or she has been advised of the joint and several liability which exists pursuant to the group self-insurance program. The undersigned further agrees to all of the terms and conditions of this Agreement and of the Self Insurance Agreement and Declaration of Trust.

IN WITNESS WHEREOF, we have hereunto set our hands and seals this _____ day of 199__

(ORGANIZATION NAME)

BY: _____
(NAME OF AUTHORIZED SIGNER)

DETACH HERE _____

IN WITNESS WHEREOF, we have hereunto set our hands and seals this _____ day of 199__

(ORGANIZATION NAME)

BY: _____
(NAME OF AUTHORIZED SIGNER)

[FOR INDIVIDUAL
OR PARTNERSHIPS]

STATE OF NEW YORK
COUNTY OF _____ SS
[COUNTY WHERE SIGNED]

On this _____ day of _____, 199__, before me, the subscriber, personally appeared _____

[INSERT NAME OF PERSON SIGNING DOCUMENT]

to me personally known and known to me to be the person described in and who executed the foregoing instrument and ___ he acknowledged to me that ___ he executed the same

NOTARY PUBLIC

[CORPORATE
USE]

STATE OF NEW YORK
COUNTY OF _____ SS
[COUNTY WHERE SIGNED]

On this _____ day of _____, 199__, before me, the subscriber, personally appeared

[INSERT NAME OF PERSON SIGNING DOCUMENT]

to me personally known, who, by me being duly sworn, did depose and say that ___ he is the
_____ of _____

[TITLE]

[ORGANIZATION NAME]

the corporation described in and which executed the within Instrument; that ___ he knows the seal of such corporation; that the seal affixed to said Instrument is the seal of such corporation; that it was affixed by Order of the Board of Directors of such corporation; and that ___ he signed such Instrument by like Order.

NOTARY PUBLIC

FOR PROGRAM ADMINISTRATOR USE ONLY

IN WITNESS WHEREOF, the Trustees of the COMMUNITY RESIDENCE INSURANCE SAVING PLAN (CRISP) SELF-INSURANCE TRUST, acting for and on behalf of the Trust and all of its participants, do hereby agree to accept and hereby do accept the above named entity as a Member of said Trust.

BY: _____
Thomas B. Arney, as Program Administrator,
on behalf of the COMMUNITY RESIDENCE INSURANCE SAVING PLAN (CRISP) Self-Insurance Trust

Dated this _____ day of _____, 199_____.

REVISED: October 31, 1995

RECEIVED
WORKERS COMPENSATION BOARD

NOV - 6 1995
SELF INSURANCE OFFICE

EXHIBIT 4





P R O G R A M
R · I · S · K M · A · N · A · G · E · M · E · N · T, I · N · C.

December 11, 1995

Mr. Sheldon Merrill
New York Workers' Compensation Board
Self-Insurance Division-Room 301
180 Livingston Street
Brooklyn, New York 11248

RECEIVED
Workers' Compensation Board
DEC 12 1995
SELF INSURANCE OFFICE

Re: Community Residence Insurance Saving Plan
Self-Insured Group Filing

Dear Shelly,

Please find enclosed the following items:

1. GSI-3 (5-89) Agreement and Undertaking. This has been properly signed and completed.
2. Corporate Form of Acknowledgment, completed and Notarized.
3. SI-21 (2-95) Certificate of Excess Reinsurance Contract for Self-Insurer, with the original signature of the Reliance National Indemnity Co. representative, Notarized. This certifies to coverage being provided under their policy number NXC 012619I, effective 12/15/95, until canceled.
4. Reliance Insurance Company Surety Bond number NSU0126204, in the principal amount of \$600,000.
5. Chase Bank, N.A. letter, dated December 8, 1995, certifying to the sum of \$249,243, on deposit.
6. Copy of the Third Party Administrator's contract with Gallagher Bassett Services, Inc., to provide the claim services.
7. Schedule of Agencies being submitted as of 12/11/95, presenting the Name of the agency, effective date of coverage, whether the Trust Signature page (T) and the GSI, are included, payrolls by class, the totals by agency and by class, and an overall total.



Mr. Sheldon Merrill
December 11, 1995
Page 2

8. The actual items for each of the agencies listed in item 7.

Note: we are missing four Trust Indemnity pages; two were signed in the wrong places and we have had to return them to be resigned, and two are in "transit" to our office and should be received this week and will be faxed to you upon receipt. We should have the other two by the end of the week or early next week-neither is effective until 1/1/96 (Pibly and Montgomery).

Shelly, the totals of the payrolls are \$38,066,214, which differs slightly from the original application of \$38,972,690 as [REDACTED] has not returned their documents as yet even though they have advised they want to join and will be part of a later group; the payrolls differ slightly by classification as we have "re-classified" on the basis of the change the State Insurance Fund has made in some, i.e., put them into the 8868 or 8865, etc.

Please advise if you need anything further. As you know, we would like to begin as of 12/15/95, as we have one of our key "sponsors" [REDACTED] [REDACTED] expiring as of that date. We also have some the of the others renewing as of 12/22, and they had already advised the State Fund of their decision to not renew (even though we had told them to wait-they could rescind their notice, if necessary).

I believe this is everything and all we need is the approval from your office and the NY Carrier ID number.

Yours truly,

Thomas B. Arney
Program Administrator
President

P.S. If you need something and I am out or on the phone, John Conroy (ext. 33) or Carolyn (ext. 21) are familiar with the program and files and can help.

EXHIBIT 5

BST



COMMUNITY RESIDENCE INSURANCE SAVING PLAN (CRISP) Self-Insurance Trust

Agreement for Services of Program Administration

This Agreement, made as of October 31, 1995, by and between the COMMUNITY RESIDENCE INSURANCE SAVING PLAN (CRISP) Self-Insurance Trust ("Trust"), a group self-insurer organized and existing pursuant to section 50 of the New York Workers' Compensation Law with an office and principal place of business at 120 Washington Avenue, Albany, New York 12210, and Program Risk Management, Inc. (as appropriate "PRM" or "Program Administrator") a New York corporation with an office and principal place of business at One Marcus Boulevard, Suite 204, Albany, New York 12205.

Whereas, the Trust is a group self-insurer organized and existing pursuant to Workers' Compensation law, section 50 and regulations promulgated thereunder, providing workers' compensation self-insurance to its members ("Members") pursuant to applicable provisions of law and regulation, the Self-Insurance Agreement and Declaration of Trust and Indemnity Agreement executed by and among such members and the Trust's by-laws; and

Whereas, PRM is in the business of providing program administration services to workers' compensation group self-insurers, and

Whereas, the parties desire to enter into a services agreement pursuant to which PRM will provide to the Trust and the Trust will acquire from PRM certain program administration services in accordance with the terms and conditions hereinafter set forth;

Now, Therefore, in consideration of mutual covenants and conditions herein contained and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties agree as follows:

I. Retainer of Program Administrator.

The Trust hereby retains Program Risk Management, Inc. to provide to the Trust, Program Administration services in accordance with the provisions of this Agreement.

2. Services.

The Program Administrator shall:

(a) act as the program administrator for the Trust, in furtherance of which the Program Administrator will, among other duties, develop loss control programs and risk management programs for the Trust, coordinate actuarial services relating to prospective and present members of the Trust, recommend experience ratings of members, serve as liaison with the Workers' Compensation Board, evaluate and make recommendations regarding the suitability for participation in the Trust of prospective members thereof, monitor the financial condition and activities of the Trust, coordinate the provision of accounting, auditing, legal and other professional services and make recommendations to the Trust concerning, inter alia, the adoption and/or amendment of Trust policies, programs, by-laws, investments, contribution rates, insurance policies, procedures and forms;

(b) promote and market the self-insurance program to present and prospective members of the TRUST, provided, however, that the costs of design and production of marketing and promotional materials the Trust may require in the furtherance of the activities of the Trust, shall be provided by the Trust. In the performance of these duties, the program administrator shall work in conjunction with and supervise the activities of ALLIANCE.

(c) design and develop safety programs and training for members and, present such programs to the members at regularly scheduled meetings, conventions and seminars and at such other times and places as the Trustees and the Program Administrator may agree;

(d) act as the broker/agent to provide the insurance services required by the Trust;

(e) receive and retain in escrow pending payment to the Trust, member contributions to the Trust, it being the parties present intention that all such contributions be retained by the Program Administrator in escrow on the Trust's account until the fifteenth day of the calendar month following that in which such contributions are received, upon which date the entire balance of such contributions so retained, net of the fee in respect thereof due the Program Administrator pursuant to paragraph 3 of this Agreement, shall be paid over to the Trust by the Program Administrator; and

(f) review and recommend approval or disapproval of items submitted for payment

(g) perform such other and further duties as are or may be reasonably related to the administration of a New York Workers' Compensation group self-insurance trust, whether or not such duties are or have been specifically or expressly delegated to the Program Administrator by the Trustees.

3. Fee.

(a) In consideration of the full and faithful performance of the services to be rendered by the Program Administrator hereunder, the Trust shall pay to the Program Administrator a fee equal in amount to six and one-quarter percent (6 1/4%) of the gross written contributions made by the members to the Trust during the term of this Agreement. Such fee shall be payable in monthly installments equal to six and one-quarter percent (6 1/4%) of the gross written contributions received by the Trust from the members in and for the calendar month immediately preceding that in which each such installment is due. Upon the termination of this Agreement or any successor thereto, by expiration of its term or otherwise, the balance of the fee due the Program Administrator from the Trust, if any, for any period of service rendered by the Program Administrator prior to the effective date of such termination shall be payable by the Trust to the Program administrator not later than sixty (60) days following such effective date.

4. Indemnification and Insurance.

(a) The Program Administrator shall indemnify and hold harmless the Trust, its Trustees, employees, agents and members from any and all claims, losses, liabilities, judgments, actions, costs and expenses (including reasonable attorneys' fees and expenses) arising out of or attributable to the services required to be performed by the Program Administrator under the terms of this Agreement.

The Trust shall indemnify and hold harmless the Program Administrator, its Officers, employees, agents and representatives from any and all claims, losses, liabilities, judgments, actions, costs and expenses (including reasonable attorneys' fees and expenses) arising out of or attributable to the actions of the Trustees, members of the COMMUNITY RESIDENCE INSURANCE SAVING PLAN (CRISP) Self-Insurance Trust or its agents and employees related directly or indirectly to the business of the Trust.

b) Throughout the term of this Agreement and any successor thereto, the Program Administrator shall maintain, at its sole cost and expense, a policy or policies of insurance that will insure the Program Administrator, continuously and without interruption, with respect to its acts and omissions and those of its officers, directors, employees, agents and representatives in connection with or relating to the services required to be provided hereunder in the face amount of not less than \$1,000,000 per occurrence and \$1,000,000 in the aggregate. The said insurance policy or policies shall insure against all claims, actions, judgments, settlements, loss or damage arising from or relating to the said acts or omissions, irrespective of whether any such claim, judgment or settlement is made, such action commenced or such loss or damage actually incurred during the term of this Agreement or any successor thereto. The Program Administrator shall upon request provide reasonable evidence to the Trust that the said assurances is in place as required by this paragraph and shall provide immediate written notice to the Trust of termination or material amendment of any such policy.

5. Representations and Warranties of the Program Administrator and Trust.

In addition to the representations and warranties hereinabove set forth, the Program Administrator hereby represents and warrants to the Trust each of the following, which representations and warranties, together with those hereinabove set forth, shall be deemed continuing representations and warranties that are the essence of this Agreement and upon which the Trust has relied in entering into this Agreement:

(a) It is a validly existing corporate entity with full right, power and authority to enter into this Agreement.

(b) This Agreement is duly authorized, executed and delivered by it and constitutes a legal, binding obligation upon it, its successors and assigns and does not violate any provision of any agreement or judicial or administrative order to which it is a party or to which it is subject.

(c) No government or other approvals are required to permit it to enter into and perform its obligations hereunder.

(d) It has all appropriate title, licenses and/or approvals to enable it to perform the services required of it hereunder.

(e) Entry into and performance of its obligations hereunder is not restricted or prohibited by any loan, security, financing, contractual or other agreement.

In addition to the representations and warranties hereinabove set forth, the Trust hereby represents and warrants to the Program Administrator each of the following, which representations and warranties, together with those hereinabove set forth, shall be deemed continuing representations and warranties that are the essence of this Agreement and upon which the Program Administrator has relied in entering into this Agreement:

(a) It is a validly existing entity with full right, power and authority to enter into this Agreement.

(b) This Agreement is duly authorized, executed and delivered by it and constitutes a legal, binding obligation upon it, its successors and assigns and does not violate any provision of any agreement or judicial or administrative order to which it is a party or to which it is subject and that it will not undertake any action that will result in the termination of this agreement except as specified in paragraphs 9 and 10 of this agreement.

(c) No government or other approvals are required to permit it to enter into and perform its obligations hereunder.

(d) It has all appropriate title, licenses and/or approvals to enable it to perform the services required of it hereunder.

(e) Entry into and performance of its obligations hereunder is not restricted or prohibited by any loan, security, financing, contractual or other agreement.

6. Independent Contractor.

The Program Administrator is an independent contractor hereunder and neither the Program Administrator nor any of its officers, directors, employees, agents or contractors shall be deemed to be a partner, joint venturer or employee of the Trust, the Trustees, any of the members or any of the Trust's or Members', officers, directors, employees, agents or contractors.

No member of the Trust nor any officer, agent or employee thereof shall be deemed to be a partner, joint venturer or employee of the Program Administrator.

7. No Authority to Bind.

The Trust acknowledges that the Program Administrator shall be acting on its behalf in the exercise of matters within its professional expertise. As such, neither the Trust nor any officer, director, employee or agent thereof shall have authority, real or apparent, to bind the Program Administrator in the performance of its duties under this agreement.

8. Term of Agreement.

The term of this Agreement shall commence as of October 31, 1995 and shall continue to and including October 31, 2000, unless this Agreement is earlier terminated pursuant to paragraph 9 hereof or a successor agreement that conforms with the provisions of paragraph 10 hereof is made by the parties. This Agreement shall automatically renew for successive terms of three years unless either party gives notice to the other of its intention to terminate the Agreement, which notice must be in writing and must be given not less than 120 days prior to the expiration of the initial or any successor term of this Agreement. In the event such notice is given, this Agreement shall terminate upon such expiration date unless such notice is earlier rescinded, a successor agreement earlier executed or the term of this Agreement earlier extended by an agreement of the parties that conforms with the requirements of paragraph 10 hereof. As used in this Agreement, the term "year" shall mean the 12-month period beginning on _____ or any anniversary thereof.

9. Termination.

This Agreement may be terminated by the Trust immediately and without further notice to the Program Administrator (a) if the Program Administrator files or has filed against it a petition in bankruptcy or an assignment for the benefit of creditors or becomes insolvent or has a substantial portion of its property become subject to levy, execution or assignment; or (b) the Program Administrator or any of its officers, directors, agents or employees, by act or omission, commits a breach of this Agreement of such magnitude and materiality as to constitute gross malfeasance by the Program Administrator in the performance of its duties hereunder, a breach of its fiduciary duty to the Trust or a violation of its duty to take reasonable care in the performance of its duties hereunder or that is materially inconsistent with applicable federal, State or local law or regulation. This agreement may be terminated by the Program Administrator immediately if the Trust or any of its officers, directors, agents or employees, by act or omission, commits a breach of this Agreement of such magnitude and materiality as to constitute gross malfeasance by the Trust in the performance of its duties hereunder, a breach of its fiduciary duty to the members of the Trust or to the Program Administrator or a violation of its duty to take reasonable care in the performance of its duties hereunder or that is materially inconsistent with applicable federal, State or local law or regulation

10. Entire Agreement.

This Agreement constitutes the entire understanding and agreement between the parties with regard to all matters herein. There are no other agreements, conditions or representations, oral or written, express or implied, with regard thereto. This Agreement supersedes in their entirety any and all previous agreements, whether written or oral, between the parties. This Agreement may be modified or amended only in writing signed by the parties hereto.

11. Severability.

If any provision of this Agreement shall be held, be deemed to be or shall in fact be invalid, inoperative or unenforceable, either in part or in whole, this Agreement shall be reformed and construed in any such case as if such invalid, inoperative or unenforceable provision had never been contained herein and such provision reformed so that it would be valid, operative and enforceable to the maximum extent permitted in such case.

12. Notices.

All notices and other communications required or desired to be given hereunder shall be deemed given if in writing and sent by registered or certified mail, postage prepaid, to the following addresses:

If to the Program Administrator:

Thomas B. Arney
President
Program Risk Management, Inc.
One Marcus Boulevard
Albany, New York 12205

If to the Trust:

COMMUNITY RESIDENCE INSURANCE SAVING
PLAN (CRISP) Self-Insurance Trust
120 Washington Ave.
Albany, New York 12210

A party is entitled to rely upon the names and addresses set forth herein unless notified of a change in the manner provided in this paragraph.

13. **Section Headings.**

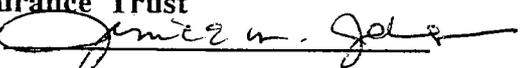
The headings contained in this Agreement are for reference purposes only and shall not in any way affect the meaning or interpretation of this Agreement.

14. **Gender and Number.**

Whenever used herein, the singular number shall include the plural, the plural shall include the singular and the use of any gender shall include all genders.

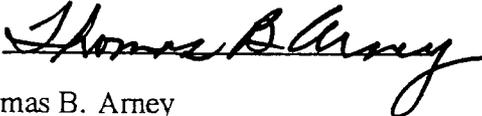
IN WITNESS WHEREOF the parties have executed this Agreement as of the date first above written.

COMMUNITY RESIDENCE INSURANCE SAVING PLAN (CRISP) Self-
Insurance Trust

By:  10/31/95

Title: Chairman

Program Risk Management, Inc.

By: 

Thomas B. Arney
Title: President

EXHIBIT 6

BST



COMMUNITY RESIDENCE INSURANCE SAVING PLAN (CRISP) Self-Insurance Trust

Agreement for Marketing Services

This Agreement, made as of October 31, 1995, by and between the COMMUNITY RESIDENCE INSURANCE SAVING PLAN (CRISP) Self-Insurance Trust ("Trust"), a group self-insurer organized and existing pursuant to section 50 of the New York Workers' Compensation Law with an office and principal place of business at 120 Washington Avenue, Albany, New York 12210, and Program Risk Management, Inc. (as appropriate "PRM" or "Program Administrator") a New York corporation with an office and principal place of business at One Marcus Boulevard, Suite 204, Albany, New York 12205 and M. P. Agency, a licensed insurance broker duly organized and operating pursuant to the laws of the State of New York and having an office and principal place of business located at 990 Westbury Road, Westbury, NY 11590, (as appropriate M. P. Agency or Agency).

Whereas, the Trust is a group self-insurer organized and existing pursuant to Workers' Compensation law, section 50 and regulations promulgated thereunder, providing workers' compensation self-insurance to its members ("Members") pursuant to applicable provisions of law and regulation, the Self-Insurance Agreement and Declaration of Trust and Indemnity Agreement executed by and among such members and the Trust's by-laws; and

Whereas, PRM is in the business of providing program administration services to workers' compensation group self-insurers, and

Whereas, AGENCY is in the business of marketing various forms of insurance to the Members; and

Now, Therefore, in consideration of mutual covenants and conditions herein contained and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties agree as follows:

Section I

Appointment of Agent

AGENCY warrants that it has been properly licensed to conduct the business to be arranged and will act in accordance with applicable state and federal law and the regulations promulgated thereunder. Upon request, it will provide PRM with proof that it has such licenses and shall, immediately, notify PRM upon notice by any state or federal agency that any such license has been suspended, modified or revoked.

AGENCY acknowledges that it is not an agent of the Trust, PRM, its principals or its companies, hereinafter the "Companies" and any subsidiary company of PRM and has no authority to bind coverage on behalf of PRM or any of its principals or companies.

AGENCY is engaged in the business of the marketing of insurance services to the prospective Members of the CRISP TRUST and others throughout the state of New York. Trust and PRM hereby appoint AGENCY to provide marketing services to the prospective Members of the Trust subject to the terms, conditions and covenants set forth.

AGENCY accepts such appointment and agrees to comply with the terms and to perform all conditions in this agreement.

Section II

Solicitation and Taking of Orders

(a) AGENCY shall be the exclusive provider of marketing activities undertaken by them to prospective Members of the Trust. In furtherance of this responsibility, all applicants accepted for membership in the Trust shall be deemed to have been referred to the Trust by Agency.

(b) Requests for formal bids and quotations prices and other incidents of the terms and conditions of membership shall be furnished by PRM.

(c) The parties agree that no other broker, agent or other person, firm, corporation or association shall be eligible for compensation for any activity in providing service to any participant in the Trust although nothing in this agreement shall be deemed to preclude any such person, firm, corporation or association from providing such services without compensation from PRM, the Trust or Agency.

Section III

Acceptance of Orders

(a) All requests for membership are to be forwarded to PRM for acceptance. No order shall constitute a binding obligation upon the Trust or PRM until it shall be accepted by the Trustees upon the recommendation of PRM. AGENCY shall have no authority to accept any order on behalf of Trust which reserves the right to reject any order for whatever reason it may deem appropriate without obligation to AGENCY for any commission due them.

(b) All membership applications accepted by Trust shall be subject to the Trust's standard terms and conditions and the Trust, in consultation with PRM, shall have the sole authority to change any terms and conditions of membership.

(c) AGENCY shall make no settlement nor collect contributions on any account, unless so authorized in writing by PRM. The authority of AGENCY is strictly limited to the solicitation of prospective members of the Trust.

Section IV

Advertising and Promotion

- (a) AGENCY shall not use PRM name nor that of the Trust on any stationery, documents or advertising without the prior written consent of such parties. Trust shall have stationery and printed materials identifying AGENCY as marketing agent printed at its expense
- (b) All advertising placed by AGENCY shall be at its sole cost and expense.

Section V

Commissions

(a) In consideration of the full and faithful performance of the services to be rendered by the Program Administrator hereunder, the Trust shall pay AGENCY, through the Program Administrator, a fee equal in amount to six and one-quarter percent (6 1/4%) of the gross written contributions made by the members to the Trust during the term of this Agreement. Such fee shall be payable in monthly installments equal to six and one-quarter percent (6 1/4%) of the gross written and paid contributions received by the Trust from the members in and for the calendar month immediately preceding that in which each such installment is due. Upon the termination of this Agreement or any successor thereto, by expiration of its term or otherwise, the balance of the fee due AGENCY from the Trust, if any, for any period of service rendered by AGENCY prior to the effective date of such termination shall be payable by the Trust to the Program Administrator not later than sixty (60) days following such effective date.

In the event of return premium becoming due for any reason whatsoever, AGENCY shall refund commission to PRM at the same rate at which the commission was originally allowed.

(b) The parties acknowledge that all member contributions to the Trust are to be paid solely to PRM which shall remit to AGENCY its fee as outlined in paragraph "(a)" of this Section on a monthly or more frequent basis as the parties may agree in writing.

(c) AGENCY shall continue to earn commissions at the rate of six and one-quarter percent (6 1/4%) for so long as business provided on behalf of the Trust is retained and paid for by the member of the Trust and shall continue beyond the term of this Agreement.

Section VI

AGENCY's Responsibilities

(a) AGENCY shall exert its best efforts to promote sales and marketing to all Members.

(b) AGENCY shall furnish, as it develops, the following information to PRM:

1. Its current activities by means of such reports as may be requested by Trustees or PRM.
2. Competitive marketing problems, and the current developments in the Program.
3. Information on poor credit risk members or prospective members or such other risk factors as may have a direct or indirect bearing on the admission of such member to the Trust.
4. Contents of all correspondence concerning sale or order processing its part
5. All complaints, comments, and critical remarks from Members.

(c) AGENCY shall build and maintain an organization commensurate with the growth of its activities; and will continue to strive to upgrade its facilities to furnish maximum service to PRM, the Trust and the Members.

(d) Service to PRM shall include, but shall not be limited to the following

1. Regular attendance at PRM or Trust meetings, when possible.
2. Communication of Trust policies to customers.
3. Visits to PRM offices or Trust Offices, as may be necessary.
4. Maintenance of an adequate office.
5. Cooperation with PRM's personnel.
6. Investigation and handling of members' rejections, service problems and complaints.
7. Prompt handling of inquiries, correspondence, and orders forwarded by PRM.
8. Stimulation of Members who are slow in paying but who have not yet been terminated from membership for such actions.
9. Speedy follow-up of all inquiries received from PRM.
10. Such other duties as may be assigned by the Trust or PRM.

(e) AGENCY shall, at all times, remain licensed in accordance with the provisions of applicable state and federal laws and the rules and regulations promulgated thereunder.

Section VII

Expenses

AGENCY shall pay all of its own expenses in connection with the solicitation of sales under this agreement. The only obligation of PRM is to pay the applicable commission specified in this agreement. It is understood and agreed that PRM will not incur any expenses, directly or indirectly, as a result of this agreement. In the event that it shall incur such expense, it shall be fully reimbursed by AGENCY within thirty days of such expense or PRM shall have the right to

immediately cancel this agreement and credit against any money owed AGENCY the amount of such expenses.

Section VIII

PRM Responsibility to AGENCY

PRM shall furnish the following information and assistance to AGENCY:

- (a) Information on all inquiries regarding Membership, provided, however, that AGENCY agrees to hold such information confidential and not release it for any purpose without the written approval of PRM.
- (b) Contents of important correspondence concerning the acquisition and processing of Membership applications.
- (c) Information on applications, invoices, changes, quotations, complaints, cancellations and similar data which is helpful to AGENCY .
- (d) Information on membership dates, schedule changes and other important details which may affect the processing and completion of the such applications.
- (e) Information on new products, changes or deletions of products, changes in terms, customer policy changes and other information before it is released to Members.

Section IX

Duration

This agreement shall at all times be co-extensive with the Program Administrator Agreement between the Trust and PRM. As such, the term of this Agreement shall commence on October 31, 1995 and shall continue to and including October 31, 2000, unless this Agreement is earlier terminated pursuant to paragraph 9 hereof or a successor agreement that conforms with the provisions of paragraph 10 hereof is made by the parties. This Agreement shall automatically renew for successive terms of three years unless either party gives notice to the other of its intention to terminate the Agreement, which notice must be in writing and must be given not less than 120 days prior to the expiration of the initial or any successor term of this Agreement. In the event such notice is given, this Agreement shall terminate upon such expiration date unless such notice is earlier rescinded, a successor agreement earlier executed or the term of this Agreement earlier extended by an agreement of the parties that conforms with the requirements of paragraph 10 hereof. As used in this Agreement, the term "year" shall mean the 12-month period beginning on October 31, 1996 or any anniversary thereof.

This Agreement may be terminated by the Trust or PRM immediately and without further notice to AGENCY (a) if AGENCY files or has filed against it a petition in bankruptcy or an assignment for the benefit of creditors or becomes insolvent or has a substantial portion of its property become subject to levy, execution or assignment; or (b) AGENCY or any of its officers, directors, agents or employees, by act or omission, commits a breach of this Agreement of such magnitude and materiality as to constitute gross malfeasance by AGENCY in the performance of its duties hereunder, a breach of its fiduciary duty to the Trust or a violation of its duty to take reasonable care in the performance of its duties hereunder or that is materially inconsistent with applicable federal, State or local law or regulation. This agreement may be terminated by the Program Administrator immediately if AGENCY or any of its officers, directors, agents or employees, by act or omission, commits a breach of this Agreement of such magnitude and materiality as to constitute gross malfeasance by AGENCY in the performance of its duties hereunder, a breach of its fiduciary duty to the members of the Trust or to the Program Administrator or a violation of its duty to take reasonable care in the performance of its duties hereunder or that is materially inconsistent with applicable federal, State or local law or regulation

Section X

Assignment

This agreement is personal to the parties and may not be assigned by AGENCY, in whole or in part, without the prior written consent of PRM and the Trust.

Section XI

AGENCY's Authority

AGENCY shall have no right or authority, either express or implied, to assume or create, on behalf of PRM or the Trust, any obligation or responsibility of any kind or nature.

Section XII

Liability Insurance

(a)As an express condition precedent to the appointment of AGENCY under this agreement, it shall indemnify and hold harmless the Trust, its Trustees, employees, agents and members and PRM, its officers, employees, and agents from any and all claims, losses, liabilities, judgments, actions, costs and expenses (including reasonable attorneys' fees and expenses) arising out of or attributable to the services required to be performed by AGENCY under the terms of this Agreement. As an express condition precedent to the appointment of AGENCY under this agreement, PRM and TRUST shall indemnify and hold harmless AGENCY, its Trustees, employees, and agents from any and all claims, losses, liabilities, judgments, actions, costs and

expenses (including reasonable attorneys' fees and expenses) arising out of or attributable to the services required to be performed by PRM or TRUST under the terms of this Agreement

(b) Throughout the term of this Agreement and any successor thereto AGENCY shall maintain, at its sole cost and expense, a policy or policies of insurance that will insure the Program Administrator and the Trust, continuously and without interruption, with respect to its acts and omissions and those of its officers, directors, employees, agents and representatives in connection with or relating to the services required to be provided hereunder in the face amount of not less than \$2,000,000 per occurrence and \$2,000,000 in the aggregate. This requirement may be met by AGENCY providing Broker's Errors & Omissions Insurance coverage. The said insurance policy or policies shall insure against all claims, actions, judgments, settlements, loss or damage arising from or relating to the said acts or omissions, irrespective of whether any such claim, judgment or settlement is made, such action commenced or such loss or damage actually incurred during the term of this Agreement or any successor thereto. AGENCY shall upon request provide reasonable evidence to the Trust and the Program Administrator that the said assurances is in place as required by this paragraph and shall provide immediate written notice to the Trust and Program Administrator of termination or material amendment of any such policy.

(c) As an inducement to the appointment of AGENCY under this agreement, PRM shall indemnify and hold harmless Agency, its employees, officers and agents from any and all claims, losses, liabilities, judgments, actions, costs and expenses (including reasonable attorneys' fees and expenses) arising out of or attributable to the services required to be performed by PRM under the terms of this Agreement.

Section XIII

Complete Agreement and Modification

This Agreement constitutes the entire understanding and agreement between the parties with regard to all matters herein. There are no other agreements, conditions or representations, oral or written, express or implied, with regard thereto. This Agreement supersedes in their entirety any and all previous agreements, whether written or oral, between the parties. This Agreement may be modified or amended only in writing signed by the parties hereto.

Section XIV

Severability

If any provision of this Agreement shall be held, be deemed to be or shall in fact be invalid, inoperative or unenforceable, either in part or in whole, this Agreement shall be reformed and construed in any such case as if such invalid, inoperative or unenforceable provision had never been contained herein and such provision reformed so that it would be valid, operative and enforceable to the maximum extent permitted in such case.

Section XV

Notices

All notices and other communications required or desired to be given hereunder shall be deemed given if in writing and sent by registered or certified mail, postage prepaid, to the following addresses:

If to the Program Administrator:

Thomas B. Arney
President
Program Risk Management, Inc.
One Marcus Boulevard
Suite 204
Albany, New York 12205

If to the Trust:

COMMUNITY RESIDENCE INSURANCE
SAVING PLAN (CRISP) Self-Insurance Trust
120 Washington Avenue
Albany, NY 12210

If to AGENCY:

M. P. AGENCY
990 Westbury Road
Westbury, New York 11590

A party is entitled to rely upon the names and addresses set forth herein unless notified of a change in the manner provided in this paragraph.

Section XVI

Applicable Law

This Agreement shall be governed by the law of the State of New York.

IN WITNESS WHEREOF the parties have executed this Agreement as of the date first above written.

**COMMUNITY RESIDENCE
INSURANCE SAVING
PLAN (CRISP) Self-Insurance Trust**

M. P. AGENCY

By: _____
Title: _____

BY: _____
Title: _____

Program Risk Management, Inc.

By: _____

Thomas B. Arney

Title: President

effective as of: March 8, 2004

EXHIBIT 7

BST





HILL &
GOSDECK
Attorneys at Law

Jeffrey L. Hill
Partner
Thomas J. Gosdeck
Partner

Frank P. Nemeth
Director of Government Affairs
Heidi H. B. Hellenberg
Deputy Director of Government Affairs

April 12, 2010

Kenneth Munnelly, Esq.
Workers' Compensation Board
20 Park Street
Albany, NY 12207

RE: Status as Qualifying Officer
PRM Claims Services, Inc.

Dear Mr. Munnelly:

As we discussed a couple of days ago, there is a real likelihood that a real or apparent conflict of interest may exist between my active role as counsel to the Community Residence Insurance Savings Plan for Self-Insurance and in the passive role as holder of the above license as an outside counsel to PRM.

Given the complex issues facing CRISP and the passive role of merely holding the PRM CSI license, the resolution to any conflict is readily ascertainable.

I have advised PRM that it is my intention to resign as Qualifying Officer and asked them to arrange for the appointment of my successor. It is my understanding that they are now in the midst of undertaking that appointment. When I agreed to undertake this role, it was my understanding that their activities could continue while my appointment was pending. Am I correct in assuming that they will similarly be authorized to continue to pay claims while a successor officer is appointed? Please let me know if there are any issues in this regard

Accordingly, you may treat this as my resignation from the above status. Please let me know if I may provide any additional information or assistance in this matter.

RECEIVED

APR 13 2010

COUNSEL'S OFFICE
ALBANY

Sincerely yours,

Thomas J. Gosdeck

RECEIVED
WORKERS' COMPENSATION

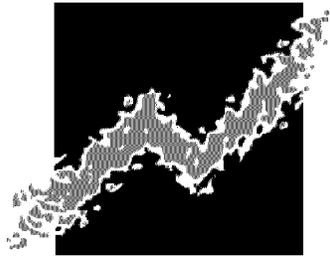
APR 14 2010

FINANCIAL ADMINISTRATION

EXHIBIT 8

BST





Casualty Actuarial Consultants, Inc.

October 13, 2011

E-MAIL ONLY

Mr. Edward Dominelli
BST Valuation, Forensic, and Litigation Advisors
28 West 44th St, Suite 2010
New York, NY 10036

Re: Review of Prior Actuarial Reports for CRISP

Dear Mr. Dominelli,

At your request, Casualty Actuarial Consultants, Inc. (CACI) has reviewed the prior fiscal year-end actuarial reports prepared for Community Residence Insurance Savings Plan (CRISP) by SGRisk, Inc. (SGRisk) and By the Numbers Actuarial Consulting, Inc (BYNAC). The specific reports reviewed were the reserve analyses establishing the estimated required reserves prepared as of fiscal year-end 11/30/01 through 12/31/10. SGRisk prepared the 11/30/01 through 11/30/06 reports, while BYNAC prepared the 11/30/07 through 12/31/10 reports.

Overall, SGRisk and BYNAC utilized methods in each report that were generally consistent with standard actuarial techniques (exceptions to this are noted on a report by report basis below), however, those methods were not always relied upon in making selections. Thus, CACI questions some of the selections as these selections tended to cause the estimated loss reserves in the earlier reports to be undervalued. Overall, the results within each report were mostly reasonable. Exceptions, observations, concerns, and comments regarding each report are listed below.

Report as of 11/30/01 by SGRisk

Methods utilized: Incurred and paid development using industry factors along with incurred and paid Bornhuetter-Ferguson (B-F) methods and a budgeted loss method.

Selections: The mean of the results from the prior year and the average of the results of the middle three methods.

Comments:

- Unique incurred and paid loss development triangles are shown, but the unique factors are not utilized even though some would be considered at least partially credible. Had credibility been given to the unique experience, the selected loss development factors would have been higher in almost every case.
- No source of the industry factors was given.
- The budgeted loss method is appropriate only for the most immature periods as it does not reflect actual losses other than to serve as a minimum ultimate value.
- Giving weight in the selection process to the prior estimate is highly unusual. The justification for this is that there was significant reserve strengthening that occurred in 2001 from the new TPA. However, the claim of reserve strengthening is not supported in the incurred loss development triangle as every factor on the most recent diagonal is less than the corresponding factor from the previous diagonal. Further, if reserve strengthening is suspected, a more appropriate action would have been to rely more on the two paid methods rather than the prior estimate. Paid methods are not impacted by reserve strengthening. Had the average of the paid methods been selected, the estimated ultimate losses would have been \$1,527,447, or 9.0%, greater. Further, the final selected ultimate losses are almost \$1.3 million less than the lowest of the five methods, the budgeted loss method.
- The 72-ult tail factors were apparently selected so that the estimated ultimate incurred losses from the incurred and paid methods would come out to the same value. This is highly unusual and not actuarially substantiated.
- Overall, while the report utilized generally accepted actuarial methods, the implementation of those methods was non-standard. As discussed above, the use of the prior estimate is highly unusual and definitely reduced the ultimate losses to a level less than where they should have been. Further, had at least partial credibility been given to the unique loss development factors of CRISP, the estimated ultimate losses would have been even higher still.

Report as of 11/30/02 by SGRisk

Methods utilized: Incurred and paid development along with incurred and paid Bornhuetter-Ferguson (B-F) methods and a budgeted loss method. All methods are applied to medical and indemnity losses separately.

Selections: The average of the results of the middle three methods, except for 12/1/99-00 when the budget loss method is selected.

Comments:

- Although not shown explicitly, estimated ultimate losses in this report are \$407,086, or 2.4%, greater than in the prior report.
- Unique incurred and paid loss development triangles are shown, but the only unique factors given consideration are the incurred indemnity factors. The selected incurred indemnity factors are almost universally lower than could be reasonably justified. Five different averages are shown for each of six age-to-age factors. Only 1 of the 6 selected age-to-age factors is equal to or greater than at least one of the five averages shown. In every other case, the selected factor is less than all of the averages. Further, the industry factors selected in the other three triangles are also almost universally lower than can be justified by CRISP's unique factors. For example, the industry and selected 36-48 month age-to-age factor for incurred medical losses is 1.045. The four unique factors available for consideration are 1.118, 1.177, 1.162, and 1.182. A more appropriate selection would have been 1.170 instead of the 1.045. The loss development factor selection process leads to substantially lower loss estimates.
- No source of the industry factors was given.
- The budgeted loss method is appropriate only for the most immature periods as it does not reflect actual losses other than to serve as a minimum ultimate value. Selecting this method for a period at 36 months of age is inappropriate. The result of this method for 12/1/99-00 is over \$350,000 less than the next closest method.
- One positive change is that no weight is given to the prior estimate.
- Ultimate losses are limited to the aggregate retentions in this report, which impacts the 12/1/97-98 and 12/1/98-99 years when Reliance provided coverage. It is noted that Reliance was in liquidation at the time of the report, but credit was still given for the coverage.
- The 84-ult tail factors were apparently selected so that the estimated ultimate incurred losses from the incurred and paid methods would come out to the same value. This is highly unusual and non-standard.

- Overall, while the report utilized generally accepted actuarial methods, the selected loss development factors significantly reduced the results of those methods.

Report as of 11/30/03 by SGRisk

Methods utilized: Incurred and paid development along with incurred and paid Bornhuetter-Ferguson (B-F) methods and an expected loss method. All methods are applied to medical and indemnity losses separately.

Selections: The mean of the results from the prior year and the average of the results of the middle two methods (excluding expected loss) for all years except 12/1/02-03. For 12/1/02-03, the mean of the results of the expected loss method and the average of the results of the middle two methods (excluding expected loss) is selected.

Comments:

- Although not shown explicitly, estimated ultimate losses in this report are \$1,362,000, or 6.1%, less than in the prior report.
- Unique incurred and paid loss development triangles are shown and consideration is given to all the unique factors. While some of the selected factors appear to be low, most appear to be at least reasonable and defensible. It is interesting to note that no additional development on incurred indemnity losses is assumed after 72 months based on the selected factors.
- No source of the industry factors was given.
- The use of the expected loss method is appropriate only for the most immature periods as it does not reflect actual losses other than to serve as a minimum ultimate value. In this report, the expected loss method is only considered for the 12/1/02-03 period, which is appropriate.
- Weight is again given to the prior estimate in the selection process. As mentioned previously, this is highly unusual.
- Ultimate losses are limited to the aggregate retentions in this report, which impacts the 12/1/97-98 and 12/1/98-99 years when Reliance provided coverage. It is noted that Reliance was in liquidation at the time of the report, but credit was still given for the coverage.
- Overall, the report utilized generally accepted actuarial methods. The change in the loss development factor selection was welcome. Going back to giving weight to the prior estimate was unusual.

Report as of 11/30/04 by SGRisk

Methods utilized: Incurred and paid development along with incurred and paid Bornhuetter-Ferguson (B-F) methods and an expected loss method. All methods are applied to medical and indemnity losses separately.

Selections: The incurred B-F method is selected for all periods except 12/1/03-04 where a weighted average of the incurred and incurred B-F methods is selected.

Comments:

- Although not shown explicitly, estimated ultimate losses in this report are \$268,000, or 1.0%, less than in the prior report.
- Unique incurred and paid loss development triangles are shown and consideration is given to all the unique factors. While some of the selected factors appear to be low, most appear to be at least reasonable and defensible.
- No source of the industry factors was given.
- The use of the expected loss method is appropriate only for the most immature periods as it does not reflect actual losses other than to serve as a minimum ultimate value. In this report, the expected loss method is not considered for any periods, which is appropriate.
- A positive change is that no weight is given to the prior estimate in the selection process.
- No justification is given for relying solely on the incurred B-F for all periods prior to 12/1/03-04. Generally, the results of at least two methods are considered unless circumstances warrant otherwise, especially since five methods are presented. Besides the incurred method, the other three methods between \$2.1M and \$5.1M greater than the incurred B-F method. Incorporating some of these other methods would have increased the estimated ultimate losses.
- Ultimate losses are limited to the aggregate retentions in this report, which impacts the 12/1/97-98 and 12/1/98-99 years when Reliance provided coverage. It is noted that Reliance was in liquidation at the time of the report, but credit was still given for the coverage. Total reserves for both of these periods are shown as negative for the first time as paid losses exceed the aggregate attachment point. This is unusual since it is unknown if any recoveries have been made. The more standard approach would be to show total reserves of \$0 and take credit on the balance sheet for receivables as the issue is now an accounting rather than actuarial issue. Negative reserves total \$124,911 as of 11/30/04.

- Overall, the report utilized generally accepted actuarial methods. The loss development factor selection was mostly appropriate. Relying on a single method for all but one year is generally inappropriate, even more so without justification. This decision served to lower the selected estimated ultimate losses. Displaying total reserves as negative is unusual – the reserves should have been \$0 and a receivable booked on the financial statement.

Report as of 11/30/05 by SGRisk

Methods utilized: Incurred and paid development along with incurred and paid Bornhuetter-Ferguson (B-F) methods and an expected loss method. All methods are applied to medical and indemnity losses separately.

Selections: The incurred B-F method is selected for all periods except 12/1/04-05 where the mean of the results of the expected loss method and the average of the results of the middle two methods (excluding expected loss) is selected.

Comments:

- Although not shown explicitly, estimated ultimate losses in this report are \$756,926, or 2.5%, less than in the prior report.
- Unique incurred and paid loss development triangles are shown and consideration is given to all the unique factors. Most selections appear to be reasonable.
- No source of the industry factors was given.
- The use of the expected loss method is appropriate only for the most immature periods as it does not reflect actual losses other than to serve as a minimum ultimate value. In this report, the expected loss method is only considered in the 12/1/04-05 period, which is appropriate.
- No weight is again given to the prior estimate in the selection process, which is appropriate.
- No justification is given for relying solely on the incurred B-F for all periods prior to 12/1/04-05. Generally, the results of at least two methods are considered unless circumstances warrant otherwise, especially since five methods are presented. The impact of relying on only one method in the selection process is smaller this year as the results of all methods are closer.

- Ultimate losses are limited to the aggregate retentions in this report, which impacts the 12/1/97-98 and 12/1/98-99 years when Reliance provided coverage. It is noted that Reliance was in liquidation at the time of the report, but credit was still given for the coverage. Total reserves for both of these periods is shown as negative again. Negative reserves total \$654,306 as of 11/30/05.
- Overall, the report utilized generally accepted actuarial methods. The loss development factor selection was appropriate. Relying on a single method for all but one year is generally inappropriate, even more so without justification, however the impact was smaller this year than in the past. Displaying total reserves as negative is unusual– the reserves should have been \$0 and a receivable booked on the financial statement.

Report as of 11/30/06 by SGRisk

Methods utilized: Incurred and paid development along with incurred and paid Bornhuetter-Ferguson (B-F) methods and an expected loss method. All methods are applied to medical and indemnity losses separately.

Selections: The average of the incurred B-F method and a prior estimate as of 5/31/06 is selected for all periods through 12/1/03-04. The mean of the 5/31/06 estimate and the average of the results of the middle two methods (excluding expected loss) is selected for 12/1/04-05. For 12/1/05-06, the mean of the results of the expected loss method and the average of the results of the middle two methods (excluding expected loss) is selected.

Comments:

- Although not shown explicitly, estimated ultimate losses in this report are \$1,069,000, or 3.1%, greater than in the prior report.
- Unique incurred and paid loss development triangles are shown and consideration is given to all the unique factors. Most selections appear to be reasonable.
- No source of the industry factors was given.
- The use of the expected loss method is appropriate only for the most immature periods as it does not reflect actual losses other than to serve as a minimum ultimate value. In this report, the expected loss method is not considered in the selection process, which is appropriate.
- Weight is again given to the prior estimate in the selection process, which is inappropriate and unusual. It is unclear why SGRisk continues to change the selection process they utilize.

- Ultimate losses are limited to the aggregate retentions in this report, which impacts the 12/1/97-98 and 12/1/98-99 years when Reliance provided coverage. It is noted that Reliance was in liquidation at the time of the report, but credit was still given for the coverage. Total reserves for both of these periods is shown as negative again. Negative reserves total \$924,439 as of 11/30/06.
- Overall, the report utilized generally accepted actuarial methods in most instances. The loss development factor selection was appropriate. Giving consideration to a prior estimate is non-standard. Displaying total reserves as negative is unusual– the reserves should have \$0 and a receivable booked on the financial statement.

Report as of 11/30/07 by BYNAC

Methods utilized: Incurred and paid development along with incurred and paid Bornhuetter-Ferguson (B-F) methods.

Selections: Incurred losses as of 11/30/07 are selected for 12/15/95-96 since only one claim is open. An average of the methods greater than incurred losses as of 11/30/07 is selected for 12/1/96-97 through 12/1/04-05. Judgmental selections are made for 12/1/05-06 and 12/1/06-07.

Comments:

- Estimated ultimate losses in this report are \$1,134,832, or 2.8%, greater than in the prior 11/30/06 report.
- Unique incurred and paid loss development triangles are shown and consideration is given to all the unique factors. Most selections appear to be reasonable.
- Ultimate losses are limited to the aggregate retentions in this report, which impacts the 12/1/97-98 and 12/1/98-99 years when Reliance provided coverage. It is noted in the report that CRISP requested excess recoveries from the Reliance years be reflected in the exhibits. BYNAC does not show the negative reserves as SGRisk did – an appropriate change.

- The selection process for all years prior to 12/1/05-06 is reasonable. Although judgmental selections are not inherently inappropriate, they still must be reasonable. The selection for 12/1/05-06 appears reasonable given results of the four methods. The selection for 12/1/06-07 appears too low to be considered reasonable given the results of all the methods, especially the incurred and paid methods. Selected ultimate losses are \$6,500,000 while the results of the methods are \$9,267,395, \$9,441,868, \$7,214,839, and \$6,463,423. While the selection is reasonable in light of the paid B-F method, it is unreasonable when compared to the other three methods. The B-F methods rely heavily on the expected loss estimate utilized. While the expected loss estimate BYNAC utilized for 12/1/06-07 appears reasonable, it also appears that actual losses are coming in significantly higher than that estimate, on both paid and incurred bases. Thus, at least some weight should be given to the methods relying solely on the actual losses. At a minimum, CACI believes the average of the four methods, \$8,096,881, should have been selected. However, a more appropriate selection would have given more weight to the incurred and paid methods and been closer to \$8,750,000.
- Overall, the report utilized generally accepted actuarial methods. The loss development factor selection was appropriate. The one issue was the selected ultimate losses for the 12/1/06-07 period which seemed very low. Had a more reasonable estimate been selected for this year, the net surplus of \$119,304 reported on the 11/30/07 financial statement would have been a deficit of at least \$1,000,000.

Report as of 11/30/08 by BYNAC

Methods utilized: Incurred and paid development along with incurred and paid Bornhuetter-Ferguson (B-F) methods.

Selections: Incurred losses as of 11/30/07 are selected for 12/15/95-96 since only one claim is open. An average of the methods greater than incurred losses as of 11/30/08 is selected for 12/1/96-97 through 12/1/05-06. Judgmental selections are made for 12/1/06-07 and 12/1/07-08.

Comments:

- Estimated ultimate losses in this report are \$1,214,120, or 2.5%, greater than in the prior 11/30/07 report. The majority of the increase (\$1,100,000) is from the 12/1/06-07 period which appeared quite low in the prior report.

- Unique incurred and paid loss development triangles are shown and consideration is given to all the unique factors. Most selections appear to be reasonable.
- The selection process for all years prior to 12/1/06-07 is reasonable. Although judgmental selections are not inherently inappropriate, they still must be reasonable. The selection for 12/1/06-07, while increased significantly, still appears quite low. The paid and incurred methods decreased from the prior report, while the B-F methods increased. The selected ultimate losses for 12/1/06-07 are less than the results of all 4 methods by at least \$200,000. The selection for 12/1/07-08 also appears too low as it is over \$150,000 less than the lowest of the methods. While the expected loss estimate BYNAC utilized for 12/1/07-08 appears reasonable, it also appears that actual losses are coming in significantly higher than that estimate. Thus, at least some weight should be given to the methods relying solely on the actual losses. Given the results of the methods, CACI believes more appropriate selections for 12/1/06-07 and 12/1/07-08 would total \$15,900,000, a full \$1,400,000 greater than BYNAC's combined estimate. BYNAC does note that the selections are judgmental based on changes in claims disposed rates and New York workers compensation statutes. There may be some validity to the claims disposed rates at 12 months being higher than in the past, but by 24 months that change is practically gone.
- Ultimate losses are limited to the aggregate retentions in this report, which impacts the 12/1/97-98 and 12/1/98-99 years when Reliance provided coverage. It is noted in the report that CRISP requested excess recoveries from the Reliance years be reflected in the exhibits.
- BYNAC adds 2.5 months and 1.5 months to the ages of the 12/1/06-07 and 12/1/07-08 periods, respectively. A footnote indicates this is to reflect changes in the claims closure rates and NY Statutes, but no other explanation is given. While this may appear to be a small change, it reduces the incurred development factors from 2.540 and 1.693 to 2.352 and 1.610 and the paid factors from 6.386 and 2.475 to 5.517 and 2.275 for 12/1/06-07 and 12/1/07-08, respectively. The impact of this is significant. The estimate from the paid method for 12/1/07-08 would have been \$10,113,885 without the adjustment compared to \$8,737,598 with the adjustment. This adjustment, combined with the judgmental selections for 12/1/06-07 and 12/1/07-08 discussed above, significantly reduced the estimated ultimate losses.

- Overall, the report utilized generally accepted actuarial methods. The loss development factor selection was appropriate. Despite the adjustments made to the ages of the 12/1/06-07 and 12/1/07-08 periods, the selected ultimates for these years still appear low. As noted above, a more reasonable estimate of ultimate losses for 12/1/07-08 and 12/1/08-09 based on the results of the methods would have increased losses \$1,400,000, significantly raising the deficit reported in the 11/30/08 financial statement of \$1,826,333. Further, BYNAC adjusted the ages of the 12/1/06-07 and 12/1/07-08 periods to account for changes in the New York statutes, but also cited these changes as justification for the judgmental selections. Thus, it appears BYNAC double counted the impact of statute changes.

Report as of 11/30/09 by BYNAC

Methods utilized: Incurred and paid development along with incurred and paid Bornhuetter-Ferguson (B-F) methods.

Selections: Incurred losses as of 11/30/07 are selected for 12/15/95-96 since only one claim is open. An average of the methods greater than incurred losses as of 11/30/09 is selected for 12/1/96-97 through 12/1/05-06. Judgmental selections are made for 12/1/06-07 through 12/1/08-09.

Comments:

- Estimated ultimate losses in this report are \$1,776,945, or 3.1%, greater than in the prior 11/30/08 report. The majority of the increase (\$1,100,000) is from the 12/1/06-07 period which appeared quite low in the prior report. The 12/1/07-08 period also shows an increase of \$400,000.
- Unique incurred and paid loss development triangles are shown and consideration is given to all the unique factors. Most selections appear to be reasonable.
- The selection process for all years prior to 12/1/06-07 is reasonable. Although judgmental selections are not inherently inappropriate, they still must be reasonable. The judgmental selections for 12/1/06-07 through 12/1/08-09 appear reasonable given the results of the methods. However, as discussed below, the loss development factors for the methods have been adjusted significantly.
- Ultimate losses are limited to the aggregate retentions in this report, which impacts the 12/1/97-98 and 12/1/98-99 years when Reliance provided coverage. It is noted in the report that CRISP requested excess recoveries from the Reliance years be reflected in the exhibits.

- BYNAC adds 2.5, 5.0, and 3.0 months to the ages of the 12/1/06-07 through 12/1/08-09 periods, respectively. A footnote indicates this is to reflect changes in the claims closure rates and NY Statutes, but no other explanation is given. As discussed in the review of the prior report, these are very significant adjustments. There appears to be some evidence of changes in closure rates at 12 and 24 months, although such changes should also flow through the development triangles. By 36 months, any evidence of changes in closure rates is gone. Thus, 12/1/06-07 should not have been adjusted for this reason. Finally, additional documentation should have been provided to support the significant adjustments due to statute changes.
- Overall, the report utilized generally accepted actuarial methods. The loss development factor selection was appropriate. Given the adjustments made to the ages of the 12/1/06-07 through 12/1/08-09 periods, the selected ultimates for these years appear appropriate. However, the reasonableness of these adjustments must be questioned given the significant impact on the estimates. The deficit reported on the financial statement as of 11/30/09 was \$2,158,236.

Report as of 12/31/10 by BYNAC

Methods utilized: Incurred and paid development along with incurred and paid Bornhuetter-Ferguson (B-F) methods. An adjusted incurred loss development method is also utilized.

Selections: Incurred losses as of 11/30/07 are selected for 12/15/95-96 since only one claim is open. An average of the methods (excluding the incurred method) greater than incurred losses as of 12/31/10 is selected for 12/1/96-97 through 12/1/07-08. An average of the B-F methods is selected for 12/1/08-09 and 12/1/09-12/31/10.

Comments:

- Estimated ultimate losses in this report are \$10,333,821, or 15.7%, greater than in the prior 11/30/09 report. It is noted in the report that 10 of 14 periods have incurred losses greater than the prior estimated ultimate losses. Further, limited incurred losses total \$68,937,960 as of 12/31/10 for 12/1/08-09 and prior while total estimated ultimate incurred losses from the prior report were \$65,717,303 for these periods. It is not unusual to have large increases in incurred losses once a group has shut down, especially given the claims audit referenced in the report.

- Unique incurred and paid loss development triangles are shown and consideration is given to all the unique factors. The selected incurred loss development factors remain unchanged from last year. Although not mentioned in the report, this is most likely due to the claims audit and significant increases in incurred losses. Most selections appear to be reasonable.
- The selection process for all years prior to 12/1/08-09 is reasonable. Ignoring the incurred method given the apparent reserve strengthening as a result of the claims audit is appropriate. Relying solely on the B-F methods, while not ideal, can be appropriate given the immaturity of the periods. However, given the past apparent understatement of ultimate losses based on the B-F methods, including the paid loss estimate, which is not impacted by reserve strengthening, in the average would have been appropriate. Had the paid estimates been included in the averages, the total ultimate losses for 12/1/08-09 and 12/1/09-12/31/10 would have been approximately \$675,000 greater.
- Ultimate losses are limited to the aggregate retentions in this report, which impacts the 12/1/97-98 and 12/1/98-99 years when Reliance provided coverage. It is noted in the report that CRISP requested excess recoveries from the Reliance years be reflected in the exhibits.
- BYNAC has removed the age adjustment from the 12/1/06-07 and subsequent periods. This appears appropriate given the development that has occurred on claims in the last few evaluations.
- Overall, the report utilized generally accepted actuarial methods. The loss development factor selection was appropriate. The use of an adjusted incurred method is appropriate given the huge increase in reserves. Overall, the results appear to be reasonable. The deficit reported on the financial statement as of 12/31/10 was \$11,113,227.

Conclusions and Findings

The estimates contained in the 10 reviewed reports mostly were within a range CACI would consider reasonable given the information the actuaries had at the time of preparation. As noted above, SGRisk's on again/off again use of the prior estimates in the selection process was unusual. Additionally, SGRisk's delayed use of CRISP's unique loss development factors was non-standard. However, in the end, neither of these items contributed greatly to the eventual closing of CRISP. Despite the shortcomings noted in SGRisk's reports, the estimates in SGRisk's reports are still within a reasonable range of the current estimates of ultimate losses (as of 12/31/10).

BYNAC's use of judgmental selections in the most recent periods, which tended to ignore the results of the incurred and paid methods, and the age adjustments implemented for those same periods in the 11/30/08 and 11/30/09 reports, tended to produce results that were less than reasonable for the most recent periods. Ultimate losses increased \$1.1 million two consecutive years for the 12/1/06-07 period even though incurred losses developed almost exactly as expected according to the unadjusted loss development factors. 12/1/07-08 also saw significant increases in subsequent reports. Had the 12/1/06-07 and 12/1/07-08 estimates not been understated at 11/30/07 and 11/30/08, a deficit would have been reported at 11/30/07 instead of a surplus, and the deficit reported at 11/30/08 would have been larger (around \$3,200,000 instead of \$1,826,333). It is unclear whether this would have impacted CRISP's decision to continue operations since they already continued operations when the deficit was \$5.7 million at 11/30/02. By 11/30/09, the estimates appeared to be more reasonable and CRISP's deficit at that time was \$2,158,236. The large increases in the estimates from 11/30/09 to 12/31/10 were due mainly to the claims audit increasing losses by an amount not previously seen by CRISP. Such an increase could not have been anticipated by BYNAC.

Table 1 on the following page shows the history of ultimate losses. The thick black lines mark the change from SGRisk to BYNAC. The initial to current ratio is the ratio of the current estimate as of 12/31/10 to the first estimate for a period on the triangle.

Overall, SGRisk and BYNAC utilized generally accepted actuarial methods in most reports, although those methods were not necessarily followed. It does not appear that their decisions to occasionally veer from standard actuarial procedures directly led to CRISP's current financial situation. The biggest contributor, at least in magnitude, appears to be the large reserve changes implemented during 2010. Based on CACI's experience, such increases are not unusual once a group decides to terminate. Neither BYNAC nor SGRisk could have anticipated the size of the increases implemented during 2010. In CACI's opinion, there were no actuarial errors or misjudgments that were so gross that they led directly to the insolvency of CRISP. BYNAC's adjustments and selections made at 11/30/07 and 11/30/08 did obscure the level of the deficit, however, CRISP's decision to continue to operate previously under much larger deficits makes it unclear whether those adjustments delayed the closing of CRISP.

Mr. Edward Dominelli
October 13, 2011
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Please let us know if you have any questions.

Sincerely,

Handwritten signature of Thomas P. Langer in cursive script.

Thomas P. Langer, FCAS, MAAA
Vice President

Handwritten signature of J. Edward Costner in cursive script.

J. Edward Costner, ACAS, MAAA
President

Table 1

**COMMUNITY RESIDENCE INSURANCE SAVINGS PLAN
WORKERS COMPENSATION**

HISTORY OF ESTIMATED ULTIMATE INCURRED LOSSES
(Losses Including ALAE Limited to Prior Specific and Aggregate Retentions)

A. ESTIMATED ULTIMATE INCURRED LOSSES

Accident Year	Date of Evaluation										12/31/10
	11/30/01	11/30/02	11/30/03	11/30/04	11/30/05	11/30/06	11/30/07	11/30/08	11/30/09	11/30/10	
12/15/95-96	1,058,320	1,106,000	1,033,000	1,008,000	1,002,000	1,013,000	992,579	1,005,804	1,008,719	1,039,800	
12/1/96-97	1,725,143	1,721,000	1,547,000	1,510,000	1,481,000	1,513,000	1,449,126	1,471,553	1,475,990	1,574,789	
12/1/97-98	2,788,682	2,700,000	2,700,000	2,700,000	2,700,000	2,700,000	2,700,000	2,700,000	2,700,000	2,700,000	
12/1/98-99	3,095,459	2,897,432	2,897,432	2,897,432	2,821,506	2,821,506	2,821,506	2,821,506	2,821,506	2,821,506	
12/1/99-00	3,806,054	3,985,000	3,883,000	4,006,000	4,136,000	4,394,000	4,719,698	4,873,788	5,003,476	5,187,828	
12/1/00-01	4,412,688	4,881,000	4,245,000	4,121,000	4,008,000	4,135,000	4,274,062	4,246,576	4,275,253	4,465,340	
12/1/01-02	5,152,000	4,778,000	4,778,000	4,857,000	4,824,000	4,925,000	5,318,121	5,144,937	5,158,468	5,511,244	
12/1/02-03			5,002,000	4,718,000	4,512,000	4,735,000	5,253,510	5,398,935	5,480,075	5,704,880	
12/1/03-04				4,760,000	4,336,000	4,471,000	4,497,590	4,396,781	4,340,992	5,143,026	
12/1/04-05					4,515,000	4,697,000	4,406,046	4,268,038	4,195,144	4,263,525	
12/1/05-06						5,487,000	5,600,000	5,812,440	5,957,680	6,995,855	
12/1/06-07							6,500,000	7,600,000	8,700,000	10,762,339	
12/1/07-08								6,900,000	7,300,000	10,118,634	
12/1/08-09									7,300,000	9,712,358	
2/1/09-12/31/10										11,196,042	
Total	16,886,346	22,445,432	26,065,432	30,577,432	34,335,506	40,891,506	48,526,238	56,640,358	65,717,303	87,247,166	

B. DEVELOPMENT

Accident Year	Date of Evaluation										Initial to Current
	11/30/01	11/30/02	11/30/03	11/30/04	11/30/05	11/30/06	11/30/07	11/30/08	11/30/09	12/31/10	
12/15/95-96	1.045	0.934	0.934	0.976	0.994	1.011	0.980	1.013	1.003	1.080	1.030
12/1/96-97	0.998	0.899	0.899	0.976	0.981	1.022	0.954	1.020	1.003	1.067	0.913
12/1/97-98	0.968	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.968
12/1/98-99	0.936	1.000	1.000	1.000	0.974	1.000	1.000	1.000	1.000	1.000	0.911
12/1/99-00	1.048	0.974	0.974	1.032	1.032	1.062	1.074	1.033	1.027	1.037	1.363
12/1/00-01	1.106	0.870	0.870	0.971	0.973	1.032	1.034	0.994	1.007	1.044	1.012
12/1/01-02		0.927	0.927	1.017	0.993	1.021	1.080	0.967	1.003	1.068	1.070
12/1/02-03				0.943	0.956	1.049	1.110	1.028	1.015	1.041	1.141
12/1/03-04					0.911	1.031	1.006	0.978	0.987	1.185	1.080
12/1/04-05						1.040	0.938	0.969	0.983	1.016	0.944
12/1/05-06							1.021	1.038	1.025	1.174	1.275
12/1/06-07								1.169	1.145	1.237	1.656
12/1/07-08									1.058	1.386	1.466
12/1/08-09										1.330	1.330
2/1/09-12/31/10											1.000
Total	1.024	0.939	0.990	0.975	1.031	1.028	1.025	1.031	1.157	1.157	

EXHIBIT 9



COMMUNITY RESIDENCE INSURANCE SAVING PLAN (CRISP) Self-Insurance Trust

Agreement for Marketing Services

This Agreement, made as of October 31, 2000, by and between the COMMUNITY RESIDENCE INSURANCE SAVING PLAN (CRISP) Self-Insurance Trust ("Trust"), a group self-insurer organized and existing pursuant to section 50 of the New York Workers' Compensation Law with an office and principal place of business at 120 Washington Avenue, Albany, New York 12210, and Program Risk Management, Inc. (as appropriate "PRM" or "Program Administrator") a New York corporation with an office and principal place of business at One Marcus Boulevard, Suite 204, Albany, New York 12205 and M. P. Agency, a licensed insurance broker duly organized and operating pursuant to the laws of the State of New York and having an office and principal place of business located at 990 Westbury Road, Westbury, NY 11590, (as appropriate M. P. Agency or Agency).

Whereas, the Trust is a group self-insurer organized and existing pursuant to Workers' Compensation law, section 50 and regulations promulgated thereunder, providing workers' compensation self-insurance to its members ("Members") pursuant to applicable provisions of law and regulation, the Self-Insurance Agreement and Declaration of Trust and Indemnity Agreement executed by and among such members and the Trust's by-laws; and

Whereas, PRM is in the business of providing program administration services to workers' compensation group self-insurers, and

Whereas, AGENCY is in the business of marketing various forms of insurance to the Members; and

Now, Therefore, in consideration of mutual covenants and conditions herein contained and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties agree as follows:

Section I

Appointment of Agent

AGENCY warrants that it has been properly licensed to conduct the business to be arranged and will act in accordance with applicable state and federal law and the regulations promulgated thereunder. Upon request, it will provide PRM with proof that it has such licenses and shall, immediately, notify PRM upon notice by any state or federal agency that any such license has been suspended, modified or revoked.

AGENCY acknowledges that it is not an agent of the Trust, PRM, its principals or its companies, hereinafter the “Companies” and any subsidiary company of PRM and has no authority to bind coverage on behalf of PRM or any of its principals or companies.

AGENCY is engaged in the business of the marketing of insurance services to the prospective Members of the CRISP TRUST and others throughout the state of New York. Trust and PRM hereby appoint AGENCY to provide marketing services to the prospective Members of the Trust subject to the terms, conditions and covenants set forth.

AGENCY accepts such appointment and agrees to comply with the terms and to perform all conditions in this agreement.

Section II

Solicitation and Taking of Orders

(a) AGENCY shall be the exclusive provider of marketing activities undertaken by them to prospective Members of the Trust. In furtherance of this responsibility, all applicants accepted for membership in the Trust shall be deemed to have been referred to the Trust by Agency.

(b) Requests for formal bids and quotations prices and other incidents of the terms and conditions of membership shall be furnished by PRM.

(c) The parties agree that no other broker, agent or other person, firm, corporation or association shall be eligible for compensation for any activity in providing service to any participant in the Trust although nothing in this agreement shall be deemed to preclude any such person, firm, corporation or association from providing such services without compensation from PRM, the Trust or Agency.

Section III

Acceptance of Orders

(a) All requests for membership are to be forwarded to PRM for acceptance. No order shall constitute a binding obligation upon the Trust or PRM until it shall be accepted by the Trustees upon the recommendation of PRM. AGENCY shall have no authority to accept any order on behalf of Trust which reserves the right to reject any order for whatever reason it may deem appropriate without obligation to AGENCY for any commission due them.

(b) All membership applications accepted by Trust shall be subject to the Trust’s standard terms and conditions and the Trust, in consultation with PRM, shall have the sole authority to change any terms and conditions of membership.

(c) AGENCY shall make no settlement nor collect contributions on any account, unless so authorized in writing by PRM. The authority of AGENCY is strictly limited to the solicitation of prospective members of the Trust.

Section IV

Advertising and Promotion

- (a) AGENCY shall not use PRM name nor that of the Trust on any stationery, documents or advertising without the prior written consent of such parties. Trust shall have stationery and printed materials identifying AGENCY as marketing agent printed at its expense
- (b) All advertising placed by AGENCY shall be at its sole cost and expense.

Section V

Commissions

(a) In consideration of the full and faithful performance of the services to be rendered by the Program Administrator hereunder, the Trust shall pay AGENCY, through the Program Administrator, a fee equal in amount to six and one-quarter percent (6 1/4%) of the gross written contributions made by the members to the Trust during the term of this Agreement. Such fee shall be payable in monthly installments equal to six and one-quarter percent (6 1/4%) of the gross written and paid contributions received by the Trust from the members in and for the calendar month immediately preceding that in which each such installment is due. Upon the termination of this Agreement or any successor thereto, by expiration of its term or otherwise, the balance of the fee due AGENCY from the Trust, if any, for any period of service rendered by AGENCY prior to the effective date of such termination shall be payable by the Trust to the Program Administrator not later than sixty (60) days following such effective date.

In the event of return premium becoming due for any reason whatsoever, AGENCY shall refund commission to PRM at the same rate at which the commission was originally allowed.

(b) The parties acknowledge that all member contributions to the Trust are to be paid solely to PRM which shall remit to AGENCY its fee as outlined in paragraph "(a)" of this Section on a monthly or more frequent basis as the parties may agree in writing.

(c) AGENCY shall continue to earn commissions at the rate of six and one-quarter percent (6 1/4%) for so long as business provided on behalf of the Trust is retained and paid for by the member of the Trust and shall continue beyond the term of this Agreement.

Section VI

AGENCY's Responsibilities

- (a) AGENCY shall exert its best efforts to promote sales and marketing to all Members.
- (b) AGENCY shall furnish, as it develops, the following information to PRM:

1. Its current activities by means of such reports as may be requested by Trustees or PRM.
2. Competitive marketing problems, and the current developments in the Program.
3. Information on poor credit risk members or prospective members or such other risk factors as may have a direct or indirect bearing on the admission of such member to the Trust.
4. Contents of all correspondence concerning sale or order processing its part
5. All complaints, comments, and critical remarks from Members.

(c) AGENCY shall build and maintain an organization commensurate with the growth of its activities; and will continue to strive to upgrade its facilities to furnish maximum service to PRM, the Trust and the Members.

(d) Service to PRM shall include, but shall not be limited to the following

1. Regular attendance at PRM or Trust meetings, when possible.
2. Communication of Trust policies to customers.
3. Visits to PRM offices or Trust Offices, as may be necessary.
4. Maintenance of an adequate office.
5. Cooperation with PRM's personnel.
6. Investigation and handling of members' rejections, service problems and complaints.
7. Prompt handling of inquiries, correspondence, and orders forwarded by PRM.
8. Stimulation of Members who are slow in paying but who have not yet been terminated from membership for such actions.
9. Speedy follow-up of all inquiries received from PRM.
10. Such other duties as may be assigned by the Trust or PRM.

(e) AGENCY shall, at all times, remain licensed in accordance with the provisions of applicable state and federal laws and the rules and regulations promulgated thereunder.

Section VII

Expenses

AGENCY shall pay all of its own expenses in connection with the solicitation of sales under this agreement. The only obligation of PRM is to pay the applicable commission specified in this agreement. It is understood and agreed that PRM will not incur any expenses, directly or indirectly, as a result of this agreement. In the event that it shall incur such expense, it shall be fully reimbursed by AGENCY within thirty days of such expense or PRM shall have the right to immediately cancel this agreement and credit against any money owed AGENCY the amount of such expenses.

Section VIII

PRM Responsibility to AGENCY

PRM shall furnish the following information and assistance to AGENCY:

- (a) Information on all inquiries regarding Membership, provided, however, that AGENCY agrees to hold such information confidential and not release it for any purpose without the written approval of PRM.
- (b) Contents of important correspondence concerning the acquisition and processing of Membership applications.
- (c) Information on applications, invoices, changes, quotations, complaints, cancellations and similar data which is helpful to AGENCY .
- (d) Information on membership dates, schedule changes and other important details which may affect the processing and completion of the such applications.
- (e) Information on new products, changes or deletions of products, changes in terms, customer policy changes and other information before it is released to Members.

Section IX

Duration

This agreement shall at all times be co-extensive with the Program Administrator Agreement between the Trust and PRM. As such, the term of this Agreement shall commence on October 31, 1995 and shall continue to and including October 31, 2005, unless this Agreement is earlier terminated pursuant to paragraph 9 hereof or a successor agreement that conforms with the provisions of paragraph 10 hereof is made by the parties. This Agreement shall automatically renew for successive terms of three years unless either party gives notice to the other of its intention to terminate the Agreement, which notice must be in writing and must be given not less than 120 days prior to the expiration of the initial or any successor term of this Agreement. In the event such notice is given, this Agreement shall terminate upon such expiration date unless such notice is earlier rescinded, a successor agreement earlier executed or the term of this Agreement earlier extended by an agreement of the parties that conforms with the requirements of paragraph 10 hereof. As used in this Agreement, the term "year" shall mean the 12-month period beginning on October 31, 1996 or any anniversary thereof.

This Agreement may be terminated by the Trust or PRM immediately and without further notice to AGENCY (a) if AGENCY files or has filed against it a petition in bankruptcy or an assignment for the benefit of creditors or becomes insolvent or has a substantial portion of its property become subject to levy, execution or assignment; or (b) AGENCY or any of its officers, directors, agents

or employees, by act or omission, commits a breach of this Agreement of such magnitude and materiality as to constitute gross malfeasance by AGENCY in the performance of its duties hereunder, a breach of its fiduciary duty to the Trust or a violation of its duty to take reasonable care in the performance of its duties hereunder or that is materially inconsistent with applicable federal, State or local law or regulation. This agreement may be terminated by the Program Administrator immediately if AGENCY or any of its officers, directors, agents or employees, by act or omission, commits a breach of this Agreement of such magnitude and materiality as to constitute gross malfeasance by AGENCY in the performance of its duties hereunder, a breach of its fiduciary duty to the members of the Trust or to the Program Administrator or a violation of its duty to take reasonable care in the performance of its duties hereunder or that is materially inconsistent with applicable federal, State or local law or regulation

Section X

Assignment

This agreement is personal to the parties and may not be assigned by AGENCY, in whole or in part, without the prior written consent of PRM and the Trust.

Section XI

AGENCY's Authority

AGENCY shall have no right or authority, either express or implied, to assume or create, on behalf of PRM or the Trust, any obligation or responsibility of any kind or nature.

Section XII

Liability Insurance

(a) As an express condition precedent to the appointment of AGENCY under this agreement, it shall indemnify and hold harmless the Trust, its Trustees, employees, agents and members and PRM, its officers, employees, and agents from any and all claims, losses, liabilities, judgments, actions, costs and expenses (including reasonable attorneys' fees and expenses) arising out of or attributable to the services required to be performed by AGENCY under the terms of this Agreement. As an express condition precedent to the appointment of AGENCY under this agreement, PRM and TRUST shall indemnify and hold harmless AGENCY, its Trustees, employees, and agents from any and all claims, losses, liabilities, judgments, actions, costs and expenses (including reasonable attorneys' fees and expenses) arising out of or attributable to the services required to be performed by PRM or TRUST under the terms of this Agreement

(b) Throughout the term of this Agreement and any successor thereto AGENCY shall maintain, at its sole cost and expense, a policy or policies of insurance that will insure the Program Administrator and the Trust, continuously and without interruption, with respect to its acts and

omissions and those of its officers, directors, employees, agents and representatives in connection with or relating to the services required to be provided hereunder in the face amount of not less than \$2,000,000 per occurrence and \$2,000,000 in the aggregate. This requirement may be met by AGENCY providing Broker's Errors & Omissions Insurance coverage. The said insurance policy or policies shall insure against all claims, actions, judgments, settlements, loss or damage arising from or relating to the said acts or omissions, irrespective of whether any such claim, judgment or settlement is made, such action commenced or such loss or damage actually incurred during the term of this Agreement or any successor thereto. AGENCY shall upon request provide reasonable evidence to the Trust and the Program Administrator that the said assurances is in place as required by this paragraph and shall provide immediate written notice to the Trust and Program Administrator of termination or material amendment of any such policy.

(c)As an inducement to the appointment of AGENCY under this agreement, PRM shall indemnify and hold harmless Agency, its employees, officers and agents from any and all claims, losses, liabilities, judgments, actions, costs and expenses (including reasonable attorneys' fees and expenses) arising out of or attributable to the services required to be performed by PRM under the terms of this Agreement.

Section XIII

Complete Agreement and Modification

This Agreement constitutes the entire understanding and agreement between the parties with regard to all matters herein. There are no other agreements, conditions or representations, oral or written, express or implied, with regard thereto. This Agreement supersedes in their entirety any and all previous agreements, whether written or oral, between the parties. This Agreement may be modified or amended only in writing signed by the parties hereto.

Section XIV

Severability

If any provision of this Agreement shall be held, be deemed to be or shall in fact be invalid, inoperative or unenforceable, either in part or in whole, this Agreement shall be reformed and construed in any such case as if such invalid, inoperative or unenforceable provision had never been contained herein and such provision reformed so that it would be valid, operative and enforceable to the maximum extent permitted in such case.

Section XV

Notices

All notices and other communications required or desired to be given hereunder shall be deemed given if in writing and sent by registered or certified mail, postage prepaid, to the following addresses:

If to the Program Administrator:

Thomas B. Arney
President
Program Risk Management, Inc.
One Marcus Boulevard
Suite 204
Albany, New York 12205

If to the Trust:

COMMUNITY RESIDENCE INSURANCE
SAVING PLAN (CRISP) Self-Insurance Trust
120 Washington Avenue
Albany, NY 12210

If to AGENCY:

M. P. AGENCY
990 Westbury Road
Westbury, New York 11590

A party is entitled to rely upon the names and addresses set forth herein unless notified of a change in the manner provided in this paragraph.

Section XVI

Applicable Law

This Agreement shall be governed by the law of the State of New York.

IN WITNESS WHEREOF the parties have executed this Agreement as of the date first above written.

**COMMUNITY RESIDENCE
INSURANCE SAVING
PLAN (CRISP) Self-Insurance Trust**

M. P. AGENCY

By: _____
Title: _____

BY: _____
Title: _____

Program Risk Management, Inc.

By: _____
Thomas B. Arney
Title: President

EXHIBIT 10



AGREEMENT

This Agreement, made as of September 30, 2009, by and between the COMMUNITY RESIDENCE INSURANCE SAVING PLAN (CRISP) Self-Insurance Trust ("CRISP"), a group self-insurer organized and existing pursuant to section 50 of the New York Workers' Compensation Law with an office and principal place of business at Suite 400, 99 Washington Avenue, Albany, New York 12210, and Program Risk Management, Inc. ("PRM") a New York corporation with an office and principal place of business at Suite 250, 900 Watervliet-Shaker Road, Albany, New York 12212.

WHEREAS pursuant to an agreement entered into as of October 31, 1995 CRISP had engaged M.P. Agency as its exclusive provider of marketing services which agreement had been renewed between the parties through and until October 31, 2009, and

WHEREAS PRM has entered into an agreement to purchase said marketing services from M. P. Agency, and

WHEREAS CRISP and PRM are desirous of entering into a new agreement that will set forth their mutual rights and responsibilities as a condition of transitioning the marketing agreement previously entered into between CRISP and M.P. Agency to PRM under certain modified terms and conditions for an additional period of three years and three months to and inclusive of December 31, 2012.

NOW, THEREFORE, IN CONSIDERATION of the mutual promises herein expressed and in further consideration of the sum of one dollar, receipt of which is hereby acknowledged, the parties do agree as follows:

SECTION ONE

WARRANTIES AND REPRESENTATIONS

PRM is duly licensed to engage in the brokerage, marketing or sale of insurance by the State of New York and will, at all times during this agreement, continue to be so licensed and shall act strictly in accordance with all applicable statutes, rules and regulations as may guide the conduct of its business and shall at all times continue to hold all necessary licenses to engage in this activity. In the event that it shall cease to hold such licenses, PRM shall immediately notify CRISP of such lapse, suspension, revocation or modification.

CRISP has been authorized by the Workers' Compensation Board of the State of New York as a provider of group self-insurance pursuant to the Workers Compensation Law of the State of New York.

PRM shall use its best efforts to promote sales and marketing to members and prospective members of CRISP.

PRM acknowledges that it is not an agent of CRISP and that CRISP shall have the sole authority to admit potential members to participation in CRISP. PRM shall have no right or authority, express or implied, to assume or create on behalf of CRISP any obligation or responsibility of any kind or nature.

PRM acknowledges that no proposal submitted by it shall be deemed a binding obligation of CRISP until it shall have been accepted by an affirmative vote of the Trustees of CRISP and no compensation shall be due to PRM until such approval is given.

SECTION TWO

APPOINTMENT OF EXCLUSIVE MARKETING AGENT

PRM is hereby appointed the exclusive entity to provide marketing services to current and prospective members of CRISP subject to the terms, conditions and policies herein set forth and PRM accepts said appointment subject to the same terms, conditions and policies. In accordance with this agreement, PRM shall be entitled to compensation for all applicants admitted to membership in CRISP. Notwithstanding the foregoing, PRM shall, in furtherance of its obligations under this agreement, develop the marketing network as later described in this agreement, provided, however, that no other person, firm, corporation or other business entity shall be entitled to compensation from CRISP other than through its own sub-agreement with PRM.

In fulfilling its responsibilities under this agreement, PRM acknowledges that it is an independent contractor and not the agent of CRISP and shall have no authority, express or implied, to bind CRISP.

PRM further acknowledges that it, along with any sub-agents appointed pursuant to this agreement, shall adhere fully to the underwriting guidelines that will be established by CRISP which at all times shall have the sole responsibility for the admission of members.

PRM shall pay all of its own expenses in connection with the solicitation of sales under this agreement. The only obligation of CRISP is to pay to PRM the applicable commission specified in this agreement.

SECTION THREE

COMMISSIONS

In consideration of the full and faithful performance of the services to be rendered by PRM hereunder, CRISP shall pay PRM a fee not to exceed five and one-half percent (5 1/2%) of the gross written contributions made by both the current (as of October 31, 2009) members to the Trust and by new sub-produced business during the term of this Agreement. Such fee shall be payable in monthly installments equal to five and one half

percent (5 1/2%) of the gross written and paid contributions received by the Trust from the members in and for the calendar month immediately preceding that in which each such installment is due. Upon the termination of this Agreement or any successor thereto, by expiration of its term or otherwise, the balance of the fee due PRM from CRISP, if any, for any period of service rendered by PRM prior to the effective date of such termination shall be payable by CRISP to PRM not later than sixty (60) days following such effective date.

Notwithstanding the foregoing paragraph, for new members added to the Trust on or after November 1, 2009 without the involvement of a sub-agent, PRM shall be entitled to only the level of compensation that is paid by it to the sub-agents appointed pursuant to this agreement. It is reasonably anticipated that this will result in compensation in the amount of four (4%) to four and one-half (4½%) of the gross written and paid contribution of such participant paid in the same manner as the full commissions as set forth in the above paragraph and will be subject to audit to ensure the correctness of such compensation.

In the event of return premium becoming due for any reason whatsoever, PRM shall refund commission to CRISP at the same rate at which the commission was originally allowed

SECTION FOUR

ESTABLISHMENT OF MARKETING NETWORK

PRM agrees, as a condition of the grant of exclusive marketing rights, to establish a state-wide network of licensed insurance agents and brokers, each of which shall at all times be duly licensed by the state of New York, to act as its sub-agents for the purpose of marketing to potential members of CRISP.

The parties agree and acknowledge that the size and scope of this network may be difficult to determine in advance but shall at all times be sufficient to provide professional marketing activities on behalf of CRISP throughout all regions of the State of New York. It is the present understanding of the parties to this agreement that such network shall be between four and eight such sub-agents during the course of this agreement.

Such sub-agents shall be trained by PRM to the reasonable satisfaction of CRISP regarding the joint and several obligations of participants in a self-insurance trust as well as act in accordance with the regulations of the Workers' Compensation Board as may be established and modified from time to time. Further, PRM shall ensure that all such entities meet with the Trustees of CRISP from time to time to ensure that reasonable marketing goals of CRISP are attained and that all such entities are acting fully in accordance with the reasonable goals and requirements set forth by CRISP.

SECTION FIVE

FURTHER MARKETING OBLIGATIONS OF PRM

PRM shall promptly develop, maintain and adequately supervise the sub-agent network required pursuant to this agreement.

PRM shall bear solely the cost of developing all marketing and advertising materials utilized in fulfilling its obligations under this agreement. It shall have a marketing presence at all membership meetings of any organization that shall have or in the future shall endorse CRISP as a provider of Workers' Compensation coverage as a membership benefit. In order to effectuate the intent of this agreement it is anticipated that PRM will engage in on-going organizational support to sponsoring associations as necessary to provide a constant and positive presence for CRISP among the members of such organizations.

PRM shall prepare and submit for trustee approval all marketing materials and advertising copy and all other similar materials prior to their being utilized in furtherance of this agreement. Furthermore, PRM undertakes to develop a website, newsletter and other components of a membership and marketing program devoted to CRISP, describing its organization, benefits, etc. with all such content and design being subject to trustee approval.

PRM shall maintain adequate and professional offices for the conduct of its activities under this agreement, shall promptly respond to member and potential member inquiries, correspondence and complaints, ensure prompt payment of all sums owed to CRISP by participants, provide all information reasonably sought by the chair or trustees and such other and further duties as may be reasonably assigned by the chair or trustees.

SECTION SIX

REPORTING OBLIGATIONS

Pursuant to this agreement PRM will engage in regular reporting to the CRISP Trustees on its current marketing activities in such detail as will allow the trustees to reasonably determine that its best efforts are being utilized to achieve the goals of this agreement. PRM shall report in detail monthly to the chair of the Trust and quarterly in writing and/or in person to the Trustees on its marketing activities, applications issued, bound or rejected and such other and further information as the chair and trustees may request. Additionally PRM shall provide detail discoverable from the NYS Insurance Department or elsewhere on competitors' marketing practices, market conditions and the identity, strengths, and perceived weaknesses of competitors and such other and further information as may be required by the trustees in making marketing and pricing determinations.

PRM shall provide the following information to the trustees:

1. Its current activities by means of such reports as may be requested by Trustees.
2. Competitive marketing problems, and the current developments in the Program.
3. Information on poor credit risk members or prospective members or such other risk factors as may have a direct or indirect bearing on the admission of such member to the Trust.
4. Information on all inquiries regarding Membership, provided, however, that CRISP and the trustees agree to hold such information confidential and not release it for any purpose without the written approval of PRM.
5. Contents of important correspondence concerning the acquisition and processing of Membership applications.
6. Information on applications, invoices, changes, quotations, complaints, cancellations and similar data that is helpful to the trustees.
7. Information on membership dates, schedule changes and other important details which may affect the processing and completion of such applications.
8. Information on new products, changes or deletions of products, changes in terms, customer policy changes and other information before it is released to Members.
9. Contents of all correspondence concerning sale or order processing undertaken on its part.
10. All complaints, comments, and critical remarks from Members.

In fulfilling its obligations PRM shall provide services including but not limited to the following to CRISP:

1. Regular attendance at Trust meetings.
2. Communication of Trust policies to customers.
3. Visits to Trust Offices, as may be necessary.
4. Maintenance of an adequate office.
5. Cooperation with CRISP's board of trustees and advisors.
6. Investigation and handling of members' rejections, service problems and complaints.
7. Prompt handling of inquiries, correspondence, and orders forwarded by CRISP.

8. Stimulation of Members who are slow in paying but who have not yet been terminated from membership for such actions.
9. Speedy follow-up of all inquiries received from CRISP.
10. Such other duties as may be assigned by CRISP.

SECTION SEVEN

LIFE OF AGREEMENT

This agreement shall commence on November 1, 2009 and shall continue to and include December 31, 2012, unless this Agreement is earlier terminated pursuant to this agreement or a successor agreement that conforms to the provisions of this agreement is made by the parties. This Agreement shall automatically renew for successive terms of three years unless either party gives notice to the other of its intention to terminate the Agreement, which notice must be in writing and must be given not less than 120 days prior to the expiration of the initial or any successor term of this Agreement. In the event such notice is given, this Agreement shall terminate upon such expiration date unless such notice is earlier rescinded, a successor agreement earlier executed or the term of this Agreement earlier extended by an agreement of the parties that conforms with the requirements of this agreement. As used in this Agreement, the term "year" shall mean the 12-month period beginning on November 1, 2009 and for future years it shall mean the 12-month period beginning on January 1.

This Agreement may be terminated by CRISP immediately and without further notice to PRM if (a) PRM files or has filed against it a petition in bankruptcy or an assignment for the benefit of creditors or becomes insolvent or has a substantial portion of its property become subject to levy, execution or assignment; (b) PRM or any of its officers, directors, agents or employees, by act or omission, commits a breach of this Agreement of such magnitude and materiality as to constitute gross malfeasance by PRM in the performance of its duties hereunder, a breach of its fiduciary duty to the Trust or a violation of its duty to take reasonable care in the performance of its duties hereunder or that is materially inconsistent with applicable federal, State or local law or regulation; or (c) if CRISP through its Trustees shall elect to cease its primary function of providing workers' compensation coverage to its membership through group self-insurance, a captive insurance company, safety group or any other method.

SECTION EIGHT

ASSIGNMENT

This agreement is personal to the parties and may not be assigned by PRM, in whole or in part, without the prior written consent of CRISP.

SECTION NINE

LIABILITY INSURANCE

As an express condition precedent to the appointment of PRM under this agreement, it shall indemnify and hold harmless CRISP, its Trustees, employees, agents and members from any and all claims, losses, liabilities, judgments, actions, costs and expenses (including reasonable attorneys' fees and expenses) arising out of or attributable to the services required to be performed by PRM under the terms of this Agreement.

Throughout the term of this Agreement and any successor thereto PRM shall maintain, at its sole cost and expense, a policy or policies of insurance that will insure the Program Administrator and the Trust, continuously and without interruption, with respect to its acts and omissions and those of its officers, directors, employees, agents and representatives in connection with or relating to the services required to be provided hereunder in the face amount of not less than \$2,000,000 per occurrence and \$2,000,000 in the aggregate. PRM and CRISP understand and agree that the level of insurance is a subject of on-going negotiation and may be subject to reasonable modification from time to time during the duration of this agreement. This requirement may be met by PRM providing Broker's Errors & Omissions Insurance coverage. The said insurance policy or policies shall insure against all claims, actions, judgments, settlements, loss or damage arising from or relating to the said acts or omissions, irrespective of whether any such claim, judgment or settlement is made, such action commenced or such loss or damage actually incurred during the term of this Agreement or any successor thereto. PRM shall annually provide reasonable evidence to the Trust that the said insurance is in place as required by this paragraph and shall provide immediate written notice to the Trust of termination or material amendment of any such policy.

SECTION TEN

COMPLETE AGREEMENT AND MODIFICATION

This Agreement constitutes the entire understanding and agreement between the parties with regard to all matters herein. There are no other agreements, conditions or representations, oral or written, express or implied, with regard thereto. This Agreement supersedes in its entirety any and all previous agreements, whether written or oral, between the parties. This Agreement may be modified or amended only in writing signed by the parties hereto.

SECTION ELEVEN

SEVERABILITY

If any provision of this Agreement shall be held, be deemed to be or shall in fact be invalid, inoperative or unenforceable, either in part or in whole, this Agreement shall

be reformed and construed in any such case as if such invalid, inoperative or unenforceable provision had never been contained herein and such provision reformed so that it would be valid, operative and enforceable to the maximum extent permitted in such case.

SECTION TWELVE

NOTICES

All notices and other communications required or desired to be given hereunder shall be deemed given if in writing and sent by registered or certified mail, postage prepaid, to the following addresses:

If to PRM:

Mr. Edward Sorenson
Executive Vice-President
Program Risk Management, Inc.
Suite 250
900 Watervliet Shaker Road
Albany, New York 12205

If to the Trust:

COMMUNITY RESIDENCE INSURANCE
SAVING PLAN (CRISP) Self-Insurance Trust

The Chair of the CRISP Trust for Self-Insurance
c/o Thomas J. Gosdeck
Hill and Gosdeck
Suite 400
99 Washington Avenue
Albany, NY 12210

A party is entitled to rely upon the names and addresses set forth herein unless notified of a change in the manner provided in this paragraph.

SECTION THIRTEEN
APPLICABLE LAW

This Agreement shall be governed by the law of the State of New York.

IN WITNESS WHEREOF the parties have executed this Agreement as of the date first above written.

**COMMUNITY RESIDENCE INSURANCE SAVINGS PLAN (CRISP) TRUST
FOR SELF-INSURANCE**

BY: _____

JANICE M. JOHNSON, CHAIR

PROGRAM RISK MANAGEMENT, INC.

BY: _____

EDWARD SORENSON, EXECUTIVE VICE-PRESIDENT

EXHIBIT 11



Lloyd's Certificate

This Insurance is effected with certain Underwriters at Lloyd's, London.

This Certificate is issued in accordance with the limited authorization granted to the Correspondent by certain Underwriters at Lloyd's, London whose syndicate numbers and the proportions underwritten by them can be ascertained from the office of the said Correspondent (such Underwriters being hereinafter called "Underwriters") and in consideration of the premium specified herein, Underwriters hereby bind themselves severally and not jointly, each for his own part and not one for another, their Executors and Administrators.

The Assured is requested to read this Certificate, and if it is not correct, return it immediately to the Correspondent for appropriate alteration.

All inquiries regarding this Certificate should be addressed to the following Correspondent:

BESSO LIMITED

8-11 Crescent
London EC3N 2LY
United Kingdom
Phone: +44 (0) 207 480 1000

CERTIFICATE PROVISIONS

1. **Signature Required.** This Certificate shall not be valid unless signed by the Correspondent on the attached Declaration Page.
2. **Correspondent Not Insurer.** The Correspondent is not an insurer hereunder and neither is nor shall be liable for any loss or claim whatsoever. The insurers hereunder are those Underwriters at Lloyd's, London whose syndicate numbers can be ascertained as hereinafter set forth. As used in this Certificate "Underwriters" shall be deemed to include incorporated as well as unincorporated persons or entities that are Underwriters at Lloyd's, London.
3. **Cancellation.** If this Certificate provides for cancellation and this Certificate is cancelled after the inception date, earned premium must be paid for the time the insurance has been in force.
4. **Assignment.** This Certificate shall not be assigned either in whole or in part without the written consent of the Correspondent endorsed hereon.
5. **Attached Conditions Incorporated.** This Certificate is made and accepted subject to all the provisions, conditions and warranties set forth herein, attached or endorsed, all of which are to be considered as incorporated herein.

This Declaration Page is attached to and forms part of certificate provisions (Form SL-C-3 USA).

Previous No. N/A Authority Ref. No. B0595EL0053002008 Certificate No. B0595EL0053122008

- 1 Name and address of the Assured M.P. Agency Inc
Music, Inc
228 East 45th Street
9th Floor
New York, New York, 10017, U.S.A.
- 2 Effective from 26 August 2008 to 26 August 2009
both days at 12:01 a.m. standard time
- 3 Insurance is effective with certain UNDERWRITERS AT LLOYD'S, LONDON Percentage 100%
- 4 Amount Coverage Rate Premium
SEE ATTACHED POLICY
- 5 Special Conditions
1. Miscellaneous Professional Liability Claims Made Policy AFB A&E
2. Premium Payment Warranty (623AFB00082)
3. Warranted No Higher Limits Endorsement (623AFB00097)
4. Choice Of Law Clause (623AFB00113)
5. Nuclear Incident Exclusion Clause-Liability-Direct (Broad) (U.S.A.) (NMA1256)
6. Radioactive Contamination Exclusion Clause-Liability-Direct (U.S.A.) (NMA1477)
7. MANUSCRIPT ENDORSEMENT
8. MANUSCRIPT ENDORSEMENT
9. application dated 22 July 2008
- 6 Service of Suit may be made upon: Mendes and Mount (or their Nominators)
750 Seventh Avenue
New York, New York, 10019, U.S.A.

Dated 19 November 2008

By 

Correspondent



This is to certify that Excess Line Association of New York received and reviewed the attached insurance document in accordance with Article 21 of the New York State Insurance Law

11/26/2008

THE INSURER(S) NAMED HEREIN IS (ARE) NOT LICENSED BY THE STATE OF NEW YORK, NOT SUBJECT TO ITS SUPERVISION, AND IN THE EVENT OF THE INSOLVENCY OF THE INSURER(S), NOT PROTECTED BY THE NEW YORK STATE SECURITY FUND. THE POLICY MAY NOT BE SUBJECT TO ALL OF THE REGULATIONS OF THE INSURANCE DEPARTMENT PERTAINING TO POLICY TERMS.

DECLARATIONS



Attaching to and forming part of
PROFESSIONAL LIABILITY INSURANCE POLICY NUMBER: B0995EL0059322008

This Insurance is effected with certain
Underwriters at Lloyd's, London (not incorporated)

**THIS IS A CLAIMS-MADE PROFESSIONAL LIABILITY
INSURANCE POLICY. PLEASE READ CAREFULLY.**

1. NAMED ASSURED:

M.P. Agency Inc
Music, Inc

ADDRESS:

228 East 45th Street
9th Floor
New York, New York, 10017, U.S.A.

2. PERIOD OF INSURANCE:

FROM: 26 August 2008

TO: 26 August 2009

12:01 AM STANDARD TIME AT THE ADDRESS SHOWN IN
NUMBER 1 ABOVE.

3. LIMIT OF LIABILITY:

(a) USD 1,000,000 Each Claim

(b) USD 1,000,000 Annual Aggregate

4. DEDUCTIBLE:

USD 5,000 Each Claim deductible

5. GROSS PREMIUM:

USD 2,900 Annual Plus USD 100 Policy Fee



BRAND LIMITED

6. RETROACTIVE DATE:

26 August 2004

7. NOTICE OF CLAIM TO:

A. F Beazley Syndicate City Plaza Plantation Place South 60 Great Tower Street London EC3R 5AD, U.K.

and

Phelps Dunbar, 445 North Boulevard, Suite 701, Baton Rouge, Louisiana, 70802, U.S.A.

B. PROFESSIONAL SERVICES:

Solely in the performance as a marketing consultant.

9. NOTICE OF ELECTION:

ARG Excess & Surplus, LLC, 1122 Franklin Ave, 3rd Floor PO BOX 9240, Garden City, New York, 11530-9240, U.S.

10. SERVICE OF SUIT:

Menden and Mount (or their Nominees), 750 Seventh Avenue, New York, New York, 10019, U.S.A.

FORMS AND ENDORSEMENTS ATTACHED HERETO:

Form: AFB Misc 2004

Endorsements:

1. Premium Payment Warranty (623AFB00082)
2. Warranted No Higher Limits Endorsement (623AFB00097)
3. Choice Of Law Clause (623AFB00113)
4. Nuclear Incident Exclusion Clause-Liability-Direct (Broad) (U.S.A.) (NMA1256)
5. Radioactive Contamination Exclusion Clause-Liability-Direct (U.S.A.) (NMA1477)
6. MANUSCRIPT ENDORSEMENT
7. MANUSCRIPT ENDORSEMENT

DATED IN LONDON: 19 November 2008



UNLIMITED

**Lloyd's Security Schedule
All Business Excluding Illinois**

81.80%	Syndicate Number	2623
19.80%	Syndicate Number	0623

TOTAL/CWR



RENEA B. SIMPSON

AFB MISC 2004
MISCELLANEOUS PROFESSIONAL LIABILITY INSURANCE

NOTICE: This Coverage is Provided on a Claims Made and Reported Basis. Except to such extent as may otherwise be provided herein, the coverage afforded under this Insurance Policy is limited to liability for only those covered Claims that are first made against the Insured and reported to the Underwriters while the Insurance is in force that arise from negligent acts, errors or omissions committed on or after the Retroactive Date (if applicable) and before the end of the Period of Insurance. The Limit of Liability available to pay Damages shall be reduced and may be completely exhausted by payment of Claims Expenses. The deductible applies to Damages and Claims Expenses resulting from each and every Claim. Please review the coverage afforded under this Insurance Policy carefully and discuss the coverage hereunder with your insurance agent or broker.

The Underwriters agree with the Named Insured, set forth at Item 1. of the Declarations made a part hereof, in consideration of the payment of the premium and reliance upon the statements in the application which is made a part of this Insurance Policy (hereinafter referred to as the "Policy" or "Insurance") and subject to the Limit of Liability, exclusions, conditions and other terms of this Insurance:

I. INSURING AGREEMENT

To pay on behalf of the Insured Damages and Claims Expenses which the Insured shall become legally obligated to pay because of any Claim or Claims first made against any Insured and reported to the Underwriters during the Period of Insurance or Extended Reporting Period (if applicable), arising out of any negligent act, error or omission of the Insured in rendering or failure to render Professional Services as stated in Item 3 of the Declarations, for others on behalf of the Insured Organization and caused by the Insured except as excluded or limited by the terms, conditions and exclusions of this Policy.

II. DEFENSE, SETTLEMENT, AND INVESTIGATION OF CLAIMS

- A. The Underwriters shall have the right and duty to defend, subject to the Limit of Liability, exclusions and other terms and conditions in this Policy, any Claim against the Insured seeking Damages which are payable under the terms of this Policy, even if any of the allegations of the Claim are groundless, false or fraudulent.
- B. It is agreed that Underwriters' right and duty to defend shall be limited to payment of Claims Expenses. The Limit of Liability available to pay Damages shall be reduced and may be completely exhausted by payment of Claims Expenses. Damages and Claims Expenses shall be applied against the deductible.
- C. The Underwriters shall have the right to make any investigation they deem necessary, including, without limitation, any investigation with respect to the application and statements made in the application and with respect to coverage.
- D. If the Insured shall refuse to consent to any settlement or compromise recommended by the Underwriters and acceptable to the claimant and elects to contest the Claim, Underwriters' liability for any Damages and Claims Expenses shall not exceed the amount for which the Claim could have been settled, less the remaining deductible, plus the Claims Expenses incurred up to the time of such refusal, or the applicable Limit of Liability, whichever is less, and the Underwriters shall have the right to withdraw from the further defense thereof by tendering control of said defense to the Insured.

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HILL & GOSDECK

- E. It is further provided that the Underwriters shall not be obligated to pay any Damages or Claims Expenses, or to undertake or continue defense of any suit or proceeding after the applicable limit of the Underwriters' liability has been exhausted by payment of Damages or Claims Expenses or after deposit of the applicable Limit of Liability in a court of competent jurisdiction, and that upon such payment, the Underwriters shall have the right to withdraw from the further defense thereof by tendering control of said defense to the Insured.

III. THE INSURED AND THE INSURED ORGANIZATION

As used throughout this Policy, whether expressed in singular or plural, "Insured" shall mean:

- A. The Named Insured and any Subsidiaries of the Named Insured (together the "Insured Organization");
- B. A director, officer or employee of the Insured Organization, but only while acting in that capacity solely on behalf of the Insured Organization;
- C. A principal if the Named Insured is a sole proprietorship, or a partner if the Named Insured is a partnership, but only while acting in that capacity solely on behalf of the Named Insured;
- D. Any person who previously qualified as an Insured under B or C above prior to the termination of the required relationship with the Insured Organization, but only while acting in that capacity solely on behalf of the Insured Organization; and
- E. The estate, heirs, executors, administrators, assignees and legal representatives of any Insured in the event of such Insured's death, incapacity, insolvency or bankruptcy, but only to the extent that such Insured would otherwise be provided coverage under this Insurance.

IV. TERRITORY

This Insurance applies to negligent acts, errors or omissions which take place anywhere in the world provided the Claim is first made against the Insured within the United States of America, its territories or possessions, or Canada during the Period of Insurance or Extended Reporting Period purchased in accordance with Section X.

V. EXCLUSIONS

The coverage under this Insurance does not apply to Damages or Claims Expenses incurred with respect to any Claim:

- A. Arising out of or resulting from any criminal, dishonest, fraudulent or malicious act, error or omission committed by any Insured with actual, criminal, dishonest, fraudulent or malicious purpose or intent; however, the insurance afforded by this Policy shall apply to Claims Expenses incurred in defending any such Claim alleging the foregoing until such time as there is a final adjudication, judgment, binding arbitration decision or conviction against the Insured, or admission by the Insured, establishing such conduct at which time the Named Insured shall reimburse Underwriters for all Claims Expenses incurred defending the Claim and Underwriters shall have no further liability for Claims Expenses;
- B. By or on behalf of one or more Insureds under this Insurance against any other Insured or Insureds under this Insurance;
- C. For or arising out of Bodily Injury or Property Damage;
- D. Arising out of or resulting from the insolvency or bankruptcy of any Insured or of any other entity including but not limited to the failure, inability, or unwillingness to pay Claims, losses, or benefits due to the insolvency, liquidation or bankruptcy of any such individual or entity.

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2500 LIMITS

- E. Made by any business enterprise in which any Insured has greater than a 15% ownership interest, or arising out of or resulting from any Insured's activities as a trustee, partner, officer, director or employee of any employee trust, charitable organization, corporation, company or business other than that of the Insured Organization;
- F. Arising out of or resulting from any act, error or omission committed prior to the inception date of this insurance:
 - 1. If any Insured on or before the inception date knew or could have reasonably foreseen that such act, error or omission might be expected to be the basis of a Claim; or
 - 2. in respect of which any Insured has given notice of a circumstance which might lead to a Claim to the insurer of any other policy in force prior to the inception date of this Policy;
- G. For or arising out of any liability or obligation of the Insured under any contract or agreement, either oral or written, except and only to the extent the Insured would have been liable in the absence of such contract or agreement;
- H. For or arising out of actual or alleged plagiarism, misappropriation of likeness, breach of confidence, or misappropriation or infringement of any intellectual property right, including patent, trademark, trade secret and copyright;
- I. For or arising out of libel, slander, or any other form of defamation, disparagement or harm to the reputation or character of any person or organization, or for or arising out of invasion of or interference with a person's right to privacy;
- J. For or arising out of any actual or alleged violation of the Organized Crime Control Act of 1970 (commonly known as Racketeer Influenced And Corrupt Organizations Act or RICO), as amended, or any regulation promulgated thereunder or any similar federal, state or local law similar to the foregoing, whether such law is statutory, regulatory or common law;
- K. Arising out of or resulting from any employer-employee relations, policies, practices, acts, or omissions, any actual or alleged refusal to employ any person, or misconduct with respect to employees;
- L. For or arising out of or resulting from actual or alleged discrimination of any kind including but not limited to age, color, race, sex, creed, national origin, marital status, sexual preference, disability or pregnancy;
- M. Arising out of or resulting from acts of the Insured related to any pension, health care, welfare, profit sharing, mutual or investment plans, funds or trusts; or any violation of any provision of the Employee Retirement Income Security Act of 1974, or any amendment to the Act or any violation of any regulation, ruling or order issued pursuant to the Act;
- N. For or arising out of the failure to buy or maintain any form of insurance, suretyship or bond;
- O. For or arising out of any failure to pay any bond, interest on any bond, any debt, financial guarantee or debenture;
- P. For or arising out of any actual or alleged commingling of or inability or failure to pay, collect, or safeguard funds;
- Q. For or arising out of any loss sustained or alleged to have been sustained through the fluctuation in the market value of any security or property, including real property;

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- R. For or arising out of the actual or alleged violation of the Securities Act of 1933, the Securities Exchange Act of 1934, any state blue sky or securities law, any similar state or federal law, or any amendment to the above laws or any violation of any order, ruling or regulation issued pursuant to the above laws;
- S. For or arising out of any actual or alleged antitrust violation, restraint or trade, unfair competition, false, deceptive or unfair trade practices, violation of consumer protection laws or false or deceptive advertising;
- T. For or arising out of any breach of warranty, guarantee, or service level agreement, or for or arising out of any delay of delivery, failure to deliver, or non-acceptance of products or services;
- U. For or arising out of the actual or alleged inaccurate, inadequate, or incomplete description of the price of goods, products or services; or as a result of your cost guarantees, cost representations, contract price, or estimates of prohibitive costs or cost estimates being exceeded;
- V. Directly or indirectly arising out of or resulting from the existence, emission or discharge of any electromagnetic field, electromagnetic radiation or electromagnetic that actually or allegedly affects the health, safety or condition of any person or the environment, or that affects the value, marketability, condition or use of any property;
- W. Directly or indirectly arising out of or resulting from the presence or actual, alleged, or threatened discharge, seepage, dispersal, migration, release, escape, generation, transportation, storage, or disposal of pollutants at any time, including any request, demand or order that the insured or others test for, monitor, clean up, remove, assess, or respond to the effects of pollutants. Pollutant means any solid, liquid, gaseous or thermal irritant or contaminant, including but not limited to smoke, vapor, soot, fumes, odors, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed;
- X. Directly or indirectly arising out of, or resulting from or in consequence of, or in any way involving asbestos, or any materials containing asbestos in whatever form or quantity;
- Y. Directly or indirectly arising out of, or resulting from or in consequence of, or in any way involving:
1. the actual, potential, alleged or threatened formation, growth, presence, release or dispersal of any fungi, molds, spores or mycotoxins of any kind;
 2. any action taken by any party in response to the actual, potential, alleged or threatened formation, growth, presence, release or dispersal of any fungi, molds, spores or mycotoxins of any kind, such action to include investigating, testing for, detection of, monitoring of, treating, remediating or removing such fungi, molds, spores or mycotoxins; or
 3. any governmental or regulatory order, requirement, directive, mandate or decree that any party take action in response to the actual, potential, alleged or threatened formation, growth, presence, release or dispersal of any fungi, molds, spores or mycotoxins of any kind, such action to include investigating, testing for, detection of, monitoring of, treating, remediating or removing such fungi, molds, spores or mycotoxins.

Underwriters will have no duty or obligation to defend any insured with respect to any claim or governmental or regulatory order, requirement, directive, mandate or decree which directly or indirectly arises out of, or results from or in consequence of, or in any way involves actual, potential, alleged or threatened formation, growth, presence, release or dispersal of any fungi, molds, spores or mycotoxins of any kind.



If a Retroactive Date is applicable to this coverage, it will appear in Item 6. of the Declarations and the following exclusion shall apply:

2. Or circumstances that might lead to a claim arising out of any act, error or omission which took place, or is alleged to have taken place, prior to the Retroactive Date as set forth in Item 6. of the Declarations.

VI. DEFINITIONS

Whenever used in this Policy, the following definitions shall apply.

- A. "Bodily Injury" means any form of physical injury, sickness, disease, mental anguish, emotional distress or the death of any person.
- B. "Claim" means a demand received by any Insured for money or services, including the service of suit or institution of arbitration proceedings.

Multiple Claims arising from or related to the same negligent act, error or omission or any continuing negligent acts, errors or omissions shall be considered a single Claim for the purposes of this Policy, irrespective of the number of Claimants. All such Claims shall be deemed to have been made at the time of the first such Claim.

- C. "Claims Expenses" means:

1. reasonable and necessary fees charged by an attorney designated by the Underwriters; and
2. all other fees, costs and expenses resulting from the investigation, adjustment, defense and appeal of a Claim, suit or proceeding arising in connection therewith, or circumstances which might lead to a Claim, if incurred by the Underwriters, or by the Insured with the written consent of the Underwriters;
3. Claims Expenses does not include any salary, overhead or other charges by the Insured for any time spent in cooperating in the defense and investigation of any Claim or circumstances that might lead to a Claim notified under this Insurance.

- D. "Damages" means a monetary judgment, award or settlement.

The term Damages shall not include:

1. future royalties or future profits, restitution, disgorgement of profits by an Insured, or the costs of complying with orders granting injunctive or equitable relief;
2. return or offset of fees, charges, or commissions for goods or services already provided or contracted to be provided;
3. punitive or exemplary damages, any damages which are a multiple of compensatory damages, or fines, sanctions or penalties; or
4. any amounts for which the Insured is not liable, or for which there is no legal recourse against the Insured.

- E. "Extended Reporting Period" means the 12-month period of time after the end of the Period of Insurance for reporting Claims as provided in Section X of this policy.

- F. "Period of Insurance" means the period of time between the inception date shown in the Declarations and the effective date of termination, expiration or cancellation of this Insurance and specifically excludes any Extended Reporting Period.

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- G. "Property Damage" means injury to or destruction of any tangible property, including the loss of use thereof.
- H. "Subsidiary" means any corporate entity while more than 50% of the outstanding securities representing the present right to vote for the election of such entity's directors are owned by the Named Insured directly or indirectly, if such entity:
 - 1. was so owned on the inception date of this Policy;
 - 2. becomes so owned after the inception date of this Policy provided the revenues of the entity do not exceed 10% of the Named Insured's Annual Revenues as set forth in their most recent application for insurance or
 - 3. becomes so owned after the inception date of this Policy provided that if the revenues of the entity exceed 10% of the Named Insured's Annual Revenues as set forth in their most recent application for insurance, the provisions of Provision XVII, Mergers and Acquisitions, must be fulfilled.

VII. LIMIT OF LIABILITY

- A. The "Annual Aggregate" stated in Item 3(b) of the Declarations is Underwriters' combined total Limit of Liability for all Damages and Claims Expenses arising out of all Claims or circumstances which might lead to a Claim which are covered under the terms and conditions of this Policy, and neither the inclusion of more than one Insured under this Policy, nor the making of Claims by more than one person or entity shall increase the Limit of Liability.
- B. The Limit of Liability stated in Item 3(a) of the Declarations for "Each Claim" is the limit of Underwriters' Liability for all Damages and Claims Expenses arising out of each Claim.
- C. The Limit of Liability for the Extended Reporting Period shall be part of and not in addition to the Limit of Liability of the Underwriters for the Period of Insurance.

VIII. DEDUCTIBLE

The "Each Claim deductible" stated in Item 4 of the Declarations applies separately to each and every Claim. The deductible shall be satisfied by payments by the Named Insured of Damages and Claims Expenses resulting from Claims first made and reported to the Underwriters during the Period of Insurance and the Extended Reporting Period as a condition precedent to the payment by the Underwriters of any amounts hereunder, and the Underwriters shall be liable only for the amounts in excess of such deductible subject to Underwriters' total liability not exceeding the limits stated in Items 3(a) and 3(b) of the Declarations. The Named Insured shall make direct payments within the deductible to appropriate other parties designated by the Underwriters.

IX. INNOCENT INSURED

- A. Whenever coverage under this Insurance would be excluded, suspended or lost:
 - 1. because of Exclusion V.A. relating to criminal, dishonest, fraudulent or malicious acts, errors or omissions by any Insured, and with respect to which any other Insured did not personally participate or personally acquiesce or remain passive after having personal knowledge thereof; or
 - 2. because of non-compliance of Condition XI.A or B relating to the giving of notice of Claims to the Underwriters with respect to which any other Insured shall be in default solely because of the failure to give such notice or concealment of such failure by one or more Insureds responsible for the loss or damage otherwise insured hereunder.



BASSO LIMITED

then Underwriters agree that such insurance as would otherwise be afforded under this Policy shall cover and be paid with respect to those Insureds who did not personally commit or personally participate in committing or personally acquiesce in or remain passive after having personal knowledge of:

1. one or more of the acts, errors or omissions described in Exclusion V.A.; or
2. such failure to give notice, provided that the Insured entitled to the benefit of this provision under Condition XLA or B shall comply with such condition promptly after obtaining knowledge of the failure of any other Insured to comply therewith, and that the reporting of any such Claim must be made during the Policy Period or the Extended Reporting Period, if applicable.

This provision is inapplicable to any Claim or circumstance that could reasonably be the basis of a Claim against the Insured Organization arising from acts, errors or omissions known to any present or former principal, partner, director or officer of the Insured Organization.

- B. With respect to this provision, the Underwriters' obligation to pay in such event shall be in excess of the full extent of any recoverable assets of any Insured to whom Exclusion V.A. applies and shall be subject to the terms, conditions and limitations of this Policy.

X. EXTENDED REPORTING ENDORSEMENT

- A. In the event of cancellation or non-renewal of this Insurance by the Underwriters, the Named Insured designated in Item 1. of the Declarations shall have the right, upon payment in full and not proportionally or otherwise in part of 100% of the Premium set forth in Item 5. of the Declarations, to have issued an endorsement providing a 12-month Extended Reporting Period for Claims first made against any Insured and reported to the Underwriters during the Extended Reporting Period, and arising out of any negligent act, error or omission committed on or after the Retroactive Date and before the end of the Period of Insurance, subject to the conditions set forth in the definition of Extended Reporting Period herein. In order for the Named Insured to invoke the Extended Reporting Period option, the payment of the additional premium for the Extended Reporting Period must be paid to Underwriters within 30 days of the non-renewal or cancellation.
- B. The Limit of Liability for the Extended Reporting Period shall be part of, and not in addition to, the Limit of Liability of the Underwriters for the Period of Insurance.
- C. The quotation by Underwriters of a different premium or deductible or Limit of Liability or changes in policy language for the purpose of renewal shall not constitute a refusal to renew by the Underwriters.
- D. The right in the Extended Reporting Period shall not be available to the Named Insured when cancellation or non-renewal by the Underwriters is due to non-payment of premium or failure of an Insured to pay such amount in excess of the applicable Limit of Liability or within the amount of the applicable deductible.
- E. All notices and premiums payments with respect to the Extended Reporting option shall be directed to Underwriters through the entity named in Item 9. of the Declarations.
- F. At the commencement of the Extended Reporting Period the entire premium shall be deemed earned, and in the event the Named Insured terminates the Extended Reporting Period for any reason prior to its natural expiration, Underwriters will not be liable to return any premium paid for the Extended Reporting Period.

Monday, February 13, 2006



XI NOTICE OF CLAIM, OR CIRCUMSTANCE THAT MIGHT LEAD TO A CLAIM

- A. If any Claim is made against the Insured, the Insured shall immediately forward to Underwriters through persons named in Item 7. of the Declarations every demand, notice, summons or other process received by the Insured or the Insured's representative.
- B. If during the Period of Insurance the Insured first becomes aware of any circumstance that could reasonably be the basis for a Claim it must give written notice to Underwriters through persons named in Item 7. of the Declarations as soon as practicable during the Period of Insurance of:
1. the specific details of the negligent act, error or omission that could reasonably be the basis for a Claim;
 2. the injury or damage which may result or has resulted from the circumstances; and
 3. the facts by which the Insured first became aware of the negligent act, error or omission.
- Any subsequent Claim arising out of such circumstance made against the Insured who is the subject of the written notice will be deemed to have been made at the time written notice complying with the above requirements was first given to Underwriters.
- C. A Claim shall be considered to be reported to the Underwriters when notice is first given to Underwriters through persons named in Item 7. of the Declarations of the Claim or of a negligent act, error, or omission, which could reasonably be expected to give rise to a Claim if provided in compliance with Section B above.
- D. In the event of non-renewal of this Insurance by the Underwriters, the Insured shall have thirty (30) days from the expiration date of the Period of Insurance to notify Underwriters of Claims made against the Insured during the Period of Insurance which arise out of negligent acts, errors, or omissions committed prior to the termination date of the Period of Insurance and otherwise covered by this Insurance.
- E. If any Insured shall make any Claim under this Policy knowing such Claim to be false or fraudulent, as regards amount or otherwise, this Policy shall become null and void and all coverage hereunder shall be forfeited.

XII ASSISTANCE AND COOPERATION OF THE INSURED

The Insured shall cooperate with the Underwriters in all investigations, including investigations regarding the application for and coverage under this Policy. The Insured shall execute or cause to be executed all papers and render all assistance as is requested by the Underwriters.

Upon the Underwriters' request, the Insured shall assist in making settlements, in the conduct of suits and in enforcing any right of contribution or indemnity against any person or organization who may be liable to the Insured because of negligent acts, errors or omissions with respect to which insurance is afforded under this Policy; and the Insured shall attend hearings and trials and assist in securing and giving evidence and obtaining the attendance of witnesses.

The Insured shall not admit liability, make any payment, assume any obligations, incur any expense, enter into any settlement, stipulate to any judgment or award or dispose of any Claim without the consent of Underwriters.

Expenses incurred by the Insured in assisting and cooperating with Underwriters, as described above, do not constitute Claims Expenses under the Policy.

Monday, February 17, 2006



REINSURANCE

XIII. OTHER INSURANCE

This Insurance shall apply in excess of any other valid and collectible insurance available to any Insured, including any self insured retention or deductible portion thereof unless such other insurance is written only as specific excess insurance over the Limit of Liability of this Policy.

XIV. ACTION AGAINST UNDERWRITERS

No action shall lie against the Underwriters or their representatives unless, as a condition precedent thereto: (1) there shall have been full compliance with all terms of this Insurance; and (2) until the amount of the Insured's obligation to pay shall have been finally determined either by judgment or award against the Insured after actual trial or arbitration or by written agreement of the Insured, the Claimant and the Underwriters.

Any person or organization or the legal representative thereof who has secured such judgment, award or written agreement shall thereafter be entitled to make a claim under this Policy to the extent of the insurance afforded by this Policy. No person or organization shall have any right under this Insurance to join the Underwriters as a party in an action or other proceeding against the Insured to determine the Insured's liability, nor shall the Underwriters be impleaded by the Insured or his legal representative.

Bankruptcy or insolvency of the Insured or of the Insured's estate shall not relieve the Underwriters of its obligations hereunder.

XV. SUBROGATION

In the event of any payment under this Insurance, the Underwriters shall be subrogated to all the Insured's rights of recovery therefore against any person or organization, and the Insured shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. The Insured shall do nothing to prejudice such rights. Any recoveries shall be applied first to subrogation expenses, second to Damages and Claims Expenses paid by Underwriters, and third to the deductible. Any additional amounts recovered shall be paid to the Named Insured.

XVI. ENTIRE AGREEMENT

By acceptance of the Policy, all Insureds agree that this Policy embodies all agreements between them and the Underwriters relating to this Insurance. Notice to any agent or knowledge possessed by any agent or by any other person shall not effect a waiver or a change in any part of this Insurance or stop the Underwriters from asserting any right under the terms of this Insurance; nor shall the terms of this Insurance be waived or changed, except by endorsement issued to form a part of this Insurance, signed by Underwriters.

XVII. MERGERS AND ACQUISITIONS

A. During the Period of Insurance, if the Named Insured or any Subsidiary:

1. purchases assets or acquires liabilities from another entity in an amount greater than ten percent (10%) of the Named Insured's assets as listed in its most recent financial statement; or
2. acquires another entity whose annual revenues are more than ten percent (10%) of the Named Insured's total annual revenues as set forth in the most recent application for insurance;

then an Insured shall have coverage under this Policy for any Claim that arises out of any negligent act, error or omission, whether committed either before or after such merger, purchase or acquisition:

1. at the premiums of the acquired entity;

Monday, February 13, 2006



2. by the acquired entity or any person employed by the acquired entity;
3. involving or relating to the assets or liabilities of the acquired entity; or
4. involving or relating to the purchased assets or liabilities.

unless the Named Insured gives the Underwriters written notice prior to the purchase or acquisition, obtains the written consent of Underwriters to extend coverage to such additional entities, assets or exposures, and agrees to pay any additional premium required by Underwriters.

- B. If during the Period of Insurance the Named Insured consolidates or merges with or is acquired by another entity, then all coverage under this Policy shall terminate at the date of the consolidation, merger or acquisition unless Underwriters have issued an endorsement extending coverage under this Policy, and the Named Insured has agreed to any additional premium and terms of coverage required by Underwriters.
- C. All notices and premium payments made under this section shall be directed to Underwriters through the entity named in Item 9. of the Declaration.

XVII. ASSIGNMENT

The interest hereunder of any Insured is not assignable. If the Insured shall die or be adjudged incompetent, such Insurance shall cover the Insured's legal representative as the Insured as would be permitted by this Policy.

XIX. CANCELLATION

- A. This Policy of Insurance may be cancelled by the Named Insured by surrender thereof to Underwriters or by mailing to Underwriters through the entity named in Item 9. of the Declaration written notice stating when thereafter the cancellation shall be effective. The Underwriters may cancel this Insurance by mailing to the Named Insured at the address shown in the Declaration written notice stating when not less than 60 days thereafter such cancellation shall be effective. However, if the Underwriters cancel this Insurance because the Insured has failed to pay a premium when due, this Insurance may be cancelled by the Underwriters by mailing a written notice of cancellation to the Named Insured at the address shown in the Declaration stating when not less than 10 days thereafter such cancellation shall be effective. The mailing of notice as aforesaid shall be sufficient proof of notice. The time of surrender or the effective date and hour of cancellation stated in the notice shall become the end of the Period of Insurance. Delivery (where permitted by law) of such written notice either by the Named Insured or by the Underwriters shall be equivalent to mailing.
- B. If the Named Insured cancels this Insurance, the earned premium shall be computed in accordance with the attached short rate table and procedure.
- C. If the Underwriters cancel this Insurance prior to any Claim being reported under this Policy, earned premium shall be computed pro rata.
- D. The premium shall be deemed fully earned if any Claim under this Policy is reported to Underwriters on or before the date of cancellation.
- E. Premium adjustment may be made either at the time cancellation is effected or as soon as practicable after cancellation becomes effective, but payment or tender of unearned premium is not a condition of cancellation.

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HILL & GOSDECK

XXI. SINGULAR FORM OF A WORD

Whenever the singular form of a word is used herein, the same shall include the plural when required by context.

XXII. TITLES OF PARAGRAPHS

The titles of paragraphs, sections, provisions or endorsements of or to this Policy are intended solely for convenience and reference, and are not deemed in any way to limit or expand the provisions to which they relate and are not part of the Policy.

XXIII. WARRANTY BY THE INSURED

By acceptance of this Policy, all Insureds agree that the statements contained in the application, any application for insurance of which this Policy is a renewal, and any supplemental materials submitted therewith are their agreements and representations, that they shall be deemed material to the risk assumed by Underwriters, and that this Policy is issued in reliance upon the truth thereof.

The misrepresentation or non-disclosure of any matter by the Insured or its agent in the application, any application for insurance of which this Policy is a renewal, or any supplemental materials submitted therewith will render the Policy null and void and relieve the Underwriters from all liability under the Policy.

The application and any application for insurance of which this Policy is a renewal, and any supplemental materials submitted therewith are deemed incorporated here and made a part of this Policy.

XXIV. NAMED INSURED AS AGENT

The Named Insured specified in Item 1. of the Declarations shall be considered the agent of all Insureds, and shall act on behalf of all Insureds with respect to the giving of or receipt of all notices pertaining to this Policy, the acceptance of any endorsements to this Policy, and the Named Insured shall be responsible for the payment of all premiums and deductibles.

XXV. WAR AND TERRORISM EXCLUSION

Notwithstanding any provision to the contrary within this Insurance or any endorsement thereto, it is agreed that this Insurance excludes Damages or Claim Expenses directly or indirectly caused by, resulting from or in connection with any of the following regardless of any other cause or event contributing concurrently or in any other sequence to the loss;

A. war, invasion, acts of foreign enemies, hostilities or warlike operations (whether war be declared or not), civil war, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power; or

B. any act of terrorism.

For the purpose of this endorsement, an act of terrorism means an act, including but not limited to the use of force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organization(s) or government(s), committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public, or any section of the public, in fear.

This endorsement also excludes Damages or Claim Expenses directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to A or B above.



REISSO LIMITED

If the Underwriters allege that by reason of this exclusion, any Damages or Claim Expenses are not covered by this insurance, the burden of proving the contrary shall be upon the Insured.

In the event any portion of this Section XXIV is found to be invalid or unenforceable, the remainder shall remain in full force and effect.

XXV. SERVICE OF SUIT CLAUSE (U.S.A.)

It is agreed that in the event of the failure of the Underwritten Insurer to pay any amount claimed to be due under this insurance, the Underwritten Insurer, at the request of the Insured, will submit to the jurisdiction of a Court of competent jurisdiction within the United States. Nothing in this Clause constitutes or should be understood to constitute a waiver of Underwriters' rights to commence an action in any Court of competent jurisdiction in the United States, to remove an action to a United States District Court, or to seek a transfer of a case to another Court as permitted by the laws of the United States or of any State in the United States. It is further agreed that service of process in such suit may be made upon the Underwriters' representative, designated in Item 10. of the Declarations, and that in any suit instituted against any one of them upon this contract, Underwriters will abide by the final decision of such Court or of any Appellate Court in the event of an appeal.

The Underwriters' representative designated in Item 10. of the Declarations is authorized and directed to accept service of process on behalf of Underwriters in any such suit and/or upon the request of the Insured to give a written undertaking to the Insured that they will enter a general appearance upon Underwriters' behalf in the event such a suit shall be instituted.

Further, pursuant to any statute of any state, territory or district of the United States which makes provision therefore, Underwriters herein hereby designate the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the statute, or his successor in office, as their true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Insured or any beneficiary hereunder arising out of this contract of insurance, and hereby designate the Underwriters' representative, designated in Item 10. of the Declarations, as the person to whom the said officer is authorized to mail such process or a true copy thereof.

Monday, February 13, 2006



XXVI. SHORT RATE CANCELLATION TABLE

Notwithstanding anything to the contrary contained herein and in consideration of the premiums for which this Insurance is written it is agreed that in the event of cancellation thereof by the Assured the Earned Premium shall be computed as follows:

SHORT RATE CANCELLATION TABLE

A. For insurances written for one year:

Days Insurance in Force	Per cent. of One Year Premium	Days Insurance in Force	Per cent. of One Year Premium
1 - 73	30	206 - 209	66
74 - 76	31	210 - 214 (7 months)	67
77 - 80	32	215 - 218	68
81 - 83	33	219 - 222	69
84 - 87	34	224 - 228	70
88 - 91 (3 months)	35	229 - 237	71
92 - 94	36	238 - 239	72
95 - 98	37	240 - 241	73
99 - 102	38	242 - 246 (8 months)	74
103 - 103	39	247 - 249	75
104 - 109	40	250 - 255	76
110 - 113	41	256 - 260	77
114 - 116	42	261 - 264	78
117 - 120	43	265 - 269	79
121 - 124 (4 months)	44	270 - 273 (9 months)	80
125 - 127	45	274 - 278	81
128 - 131	46	279 - 282	82
132 - 135	47	283 - 287	83
136 - 138	48	288 - 291	84
139 - 142	49	292 - 296	85
143 - 146	50	297 - 301	86
147 - 149	51	302 - 305 (10 months)	87
150 - 153 (5 months)	52	306 - 310	88
154 - 156	53	311 - 314	89
157 - 160	54	315 - 319	90
161 - 164	55	320 - 323	91
165 - 167	56	324 - 328	92
168 - 171	57	329 - 332	93
172 - 175	58	333 - 337 (11 months)	94
176 - 178	59	338 - 342	95
179 - 182 (6 months)	60	343 - 346	96
183 - 187	61	347 - 351	97
188 - 191	62	352 - 355	98
192 - 196	63	356 - 360	99
197 - 200	64	361 - 365 (12 months)	100
201 - 205	65		

Monday, February 13, 2006



RENEWAL

R. For Insurances written for more or less than one year:

1. If insurance has been in force for 12 months or less, apply the standard short rate table for annual insurances to the full annual premium determined as for an insurance written for a term of one year.
2. If insurance has been in force for more than 12 months:
 - (a) Determine full annual premium as for an insurance written for a term of one year.
 - (b) Deduct cash premium from the full insurance premium, and on the remainder calculate the pro rata Earned Premium on the basis of the ratio of the length of time beyond one year the insurance has been in force to the length of time beyond one year for which the insurance was originally written.
 - (c) Add premium produced in accordance with items (a) and (b) to obtain Earned Premium during full period insurance has been in force.

Furthermore and notwithstanding the foregoing, Underwriters shall retain the total premium for this Policy, such total premium to be deemed earned upon inception of the Policy if any Claim or any circumstance that could reasonably be the basis for a Claim is reported to Underwriters under this Policy on or before such date of cancellation.

623AFB00106

Monday, February 13, 2006

This Endorsement No. 1 forms a part of insurance Policy No. B0595EL0053321009

Effective: 26 August 2008 to 26 August 2009

Issued To: M.P. Agency Inc
Mus'ic, Inc

PREMIUM PAYMENT WARRANTY

IT IS HEREBY WARRANTED that all premiums due to Underwriters under this policy is paid within 30 days from inception.

Non-receipt by Underwriters of such premium, by midnight (local standard time) on the premium due date, shall render this policy void with effect from inception.

625AFB00082

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED.

This Endorsement No. 2 forms a part of insurance Policy No. B059531.0053322008

Effective: 26 August 2008 to 26 August 2009

Issued To: M.P. Agency Inc
Mat'ic, Inc

WARRANTED NO HIGHER LIMITS ENDORSEMENT

In consideration of the premium charged for this policy, it is hereby warranted that during the Period of Insurance the Assured will not purchase any media, technology or professional liability insurance excess of the Limit of Liability stated in the Declarations unless Underwriters hereon have agreed that such excess media, technology or professional liability insurance may be purchased. Underwriters expressly have the right to amend any of the terms and conditions of this Policy as a condition of agreeing that such media, technology or professional liability insurance may be purchased.

623AFB00097

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED

This Endorsement No. 3 forms a part of insurance Policy No. B0595EL6053322008
Effective: 26 August 2008 to 26 August 2009
Issued To: M.P. Agency Inc
Mue'le, Inc

CHOICE OF LAW CLAUSE

In consideration of the premium charged for this Policy, it is hereby understood and agreed by both the Assured and Underwriters that any dispute concerning the interpretation of this Policy shall be governed by the laws of New York.

623AFB00113

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED

This Endorsement No. 4 forms a part of insurance Policy No. 30595FL0053322008

Effective: 26 August 2007 to 26 August 2009

Issued To: M.P. Agency Inc
Murrie, Inc

NUCLEAR INCIDENT EXCLUSION CLAUSE-LIABILITY-DIRECT (BROAD) (U.S.A.)

For attachment to insurances of the following classifications in the U.S.A., its Territories and Possessions, Puerto Rico and the Canal Zone:

Owners, Landlords and Tenants Liability, Contractual Liability, Elevator Liability, Owners or Contractors (including railroad) Protective Liability, Manufacturers and Contractors Liability, Product Liability, Professional and Malpractice Liability, Storekeepers Liability, Garage Liability, Automobile Liability (including Massachusetts Motor Vehicle or Garage Liability),

not being insurances of the classifications to which the Nuclear Incident Exclusion Clause-Liability-Direct (Limited) applies.

This Policy* does not apply:

- I. Under any Liability Coverage, to injury, sickness, disease, death or destruction:
 - (a) with respect to which an insured under the Policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or
 - (b) resulting from the hazardous properties of nuclear material and with respect to which (1) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (2) the insured is, or had this Policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.
- II. Under any Medical Payments Coverage, or under any Supplementary Payments Provision relating to immediate medical or surgical relief, to expenses incurred with respect to bodily injury, sickness, disease or death resulting from the hazardous properties of nuclear material and arising out of the operation of a nuclear facility by any person or organization.
- III. Under any Liability Coverage, to injury, sickness, disease, death or destruction resulting from the hazardous properties of nuclear material, if:
 - (a) the nuclear material (1) is at any nuclear facility owned by, or operated by or on behalf of, an insured or (2) has been discharged or dispersed therefrom;
 - (b) the nuclear material is contained in spent fuel or waste at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of an insured; or

TOTAL/CWR

(e) the injury, sickness, disease, death or destruction arises out of the furnishing by an insured of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any nuclear facility, but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion (e) applies only to injury to or destruction of property at such nuclear facility.

IV. As used in this endorsement:

"hazardous properties" include radioactive, toxic or explosive properties; "nuclear material" means source material, special nuclear material or by-product material; "source material", "special nuclear material", and "by-product material" have the meanings given them in the Atomic Energy Act 1954 or in any law amendatory thereof; "spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a nuclear reactor; "waste" means any waste material (1) containing by-product material and (2) resulting from the operation by any person or organization of any nuclear facility included within the definition of nuclear facility under paragraph (a) or (b) thereof; "nuclear facility" means:

- (a) any nuclear reactor,
- (b) any equipment or device designed or used for (1) separating the isotopes of uranium or plutonium, (2) processing or utilizing spent fuel, or (3) handling, processing or packaging waste,
- (c) any equipment or device used for the processing, fabricating or alloying of special nuclear material if at any time the total amount of such material in the custody of the insured at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235,
- (d) any structure, basin, excavation, premises or place prepared or used for the storage or disposal of waste,

and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations; "nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material. With respect to injury to or destruction of property, the word "injury" or "destruction" includes all forms of radioactive contamination of property.

It is understood and agreed that, except as specifically provided in the foregoing to the contrary, this clause is subject to the terms, exclusions, conditions and limitations of the Policy to which it is attached.

* NOTE: As respects policies which afford liability coverage^a and other forms of coverage in addition, the words underlined should be amended to designate the liability coverage in which this clause is to apply.

17/3/60
NMA 1256

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED.

This Endorsement No. 5 forms a part of insurance Policy No. B0693E10053322008

Effective: 26 August 2008 to 26 August 2009

Issued To: M.P. Agency Inc

Mus'ic, Inc

RADIOACTIVE CONTAMINATION EXCLUSION CLAUSE-LIABILITY-DIRECT (U.S.A.)

For attachment (in addition to the appropriate Nuclear Incident Exclusion Clause-Liability-Direct) to liability insurances affording worldwide coverage.

In relation to liability arising outside the U.S.A., its Territories or Possessions, Puerto Rico or the Canal Zone, this Policy does not cover any liability of whatsoever nature directly or indirectly caused by or contributed to by or arising from ionising radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel.

13/2/64
NMA 1477

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED.

This Endorsement No. 6 forms a part of insurance Policy No. B0595FY1053322008
Effective: 26 August 2008 to 26 August 2009
Issued To: M.P. Agency Inc
Mus'le, Inc

LIMITATION OF COVERAGE ENDORSEMENT

The JLS Group, Inc., is hereby added as an additional insured but only as respects coverage for claims that arise directly from marketing services performed by M.P. Agency, Inc

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.

This Endorsement No. 7 forms a part of insurance Policy No. B0595EL0033322008

Effective: 26 August 2008 to 26 August 2009

Issued To: M.P. Agency Inc

Mus'iz, Inc

MANUSCRIPT ENDORSEMENT

Excluded coverage for all claims arising out of insurance agent/broker related services.

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.

H HOOGHUIS, INC.
PROFESSIONAL LIABILITY SPECIALISTS

176 Mineola Blvd.
Mineola, NY 11501

MISCELLANEOUS PROFESSIONAL LIABILITY APPLICATION

IF A POLICY IS ISSUED, IT WILL BE ON A CLAIMS MADE BASIS

NOTICE: THE POLICY PROVIDES THAT THE LIMITS OF LIABILITY AVAILABLE TO PAY JUDGMENTS OR SETTLEMENTS SHALL BE REDUCED BY DEFENSE EXPENSES AND THAT DEFENSE EXPENSES SHALL BE APPLIED AGAINST THE DEDUCTIBLE AMOUNT. "APPLICANT" IS DEFINED AS THOSE INDIVIDUALS OR ENTITIES THAT QUALIFY AS AN "INSURED" UNDER SECTION IV(A) OF THE PROPOSED POLICY.

INCLUDE THE FOLLOWING INFORMATION WITH THIS APPLICATION:

- Copies of advertisements, brochures or descriptive literature about the business.
- Copies of sample contracts between you and your clients.
- Most recent CPA financial audit, review or compilation.
- Resumes or Bio's of all principals in the firm.

BUSINESS INFORMATION

- 1 Name of Applicant: M.P. Agency, Inc / Music Inc.
- 2 Principal business address: 228 East 45th Street, 9th Floor, New York, NY 10017
- Web site address: _____
- 3 Location of branch offices: N/A
- 4 Applicant is: Individual Partnership LLC
 Non-Profit Corporation _____
- 5 Date business was established: 1975 (MP), 2004 (Music)

6 Please describe in exact detail the professional services or business activities that you provide and for which coverage is desired.
NOTE: The descriptions used here will become part of your policy and will be used to define the types of professional services that are insured. In addition, please indicate the total annual gross revenues derived from each service and the percentage (%) compared to the total annual gross revenues.
PLEASE RESPOND ON THE ATTACHED SCHEDULE IF MORE SPACE IS NEEDED.

Marketing of insurance products (workers' compensation, Unemployment Insurance, and Statutory Disability Insurance)
Clients are primarily Non-Profit Social Service type organizations

7 Is the Applicant engaged or does it intend to engage in any business or profession other than as described in Question Number six (6) above? Yes No
If "Yes", attach explanation and estimated revenues

8 Please provide your total gross revenue/billings:
Projected for the next twelve (12) months 775,000
For the past twelve (12) months 924,000

9 A. Please identify the primary liability or exposures for which coverage is being sought.
AS ABOVE

B. What precautions/safeguards are taken to limit this exposure?

10 Did or will any one job, project, or customer account for more than 10% of the Applicant's gross annual revenues in the past 12 months? Yes No
The next 12 months? Yes No
If "Yes", please attach an explanation.

11 Please list all direct, indirect or beneficial owners of more than five (5) percent (5%) of the voting stock in the Applicant. Morton G. Case
Priscilla H. Hoffman

A. Is the Applicant directly or indirectly controlled or managed by any other individual, corporation or alternative business enterprise? Yes No
If "Yes", please explain.

B. Provide the number of applicants:
Principals, Partners, Officers 2
Professionals as above
Clerical Personnel 1

12 Does the Applicant directly or indirectly own, manage or control any other firm, company, corporation or other business entity? Yes No
If "Yes", please explain.

13 Does the Applicant provide any services to any affiliates or to any of the individuals, firms or business entities described in Questions Numbers nine (9) and ten (10) above? Yes No
If "Yes", please explain.

14 During the past three (3) years has the Applicant's name changed or has the Applicant acquired, merged or consolidated with any other business or has more than 50% of the equity in the Applicant's business traded hands? Yes No
If "Yes", please attach an explanation.

15 Indicate total number of employees: This year 3 Last year 3

16 Do you hire independent contractors? Yes No
If "Yes", do you want coverage for them? Yes No
If "Yes", advise how many independent contractors you hire, what services they provide and if they work solely for the Applicant or also for others.

17 Does the Applicant require all subcontractors to carry their own Professional Liability Policy? N/A

OPERATIONS AND PROCEDURES

18 Does any director, officer, employee or partner of the Applicant serve on the board of directors of any client of the Applicant? Yes No
If "Yes", please explain.

19 Does the Applicant use a written contract to perform services for clients?
 In all cases Sometimes Never

20 Do you subcontract services to others? Yes No
If "Yes", explain what types of services and what percentage of your total gross receipts are subcontracted.

21 Do you require certificates of professional liability insurance or other evidence of financial responsibility from subcontractors? Yes No Explain: N/A

If "Yes", what is the minimum limit of liability that you would require the subcontractor to carry?
\$

OTHER INSURANCE

22 Has any errors and omissions or professional liability insurance ever been declined or canceled?
 Yes No
If "Yes", please attach an explanation. (Not applicable in Missouri)

23 Is any errors and omissions or professional liability insurance currently in force?
 Yes No If "Yes", please indicate:
Name of insurer: Underwriters at Lloyds of London
Expiration Date: 08.26.2008 Limit: \$1M / \$1M
Deductible: \$5,000 Premium: \$2,900
Length of this coverage has continuously been in force: _____

24 Does the Applicant carry:

General liability coverage:	<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/>	No
Bond coverage:	<input checked="" type="checkbox"/>		<input type="checkbox"/>	
Fiduciary or trustee liability coverage:	<input type="checkbox"/>		<input checked="" type="checkbox"/>	

If "Yes", provide carrier name and limits: St. Paul Travelers - Package ~ \$1M / \$2M
Includes Bond \$25,000

25 Does the Applicant do any foreign business? Yes No
If "Yes", explain: _____

26 Please list the professional associations to which the Applicant belongs: None

27 Has the Applicant or does the Applicant intend to provide any services:
A. To any employee benefit plans, pension plans? Yes No
B. To any governmental branch or entity? Yes No
C. To any bank, savings and loan or financial institution? Yes No
If "Yes" to any of the above, please attach an explanation.

CLAIMS, INCIDENTS, WARRANTIES

28 Please attach a list and status of all errors and omissions claims made during the past three (3) years against the Applicant or any director, officer, employee or partner of the Applicant.
If none, please check here: Otherwise, please attach a list, background, settlement information and status of all such claims

29 Has any individual or entity for which errors and omissions coverage is sought under this Application been the subject of any errors and omissions claims within the past five (5) years? Yes No
If "Yes", please attach a list, background, settlement information and status of all such claims.

- 30 Please provide a schedule of all litigation of any type filed against the Applicant(s) within the past two (2) years. If none, please check here: . Otherwise, please attach a list, background, settlement information and status of all such claims.
- 31 Does any director, officer, employee or partner of the Applicant have knowledge or information of any act, error or omission which might reasonably be expected to give rise to a claim? Yes No
If "Yes", please attach an explanation.
(Coverage under this policy does not extend to known or expected claims or those which any insured could have reasonably foreseen).
- 32 Within the past five (5) years has the Applicant or any director, officer, employee or partner of the Applicant ever been the subject of any disciplinary or regulatory action or proceeding as a result of performing professional services or activities? Yes No
If "Yes", please attach an explanation.
- 33 The basic policy for which you have applied will not cover acts, errors or omissions, committed before the inception date of the policy. If you desire a quote for these prior acts, errors or omissions, please enter the date from which you want such prior acts covered: 1/1/08

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One Lime Street London EC3M 7HA

EXHIBIT 12



COMMUNITY RESIDENCE INSURANCE SAVING PLAN SELF-INSURANCE TRUST
Agreement for Services of Claims Administration

THIS AGREEMENT, made as of May 1, 2001, by and between **Community Residence Insurance Saving Plan Self-Insurance Trust** ("Trust"), a group self-insurance trust organized and existing pursuant to section 50 of the New York Workers' Compensation Law with an address at c/o Hill & Gosdeck, One Commerce Plaza, Suite 1950, Albany, New York 12210, and **PRM Claim Services, Inc.** ("CSI"), a New York corporation with an office and principal place of business at 1021 Watervliet-Shaker Road, Albany, New York 12205.

WHEREAS, Trust is a group self-insurance trust organized and existing pursuant to Section 50 of New York's Workers' Compensation Law and the regulations promulgated thereunder, providing a workers' compensation self-insurance program (the "Program") to its members (the "Members") pursuant to applicable provisions of law and regulation, the Trust's Declaration of Trust, Trust's By-Laws, and Trust's Rules and Regulations; and

WHEREAS, CSI is a New York licensed workers' compensation third party administrator and in the business of providing various claims and third party administration services to workers' compensation self-insurance programs; and

WHEREAS, Trust desires to retain CSI, and CSI desires to be retained by Trust, to provide to Trust various claims services in accordance with the terms, and subject to the conditions, of this Agreement;

NOW, THEREFORE, in consideration of mutual covenants and conditions herein contained and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties agree as follows:

1. Retainer of CSI.

Trust hereby retains CSI to provide claims services to Trust in accordance with the provisions of this Agreement.

2. Duties of CSI.

(a) Claims Administration Services. During the term of this Agreement, CSI will:

- (i) review each report of a medical only or indemnity workers' compensation claim; receive reports of "incident only" occurrences;
- (ii) conduct an investigation of each open claim transferred to CSI for administration upon the commencement of this Agreement and each new claim, to the extent deemed necessary by CSI. With respect to claims that are closed upon the commencement of this Agreement, CSI shall have the right to rely upon the adequacy of the investigation and the compensability of the closed claim, as determined by Trust's prior claims administrator, unless such claim is re-opened during the term of this Agreement and it is readily apparent that an error was made by the prior claims administrator;
- (iii) in the event of an alleged claim involving a serious injury or death, CSI and the Trust Administrator will determine if an attorney and special investigator are needed and if so, CSI will arrange to retain the attorney and have the attorney send the investigator to the accident site as soon as practicable;
- (iv) maintain a file for each claim and make such files available for review by Trust;
- (v) use its best efforts to secure adjudication, settlements or other dispositions of claims in a manner most favorable to Trust consistent with applicable provisions of law and the Trust

Documents (as defined in Section 3(a)); CSI shall have full authority and discretion to settle and pay lump sum claims of up to \$50,000 (claim closing cost); claims having a closing cost in excess of \$50,000 may be settled only after CSI gives actual notice of the proposed settlement terms to either of the Chair of Trust or legal counsel for Trust or, if they are unavailable, to two (2) other Trustees of Trust, and if Trust does not notify CSI of Trust's objection to the proposed settlement within forty-eight (48) hours of receipt of such actual notice of the proposed settlement; CSI's failure to settle a claim shall not subject CSI to liability in the event of an adverse judgment entered by any court or the settlement of such claim for an amount in excess of \$50,000; CSI shall use its best efforts to keep Trust's Chair or legal counsel informed about potential settlements in excess of \$50,000 prior to a settlement proposal being submitted to Trust as described above;

- (vi) perform necessary and customary administrative and clerical work in connection with each claim, including the preparation of checks or vouchers, releases, agreements and other documents needed to finalize a claim;
- (vii) establish and update claim reserve levels;
- (viii) notify Trust or Trust's agent or carriers, as designated by Trust, of all claims alleged to have occurred within the term of this Agreement which may exceed Trust's retention and, if requested, provide information on the status of those claims;
- (ix) coordinate investigations on litigated claims with the attorneys representing Trust and with representatives of the excess carrier, as required (all legal costs and expenses will be treated as an Allocated Expense under Section 3(d));
- (x) review large and unusual claims at no additional cost to Trust;
- (xi) investigate and pursue subrogation possibilities on behalf of Trust in all States permitting subrogation (funds received from all subrogation collections are property of Trust and shall be deposited in the Impress Account established and maintained pursuant to Section 2(d));
- (xii) maintain an automated claims and information system, and provide Trust with the following reports from same:
 - (A) a topical report with respect to all claims in excess of \$25,000 but less than \$100,000 in total anticipated costs shall be provided every six months to the affected Member;
 - (B) a more detailed, large loss report with respect to all claims in excess of \$100,000 in total anticipated costs shall be provided every six months to Trust and the affected Member;
 - (C) a monthly overall claim activity report, a monthly overall claim register report, and a monthly overall loss and claim experience report shall be provided each month to Trust; and
 - (D) a monthly claims activity report and a monthly company claims register report shall be provided each month to each Member with respect to such Member's claims;
- (xiii) provide forms, as required by law and/or determined by CSI to be needed to administer the Program;

- (xiv) provide additional ad hoc information, analysis, reports, and services (other than those required under the other provisions of this Section 2) on a time and expense basis, and only at the request of Trust, and further provided that Trust will be notified in advance whenever any information, analysis, report or service will entail an additional charge;
- (xv) select for Trust appropriate experts or specialists as resolution of the claims may require; and
- (xvi) pay claims (subject to applicable prior approval requirements with respect to lump sum settlements set forth in Section 2(a)(v)) and Allocated Expenses from the Impress Account.

(b) Report Filing Services. During the term of this Agreement, CSI will assist the Trust in the filing of periodic reports and renewal applications required by New York State administrative agencies. All fees and assessments payable to such administrative agencies in connection with such reports and applications shall be paid by Trust.

(c) Managed Care Services. During the term of this Agreement, CSI will provide or arrange for the provision of the following services (the "Managed Care Services") as required by law or as determined to be necessary by CSI and Trust (all costs and expenses associated with Managed Care Services are an Allocated Expense as defined in Section 3(d) of this Agreement and shall be borne by Trust):

- (i) State fee scheduling;
- (ii) usual, customary and reasonable bill review;
- (iii) medical case management and vocational rehabilitation network;
- (iv) light duty and return to work programs;
- (v) prospective injury management services;
- (vi) hospital bill audit services;
- (vii) wholesale pharmaceutical network;
- (viii) retail pharmaceutical network; and
- (ix) such other services as CSI may determine to be necessary.

(d) Banking Services; Impress Account.

- (i) During the term of this Agreement, CSI will provide an on-line check issuance and banking communication system which provides for automated payment and control. An account (the "Impress Account") in Trust's name will be established at a bank selected by CSI to administer a cash management program. CSI (or its designated personnel) will be granted exclusive signature (i.e., withdrawal) authority with respect to the Impress Account. The cash management program will deal directly with the funding program of Trust's banking facility. CSI will assist Trust in determining an appropriate initial opening balance of the Impress Account. In addition, CSI will analyze the Impress Account from time to time and will submit to the Trust Administrator advisory reports comparing the Impress Account's current balance to its opening balance. If the balance in the Impress Account falls below the opening balance, Trust shall within five (5) business days of receipt of the advisory report deposit into the Impress Account funds sufficient to raise the balance to the level of the opening balance.
- (ii) CSI will provide Trust with a monthly reconciliation report on the Impress Amount by the tenth (10th) day following the end of each month or such other time period reflected on bank statements issued for the Impress Account. Such statement shall list the payee, claim number, and amount for each check issued, the amount for each credit, and the associated claim number for any credit that represents a recovery of claim costs.
- (iii) If, at any time, Trust fails to adequately fund the Impress Account, CSI shall issue "stop payment" orders on outstanding checks. Trust shall indemnify CSI for any losses resulting

from Trust's failure to fund its obligations. Any bank charges resulting from inadequate funding including, but not limited to, interest, stop payment charges and overdraft fees shall be the obligation of Trust and shall be billed to Trust when known.

(iv) CSI shall have the right to propose converting the Program to either a daily clearance or voucher system, under which Trust would fund the Impress Account on a daily basis in an amount sufficient to cover checks issued on such day.

(e) Records Retention. CSI will retain claim files for the term of this Agreement. Thereafter, claim files will be returned to Trust or forwarded to such location as may be designated by Trust, in accordance with Section 13(a). CSI will retain hard-copy checks for twenty four (24) months following the date of bank clearance. Thereafter, copies of checks will be maintained as an electronic record.

(f) Meeting Attendance. A CSI representative will attend meetings of Trust's Trustees, Finance Committee, Claims Committee, and Safety Committee as requested by Trust.

(g) No Obligation to Report to Other Carriers. CSI will not assume that other coverage exists for a claim. CSI shall not be responsible for making any reports to any insurance carrier or other source of coverage about any claim not managed by CSI.

3. Trust's Duties.

(a) Trust Documents. Trust will provide CSI with true and complete copies of Trust's Declaration of Trust, Bylaws, Rules and Regulations and other Program policies and procedures (collectively, the "Trust Documents"). Trust will provide CSI with copies of all amendments to the Trust Documents promptly upon their adoption. Trust will provide promptly to CSI copies of all minutes of Trust Board and Committee meetings occurring during the term of this Agreement.

(b) Financial Information. Trust will provide CSI on a timely basis with all financial information and other information relating to the Program necessary for CSI to fulfill its obligations under this Agreement.

(c) Payment of Claims and Expenses. Trust will provide the funds to pay all claims, Allocated Expenses, insurance premiums, bank charges, actuarial, audit and accounting expenses, and all other expenses related to the operation of Trust and the Program. CSI shall not advance funds to pay any of such claims or expenses.

(d) Allocated Expenses. For purposes of this Agreement, the term "Allocated Expenses" shall include the following expenses:

- (i) legal fees;
- (ii) extraordinary travel made at Trust's request;
- (iii) professional photographs;
- (iv) medical records;
- (v) court reporters;
- (vi) experts' rehabilitation costs;
- (vii) fees for service of process;
- (viii) accident reconstruction;
- (ix) pre- and post-judgment interest;
- (x) architects, contractors, engineers, chemists, police, fire, coroner, weather, or similar reports;
- (xi) collection costs payable to third parties on subrogation;
- (xii) extraordinary costs for witness statements;
- (xiii) official documents and transcripts;
- (xiv) sub rosa investigations;
- (xv) medical examinations;

- (xvi) property damage appraisals;
- (xvii) any other similar cost, fee or expense reasonably chargeable to the investigation, negotiation, settlement or defense of a claim; and
- (xviii) Managed Care Services.

(e) Taxes. Trust shall be responsible for payment of all applicable sales, use, ad valorem and excise taxes; duties and assessments relating to the services provided hereunder. Trust shall hold CSI harmless from all claims and liability arising from Trust's failure to pay such taxes.

(f) Non-US Dollar Transactions. In the event that CSI handles any claim that is not denominated in and/or payable in U.S. Dollars, Trust shall be responsible for any currency rate fluctuations.

(g) Conversion Expense. Trust will reimburse CSI at its cost for the fees incurred in obtaining a data tape and layout schedule and converting the data from Trust's prior claims administrator's computer system to CSI's computer system. CSI estimates that the cost of such conversion will be approximately \$7,500. Trust will pay the actual cost incurred by CSI within thirty (30) days of receipt of CSI's invoice.

4. Fees. For CSI's services hereunder:

(a) Estimated Annual Fee. Trust will pay CSI a total estimated fee ("Estimated Annual Fee") of \$147,770 for the balance of Trust's 2001 fiscal year (i.e., from May 1, 2001 through November 30, 2001). The Estimated Annual Fee for the Trust's fiscal year beginning December 1, 2001 and ending November 30, 2002 shall be estimated by CSI in November 2001 based on the actual number of claims submitted in Trust's 2001 fiscal year plus estimated Banking Fees (as defined in Section 4(c)).

(b) Monthly Payments. The Estimated Annual Fee for Trust's fiscal year ending November 30, 2001 shall be payable by Trust to CSI in equal monthly installments of \$20,110 each on the first day of each month commencing on May 1, 2001. The Estimated Annual Fee for Trust's fiscal year ending November 30, 2002 (as such amount is estimated pursuant to Section 4(a)) shall be payable by Trust to CSI in twelve (12) equal monthly installments on the first day of each month commencing on December 1, 2001.

(c) Per Claim Fees; Annual Reconciliation. CSI will bill claims reported between May 1, 2001 and November 30, 2002 at the rate of \$135 per medical only claim and \$1,046 per indemnity claim. Such rates shall be subject to adjustment commencing with Trust's 2002-2003 fiscal year, as provided in Section 5. In addition, CSI will bill Trust for CSI's actual expense for banking-related services attributable to the Impress Account, including without limitation, accounting fees for bank account reconciliation services (estimated to be approximately \$5,000 per year) (the "Banking Fees"). At the end of each Trust fiscal year while this Agreement is in effect, CSI shall compute the aggregate per claim fees for the claims reported in such year and then add to it the Banking Fees. If the sum so calculated is greater than the Estimated Annual Fee paid for such fiscal year, Trust shall pay CSI the difference. If the sum so calculated is lower than the Estimated Annual Fee paid for such fiscal year, CSI shall refund the difference to Trust. Payments of the difference by Trust or refunds by CSI, as the case may be, shall be paid within thirty (30) days of the end of each fiscal year. If this Agreement terminates on a date other than at the end of a Trust fiscal year, such calculation for the year of termination shall be made as of the termination date, and the payment or refund (as the case may be) of any difference between the Estimated Annual Fees paid and the sum of the aggregate per claim fees and Banking Fees shall be paid within thirty (30) days after the termination date.

(d) Regulatory Changes. If, during the term of this Agreement, legislative and/or regulatory requirements materially affect or change the scope of CSI's services or responsibilities hereunder, the parties will meet and negotiate any compensation modification that may be appropriate under such circumstances.

5. Annual Fee Adjustment. At least sixty (60) days before the commencement of each Trust fiscal year, commencing with Trust's 2002-2003 fiscal year, CSI shall provide Trust with a projection of claims and claims fees for the upcoming fiscal year, including any proposed adjustment in its per claim fee rates. If the parties are unable to

agree upon new fee terms, the then-existing fee terms shall continue in effect. Any modification of the fee terms shall be set forth in a written addendum to this Agreement signed by both parties.

6. Indemnification.

(a) CSI shall indemnify and hold harmless Trust, and Trust's Trustees, officers, employees, agents, and Members from any and all claims, losses, liabilities, judgments, actions, fines, penalties, costs and expenses (including reasonable attorneys' fees and expenses) arising out of or attributable to CSI's negligent act or omission or breach of this Agreement.

(b) Trust shall indemnify and hold harmless CSI, and CSI's directors, officers, employees, agents, and shareholders from any and all claims, losses, liabilities, judgments, actions, fines, penalties, costs and expenses (including reasonable attorneys' fees and expenses) arising out of or attributable to the acts or omissions of Trust or Trust's Trustees, officers, employees, agents, and Members related directly or indirectly to the business of Trust or Trust's breach of this Agreement.

7. Insurance.

(a) CSI's Insurance. Throughout the term of this Agreement, CSI shall maintain, at its sole cost and expense, a policy or policies of insurance that will insure it, continuously and without interruption, with respect to its acts and omissions and those of its officers, directors, and employees in connection with or relating to the services required to be provided by it hereunder in the face amount of not less than \$1,000,000 per occurrence and \$1,000,000 in the aggregate. Said insurance policy or policies shall insure against all claims, actions, judgments, settlements, loss or damage arising from or relating to the said acts or omissions, irrespective of whether any such claim, judgment or settlement is made, such action commenced, or such loss or damage actually incurred during the term of this Agreement. CSI shall, upon request, provide reasonable evidence to Trust that the insurance required by this paragraph is in place and shall provide immediate written notice to Trust of termination or material amendment of any such policy.

(b) Trust's Insurance. Throughout the term of this Agreement, Trust shall maintain, at its sole cost and expense, a policy or policies of insurance that will insure it, continuously and without interruption, with respect to its acts and omissions and those of its trustees, officers, and employees in the face amount of not less than \$1,000,000 per occurrence and \$1,000,000 in the aggregate. Said insurance policy or policies shall insure against all claims, actions, judgments, settlements, loss or damage arising from or relating to the said acts or omissions, irrespective of whether any such claim, judgment or settlement is made, such action commenced, or such loss or damage actually incurred during the term of this Agreement. Trust shall, upon request, provide reasonable evidence to CSI that the insurance required by this paragraph is in place and shall provide immediate written notice to CSI of termination or material amendment of any such policy. Trust shall require its non-employee agents and independent contractors to carry general and professional liability insurance, as appropriate, covering their acts and omissions at commercially reasonable levels of coverage.

8. Representations and Warranties.

CSI and Trust each hereby represents and warrants to the other, each of the following, which representations and warranties, together with those herein above set forth, shall be deemed continuing representations and warranties that are the essence of this Agreement and upon which the other party has relied in entering into this Agreement:

- (a) that it is a validly existing entity with full right, power and authority to enter into this Agreement;
- (b) that this Agreement is duly authorized, executed and delivered by it and constitutes a legal, binding obligation upon it, its successors and assigns and does not violate any provision of any agreement or judicial or administrative order to which it is a party or to which it is subject;
- (c) that no government or other approvals are required to permit it to enter into and perform its

obligations hereunder;

- (d) that it has all appropriate title, licenses and/or approvals to enable it to perform the duties and obligations required of it hereunder; and
- (e) that entry into, and performance of, its obligations hereunder is not restricted or prohibited by any loan, security, financing, contractual or other agreement by which it or its assets may be subject.

9. Independent Contractors.

CSI and Trust are independent contractors hereunder. Neither CSI nor any of its shareholders, directors, officers, employees, agents or contractors shall be deemed to be a partner, joint venturer or employee of Trust, the Trustees, or the Members. Neither Trust nor any Trustee, Member, officer, employee, agent or contractor of Trust shall be deemed to be a partner, joint venturer or employee of CSI.

10. Term of Agreement.

The initial term of this Agreement shall be nineteen (19) months, commencing on May 1, 2001 and terminating on November 30, 2002, unless sooner terminated as otherwise provided in this Agreement. This Agreement shall automatically renew for successive terms of one (1) year each unless any party gives notice to the other party of its intention to terminate the Agreement, which notice must be in writing and must be given not less than 120 days prior to the termination date. In the event such notice is given, this Agreement shall terminate upon such termination date unless such notice is earlier rescinded.

11. Termination.

(a) Notwithstanding the stated term of this Agreement, this Agreement may be terminated in accordance with the provisions of this Section 11.

(b) This Agreement may be terminated at any time by written agreement of both parties.

(c) Either party may terminate this Agreement at any time without cause upon not less than sixty (60) days' prior written notice to the other party.

(d) Except as otherwise provided in paragraphs (e), (f) or (g) below, a party may terminate this Agreement upon the material breach of this Agreement by the other party if the breaching party fails to cure the breach within thirty (30) days following receipt of a written notice from the non-breaching party which specifies the nature of the breach and requests that it be cured. If the breach is not cured within the thirty (30) day period, the non-breaching party may send a second notice electing to terminate this Agreement on the date specified in the notice (which date shall not be less than ten (10) days after the giving of such notice), and if such notice is given, this Agreement shall terminate on the date specified in such notice.

(e) CSI may terminate this Agreement upon failure by Trust to pay any fees or other amounts due hereunder within thirty (30) days following receipt of a written notice of nonpayment from CSI. If the breach is not cured within such thirty (30) day period, CSI may send a second notice electing to terminate this Agreement on the date specified in the notice (which date shall not be less than ten (10) days after the giving of such notice), and if such notice is given, this Agreement shall terminate on the date specified in such notice.

(f) Trust may terminate this Agreement immediately and without further notice to CSI if CSI or any of CSI's directors, officers, employees or agents, by act or omission, commits a breach of this Agreement of such magnitude and materiality as to constitute gross malfeasance in the performance of CSI's duties hereunder.

(g) A party may terminate this Agreement immediately upon written notice to the other party and without

giving an opportunity to cure in the event the other party makes an assignment for the benefit of creditors, files a petition in bankruptcy, is subject to involuntary bankruptcy proceedings which are not dismissed within sixty (60) days of filing, is adjudicated insolvent, or is the subject of any substantially similar law or proceeding in any jurisdiction.

12. Post-Termination.

(a) Return of Trust's Property. Upon the termination of this Agreement, CSI shall return to Trust all claim files and other Confidential Information of Trust (as defined in Section 13(a)) in an orderly manner, and Trust shall reimburse CSI for all out-of-pocket costs incurred in returning the claim files and Confidential Information to Trust (such as packaging materials and shipping costs, but not including CSI's internal labor costs). CSI will provide a tape or disk or paper copy of the claim information at CSI's prevailing rate on the date of termination. Not sooner than thirty (30) days after delivery of this information to Trust, claim information will be deleted from CSI's system. Trust also shall fund the Impress Account for a period of ninety (90) days in an amount sufficient to cover all outstanding checks, until the Impress Account is closed, whereupon any remaining account balance will be returned to Trust.

(b) Services After Termination. Upon the termination of this Agreement, CSI will, at Trust's written request, continue to manage all pending claims and claims that occurred during the term but were not reported prior to the date of termination, provided that:

- (i) Trust has paid all Fees or other amounts due CSI and is not otherwise in material breach of this Agreement;
- (ii) Trust timely pays CSI to continue handling such open claims at CSI's prevailing rate on the date of termination; and
- (iii) upon the date of termination, Trust deposits in the Impress Account an amount sufficient to fund the claim reserve and estimated Allocated Expenses with respect to all such open claims.

Following termination of this Agreement, any reports referred to in Section 2(a)(xiii) will be provided at Trust's expense, and banking fees will be charged to Trust as long as CSI handles the claims.

13. Confidential and Proprietary Information.

(a) Confidentiality. Except as otherwise provided herein, Trust and CSI each agree that all (i) written information received from any other party hereto which is marked or otherwise identified as confidential, and (ii) oral or visual information identified as confidential at the time of disclosure which is accurately summarized in writing and provided to the party in such written form promptly after such oral or visual disclosure ("Confidential Information"), whether before or after the date of this Agreement, will be and will be deemed to have been received in confidence, will be used only for purposes of this Agreement, and each will use the same means as it uses to protect its own Confidential Information, but in any event not less than reasonable means, to prevent the disclosure and to protect the confidentiality thereof. Confidential Information of Trust shall include all claim files, underwriting files, claims and other reports generated for Trust under this Agreement, Impress Account statements, rating and premium calculations relating to the Program, and Trust's insurance policies. Confidential Information of CSI shall include CSI's and CSI's affiliates' business policies or practices, operational and training methods, systems and documentation, software, proprietary procedures and methods of administration, underwriting methods and techniques, and employee lists. No Confidential Information, including without limitation the terms of this Agreement, will be disclosed to third parties by the recipient party, or by its agents, representatives or employees without the prior written consent of the other party and will only be distributed to employees, agents or representatives on a need-to-know basis.

(b) Exclusion. The term "Confidential Information" as used in this Section 13 shall not include information which is: (i) already known by the recipient party without an obligation of confidentiality other than pursuant to this Agreement; (ii) publicly known or becomes publicly known through no unauthorized act of the recipient

party; (iii) rightfully received from a third party; (iv) independently developed without use of the other party's confidential information; (v) approved by the other party for disclosure; (vi) required to be disclosed pursuant to a requirement of a governmental agency, court order, or law so long as the disclosing party provides the other party with notice of such requirement prior to any such disclosure; or (vii) required to be disclosed in connection with the conduct of any legal action or proceeding relating to this Agreement provided that such disclosure is made pursuant to and in accordance with the approval and at the direction of the court.

(c) Employee Notification. Each party will notify its employees who have access to Confidential Information of the other party of such party's obligations hereunder and will require that such employees comply with its obligations hereunder. If any party is permitted to disclose Confidential Information of the other to agents or representatives, then the disclosing party will require such agents or representatives to be bound to confidentiality provisions similar to those in this Article. Each party shall promptly notify the other of any unauthorized possession, use of disclosure of the other party's Confidential Information by such party's employees, agents or representatives.

(d) Trade Secret. Trust hereby acknowledges and agrees that: (i) any Confidential Information supplied by CSI pursuant to this Agreement, is the property of CSI (or CSI's licensors) and remains so even after access by or delivery to Trust; (ii) the Confidential Information is a confidential and proprietary trade secret of CSI (and/or CSI's licensors), protected by law, and of substantial value to CSI (and/or CSI's licensors), and their use and disclosure must be carefully and continuously controlled; and (iii) the Confidential Information may be protected by the copyright and patent laws of the United States. Trust agrees not to challenge CSI's (and CSI's licensor(s)') respective rights in and to the Confidential Information including, but not limited to, any copyright and patents included in it. In addition, Trust agrees that it will not use the Confidential Information of CSI to develop for itself or others, or have others develop for Trust, or to market or distribute, a product performing the same or similar functions as the Confidential Information (including the software and systems constituting part of the Confidential Information).

(e) Survival of Obligation. The obligations of this Section 13 shall survive indefinitely any termination of this Agreement.

14. Miscellaneous.

(a) Sole Claims Administrator. During the term of this Agreement and except as otherwise agreed to by the Parties, CSI shall be the sole workers compensation claims administrator with respect to the Program and all new workers' compensation claims under the Program shall be forwarded to CSI for handling. Trust shall not self-administer or adjust any such claims or forward any such claims to any other service organization or individual without CSI's prior written consent.

(b) Limitation of Obligation. It is understood and agreed that except for CSI's limited authority to settle claims under Section 2(a)(v) and to pay claims and Allocation Expenses under Section 2(a)(vii), CSI shall have no discretionary authority or control over the management or investment of the funds of Trust or the Members and shall have no obligation or authority to render investment advice respecting any funds or property of Trust or the Members.

(c) Practice of Law. CSI has no obligation to perform any services which may constitute the unauthorized practice of law.

(d) Trust's Authority. Upon delivery to CSI of any instrument executed by any one or more Trust officer or the Trust Administrator that purports on its face to be the authorized act of the Trustees or any instrument executed by the Chair of any Trust Committee that purports on its face to be the authorized act of such Committee, CSI shall be entitled to assume conclusively at the time of delivery that Trust is then in full force and effect, that said instrument was issued in accordance with the terms and conditions of the Trust Documents, and that the Trust Officer, Trust Administrator or Committee Chair who signed the instrument was duly authorized and empowered to execute such instrument.

(e) Compliance with Law; Conflict with Trust Documents. Trust and CSI will operate the Program and

perform their respective obligations in compliance with all applicable laws and regulations and, to the extent not inconsistent therewith, with the Trust Documents. Notwithstanding any contrary provision of any Trust Document, CSI shall have no obligation to serve in any capacity or to provide any service to Trust that is not set forth in this Agreement. In the event of any conflict between the terms of the Trust Documents and this Agreement, the provisions of this Agreement shall control.

(f) Entire Agreement. This Agreement constitutes the entire understanding and agreement between the parties with regard to all matters herein. There are no other agreements, conditions or representations, oral or written, express or implied, with regard thereto. This Agreement supersedes in their entirety any and all previous agreements, whether written or oral, between the parties.

(g) Amendments. This Agreement may be modified or amended only in writing signed by the parties hereto.

(h) Severability. If any provision of this Agreement shall be held, be deemed to be or shall in fact be invalid, inoperative or unenforceable, either in part or in whole, this Agreement shall be reformed and construed in any such case as if such invalid, inoperative or unenforceable provision had never been contained herein and such provision reformed so that it would be valid, operative and enforceable to the maximum extent permitted in such case.

(i) Injunctive Relief. Each party acknowledges that, in the event of its breach of the provisions of Section 14 regarding Confidential Information, or upon any other breach of this Agreement that would be appropriately remedied through injunctive relief, that the injured party will not have an adequate remedy in money or damages. The injured party shall therefore be entitled to obtain an injunction against such breach, and the breaching party hereby consents to the imposition and reasonableness of such injunction. An injured party's right to seek injunctive relief shall not limit its right to seek any other or additional relief to which it may be entitled.

(j) Notices. All notices and other communications required or desired to be given hereunder shall be in writing and sent by registered or certified mail, postage prepaid, to the following addresses:

If to Trust or Attorney for Trust:

Community Residence Insurance Saving Plan Self-Insurance Trust
c/o Thomas Gosdeck, Esq.
Hill & Gosdeck
One Commerce Plaza, Suite 1950
Albany, New York 12210

If to CSI:

PRM Claim Services, Inc.
1021 Watervliet-Shaker Road
Albany, New York 12205
Attn: Thomas Arney

A party is entitled to rely upon the names and addresses set forth herein unless notified of a change in the manner provided in this paragraph. Any notice given in accordance with this paragraph shall be deemed given and received one business day after it is sent. The party sending the notice shall retain proof of the day it was sent.

(k) Section Headings. The headings contained in this Agreement are for reference purposes only and shall not in any way affect the meaning or interpretation of this Agreement. Any reference in this Agreement to a specific article, section or paragraph shall refer to the specified article, section or paragraph of this Agreement unless the context clearly provides otherwise.

(l) Gender and Number. Whenever used herein, the singular number shall include the plural, the plural shall include the singular and the use of any gender shall include all genders.

(m) Successors/Affiliates. This Agreement shall be binding upon and shall inure to the benefit of all assigns, transferees and successors in interest of the parties. The services to be provided by CSI hereunder may be provided in whole or in part by any affiliated entity of CSI, at CSI's sole discretion. In such event, this Agreement shall be binding upon and shall inure to the benefit of such affiliated entity.

(n) Governing Law. This contract shall be governed by New York law and any litigation between any of the parties shall be venued in New York Supreme Court in Albany County.

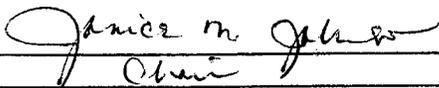
(o) Solicitation of Employees. During the term of this Agreement and for a two-year period thereafter, Trust shall not, without the consent of CSI, solicit to hire, or hire any employee or former employee of CSI or CSI's affiliate Program Risk Management, Inc. ("PRM"), who, during the term of this Agreement, has performed, or contributed to the performance of, services hereunder. Trust further acknowledges that the damages suffered by CSI or PRM as a result of a breach of this obligation would be significant but not susceptible of easy calculation. Accordingly, in the event of a breach of the aforesaid obligation, Trust will pay the former employer (CSI or PRM, as the case may be) an amount equal to one hundred fifty percent (150%) of such employee's annualized salary at the former employer as of the date of breach or the termination of the employee's employment with CSI or PRM, whichever is later.

(p) Force Majeure. In the event that any party's performance (except for any performance involving the payment of money) is delayed, prevented, obstructed or inhibited because of any Act of God, fire, casualty, delay or disruption in transportation, flood, war (declared or undeclared), strike, lockout, epidemic, destruction or shut-down of production facilities, shortage or curtailment, riot, insurrection, governmental acts or directives, or any other cause beyond the reasonable control of the party, such party may give written notice to the other parties, delivered in person or by fax or U.S. mail, and thereupon such party's performance shall be excused and the time for performance shall be extended for the period of delay or inability to perform resulting from such occurrence. The occurrence of such an event shall not constitute grounds for default under this Agreement.

(q) No Waiver. No term or provision hereof shall be deemed waived and no breach excused, unless such waiver or consent shall be in writing and signed by the party claimed to have waived or consented. Any consent by any party to, or waiver of, a breach by another party, whether express or implied, shall not constitute a consent to, waiver of or excuse for any other different or subsequent breach.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

Community Residence Insurance Saving Plan Self-Insurance Trust

By: 
Title: Chair

PRM Claim Services, Inc.

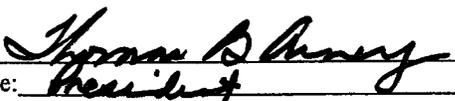
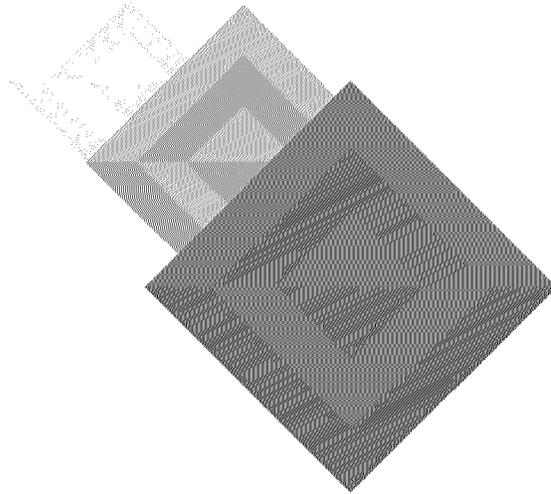
By: 
Title: President

EXHIBIT 13



COMMUNITY RESIDENCE INSURANCE SAVING PLAN SELF-INSURANCE TRUST



QUALITY ASSURANCE CLAIM AUDIT

March 2012

Prepared by

KBM MANAGEMENT, INC.

5860 Heritage Landing Drive
East Syracuse, NY 13057

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Community Residence Insurance Saving Plan

Administrator: PRM, Inc.	10/31/95 - 7/31/10
PMA, Inc.	8/1/10 - 8/8/11
NCAComp, Inc.	8/9/11 thru Present

AUDIT OVERVIEW

KBM Management, Inc. audited compensation claims processed on behalf of Community Residence Insurance Saving Plan Self Insurance Trust (CRISP) dating back to the origin of the Trust. Claims were processed by Program Risk Management, Inc. (PRM) from the inception of the Trust through 7/31/10 at which time it was transferred to PMA, Inc for handling until the time the WCB took possession of the Trust on 8/9/11, and transferred the claims administration responsibilities to NCAComp, Inc. (NCA). There is also an indication from reviewing the files that Gallagher Bassett, Inc. (GB) was processing the claims from sometime in 2000 through approximately May 2001; however, KBM was not provided with a contract to confirm this. The audit field work was performed via remote access through NCA's system. The primary objective of our claim audit was to evaluate and express opinions on the performance of the prior administrators.

The audit examination included a sample of claimants' files processed while under the authority of the prior administrators with dates of injury from 11/22/99 through 1/12/10.

The transfer of claim information from the prior administrators to NCA created many unforeseen challenges. As previously mentioned this file audit was conducted via remote access; therefore, we did not have access to the paper files. We found that the prior administrators did not scan the old information into the files; therefore, we were forced to locate a lot of the information via the WCB's eCase file. The transfer of information from PRM to PMA was incomplete and haphazard. Financial information is missing from files and NCA has even discovered the wrong financial information assigned to a file.

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Access to eCase, the WCB's online claim monitoring system, allowed further access to the claims being audited. Utilizing eCase allowed for quicker review of all Notices of Decision as well as the ability to look for specific medical reports and other New York State forms.

Twenty open and twenty closed files were originally selected for audit, but due to budget constraints, only nine open files and eight closed files were audited. The total dollar value of the claims audited is approximately \$971,500. Please note that this figure may not be accurate due to the issues encountered when the information was transferred from PRM to PMA. Even this limited file selection provided great insight into the prior administrator's transaction processing and reserving techniques and revealed the findings detailed throughout this audit report.

This audit report provides a description of the significant areas of concern and details of the claims that were audited. All written or verbal discussions of the files are referenced by the audit sequence number to maintain the confidentiality of the claimant.

CLAIM FILING TIMELINES

The New York State Workers' Compensation Board (WCB) publishes the following explanation of the Workers' Compensation system. The Administrator's practices and policies have been compared to this information with any inconsistencies being noted within this report.

Immediate: The worker obtains the necessary medical treatment and notifies his/her supervisor about the accident and how it occurred. The employee notifies the employer of the accident in writing, as soon as possible, but within 30 days. The employee who has lost time from work files a claim with the WCB on Form C-3 by mailing the form to the appropriate Workers' Compensation District Office. This must be

Community Residence Insurance Saving Plan

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done within two years of the accident or within two years after the employee knew or should have known that the injury was related to employment.

Within 48 hours of the accident: The doctor completes a preliminary medical report on Form C-4 and mails it to the appropriate Workers' Compensation District Office. Copies must also be sent to the employer or its insurance carrier, the injured worker, and his/her representative, if any.

Within 10 days of notification of the accident: The employer reports the injury to the WCB and the insurance company on Form C-2.

Within 14 days of receipt of Form C-2: The insurer provides the injured worker with a written statement of his/her rights under the law using Form C-430S. This must be done within 14 days after receipt of the C-2 from the employer or with the first check, whichever is earlier.

Within 15 days of initial treatment: The doctor completes a 15-day report of the injury and treatment on Form C-4 and mails it to the Workers' Compensation District Office.

Within 18 days of receipt of Form C-2: The insurer begins the payment of benefits if lost time exceeds seven days. If the claim is being disputed, the insurer must inform the WCB (and the claimant and his/her representative, if any). If payment is not being made for specific reasons stated on the notice, (e.g. that there is no lost time or that the duration of the disability is less than the 7-day waiting period), the insurer must also notify all the parties.

The insurer files Form C-6, C-7, or C-9 with the WCB indicating either that payment has begun or the reasons why payments are not being made. If the employee does not notify the employer timely, this notice may be filed within 10 days of learning of the accident.

Every 2 weeks: The insurer continues to make payments of benefits to the injured employee (if the case is not being disputed). The carrier

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Administrator: PRM, Inc.	10/31/95 - 7/31/10
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must notify the WCB on Form C-8 when compensation is stopped or modified.

Every 45 days: The doctor submits progress reports on Form C-4 to the WCB.

After 8 weeks: The insurer considers the necessity of rehabilitation treatment for the injured employee.

STOP-LOSS INSURANCE

Employers who choose to self-fund their Workers' Compensation insurance are able to limit the potential risk through the purchase of stop-loss insurance. Stop-loss insurance is defined as a contract established between a self-insured group and an insurance carrier providing coverage when claims (specific and/or aggregate) exceed a specified dollar amount over a specified period of time.

"Specific" stop-loss insurance limits an employer's risk on individual catastrophic claims by establishing a maximum liability for covered employees/retirees. The employer is only responsible for the payment of individual's claims up to the specific stop-loss attachment point or deductible (SIR). In general, these deductibles range from \$200,000 to \$500,000 for a medium-sized employer. Once claims costs have exceeded this deductible, the carrier will reimburse the employer for all additional claims costs.

During the period audited, CRISP had specific stop-loss coverage with deductibles of \$250,000 to \$500,000. The stop-loss insurance carrier required notification of potential claims for specific diagnoses or once reserves were established that would exceed the deductible. Failure to notify the stop-loss carrier could potentially result in denial of the claim.

Community Residence Insurance Saving Plan

Administrator: PRM, Inc.	10/31/95 - 7/31/10
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None of the files reviewed had reached or exceeded the stop-loss deductible, therefore no reimbursements were due at the time the audit was completed.

INDEPENDENT MEDICAL EXAMS (IME)

An important tool in the administration of Workers' Compensation cases is the independent medical exam (IME). The IME is initially requested by the administrator to establish or refute causal relationship, degree of disability and necessary medical treatment of an injury or illness. Subsequent periodic IME's may be ordered to determine if a worker has reached maximum medical improvement from treatment or if an injury will result in a schedule loss of use or a permanent disability (partial or total).

KBM noted that PRM performed excessive IME's on file RO17. They ordered 9 IME's within a 124 week period which averages out to 1 IME every 13.7 weeks. In addition to wasting money (\$4,775.00) this could be considered borderline harassment of the claimant since there was no obvious change in her medical condition during this time period.

SECOND INJURY FUND OPPORTUNITIES

Prior to recent changes in the NYSWCL (indicated below), if an injured worker had suffered previous injuries or illnesses that resulted in a permanent impairment, the carrier/self-insured employer could file a C-250 seeking financial relief through the Special Disability Fund, Section 15-(8)(d) of the NYSWCL. This form cites the prior impairments and must be filed within 104 weeks of death or disability or within 52 weeks of the filing of a claim. NYSWCL Section 15-(8)(f) extends this time in cases that are reopened after being closed without a finding of permanency. Under this clause, a C-250 is timely if filed before a finding of permanency has been made. If after filing the C-

Community Residence Insurance Saving Plan

Administrator: PRM, Inc.	10/31/95 - 7/31/10
PMA, Inc.	8/1/10 - 8/8/11
NCAComp, Inc.	8/9/11 thru Present

250, along with the medical records to substantiate the claim, Special Funds accepts the case and the claimant is found to have a permanent partial disability (PPD) it limits the present employer's liability to the first 260 weeks of indemnity and medical payments. If the claimant is found to have a permanent total disability (PTD) there is no relief under this section of the law.

As a result of a change to NYSWCL, no carrier or employer may file a claim for reimbursement from the Second Injury Fund for an injury or illness with a date of accident or date of disablement on or after July 1, 2007. Carriers and employers have been precluded from filing claims for reimbursement from the Special Disability Fund subsequent to July 1, 2010, and in addition, no written submissions or evidence in support of such a claim may be submitted after that date.

PRM hired Alternative Risk Concepts to complete the work necessary to obtain a concession from Special Funds on file RO5. While it is not unusual to hire an outside firm to assist with this work, this particular company stipulates that in addition to their fees for the initial work they also receive 10% of each reimbursement received from Special Funds. There are other companies that do this work without the additional 10% stipulation, this is a loss to the Trust of \$718.22.

CLAIM DETAIL

Please note that the "Amount Reserved" is the total reserve at the time the files were transferred from PMA to NCA. The "Amount Paid" is the total paid at the time the file was audited.

Open Claims

File #RO3	Date of injury: 11/22/99	Amount Reserved: \$ 208.34
		Amount Paid: \$18,329.89
		KBM's estimate: \$52,000.00

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Administrator: PRM, Inc.	10/31/95 - 7/31/10
PMA, Inc.	8/1/10 - 8/8/11
NCAComp, Inc.	8/9/11 thru Present

- ANCR: right shoulder and wrist
- This file was under-reserved by PMA. At the time the file was transferred to NCA the claimant was receiving over \$1000.00/month in treatment and prescriptions and continues to be very active with treatment. KBM's estimate is for 5 years at her current treatment level to determine where this claim is ultimately headed.
- This is a duplicate claim of file RC3. It appears that PMA opened this duplicate claim after the files were transferred to them. There is no indication why they would have done this. There should never be a duplicate claim file for the same injury. This could lead to duplicate payment of medical bills as well as overpayments in indemnity when you don't have the proper and/or complete history in the file.
- A \$50 penalty was assessed against this file because PMA failed to pay a medical bill in a timely manner. The order also indicated they were to pay the doctor an additional 9% interest on the unpaid amount; however, they did not pay the interest.
- The claimant settled a third party claim, the notes on this file indicate she received a net settlement of \$21,956.06; however, there is no indication on either file that a credit was taken for this amount, which is allowed by law.
- The documents transferred to NCA in the electronic file were for both claims.
- Eleven bills paid by PMA located in showdocs were paid within forty five days of the dates received.
- Two bills paid by PMA located in showdocs were paid in excess of forty five days of the dates received.
- Sixteen checks issued by PMA could not be matched to a bill in the file.

File #RO5	Date of injury: 3/20/00	Amount Reserved: \$12,594.15
		Amount Paid: \$40,835.02
		KBM's estimate: \$34,244.00

- ANCR: left shoulder and back
- This file was under-reserved by PMA. The claimant is classified PPD and there is 50% apportionment with Special Funds under Section 15-8. At the time the file was transferred to NCA there were only enough funds remaining in the indemnity reserve to issue an additional 43 weekly payments to the claimant.
- PRM hired Alternative Risk Concepts to complete the work necessary to obtain the concession from Special Funds for relief under Section 15-8. In addition to the initial costs (\$2,000), this

Community Residence Insurance Saving Plan

Administrator: PRM, Inc.	10/31/95 - 7/31/10
PMA, Inc.	8/1/10 - 8/8/11
NCAComp, Inc.	8/9/11 thru Present

company also stipulates that they receive 10% from each refund received as part of their contract. There are other companies that perform this service without the added 10% contingency. The Trust lost a total of \$718.22 in recoveries due to this contingency. The payments to this company ceased in 2009; however, the bill we located in the file indicates it was supposed to be ongoing upon recovery, no end date was noted. We were unable to locate a contract in the file to determine what the actual terms were supposed to be.

- Five bills paid by GB, thirty nine bills paid by PRM and four bills paid by PMA located in showdocs were paid within forty five days of the dates received.
- One bill paid by GB and fourteen bills paid by PRM located in showdocs were paid in excess of forty five days of the dates received.
- Four bills located in the file, which were received by PRM could not be matched to a check.
- One check issued by GB and four checks issued by PRM could not be matched to a bill in the file.
- Fifty six bills located in showdocs, paid by PRM, did not contain a received date; therefore, it could not be determined if they were paid within forty five days of the date received.

File #RO9	Date of injury: 8/26/03	Amount Reserved: \$ 958.37
		Amount Paid: \$6,715.59
		KBM's estimate: \$2,000.00

- ANCR: back
- This file was under-reserved by PRM. The claimant was receiving regular chiropractic treatments and there were not enough funds in the medical reserve to cover those treatments.
- Two medical bills for Rocky Point Physical Therapy were overpaid by PRM, the first check was issued on 1/12/06 and the second was issued on 11/4/08. We were unable to determine with absolute certainty which dates of service were attributable to these checks due to the problem with the poor transfer of information from PRM to PMA. The total amount paid on the each bill was \$113.10, while the total amount owed on each bill was \$101.10, resulting in an overpayment of \$12.00 on each bill. This resulted in an overall overpayment of \$24.00.
- Five bills paid by PMA located in showdocs were paid within forty five days of the dates received.
- One bill paid by PMA located in showdocs was paid in excess of forty five days of the date received.

Community Residence Insurance Saving Plan

Administrator: PRM, Inc.	10/31/95 - 7/31/10
PMA, Inc.	8/1/10 - 8/8/11
NCAComp, Inc.	8/9/11 thru Present

File #RO12 Date of injury: 8/28/04

Amount Reserved: \$ 1,905.14

Amount Paid: \$17,652.82

KBM's estimate: \$12,990.40

- ANCR: neck
- This file was properly reserved by PMA based on the facts of the case when they were handling it. Prior to transfer to NCA the claimant was treating with a chiropractor on a semi-regular basis although her treatment was lessening over time. Two months prior to transfer the claimant was taken out of work; however, it does not appear that the PMA adjuster was aware of this fact based on the notes in the file. NCA has now resolved that issue and the file will be eligible for relief under Section 25-a after December 2015 provided the claimant does not incur further lost wages.
- We are unable to determine with any accuracy how many bills were paid in a timely manner as none of the bills received by PRM were date stamped. Furthermore, when the transfer of information was completed it was not done properly and important data was lost including the dates of service on the checks to providers. A significant amount of time was spent attempting to match checks to bills based on amount billed and dates of service utilizing both showdocs and eCase. Since the majority of the claimant's treatment was rendered by one provider (Eric Leader, DC) this proved to be impossible.

File #RO14 Date of injury: 4/20/05

Amount Reserved: \$ 9,867.22

Amount Paid: \$44,747.83

KBM's estimate: \$14,663.92

- ANCR: neck, low back, shoulders and hands
- The reserves PMA had on the file at the time of transfer were sufficient. The facts of the case have since changed and the reserves need to be increased slightly at this time.
- The claimant was terminated on 4/28/05 for falsifying his time card.
- The claimant settled a third party lawsuit for \$12,000; his net payment was \$7,476.67. If/when the total amount paid out on this claim for indemnity and medical benefits reaches and/or exceeds \$50,000 the Trust will be able to take a credit for the amount the claimant received from the third party settlement.
- Ten bills paid by PRM, three bills paid by PMA and four bills paid by NCA located in showdocs were paid within forty five days of the dates received.

Community Residence Insurance Saving Plan

Administrator: PRM, Inc.

10/31/95 - 7/31/10

PMA, Inc.

8/1/10 - 8/8/11

NCAComp, Inc.

8/9/11 thru Present

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other factors, demonstrates a loss of wage earning capacity of 75% in the same employment or otherwise. Accordingly, the claimant is entitled to wage loss benefits not to exceed 400 weeks @ \$172.85/week. The WCB also directed the carrier to deposit the present value of all unpaid benefits into the Aggregate Trust Fund (ATF). However, self-insured employers are exempt from making deposits into the ATF; this issue is also part of the appeal.

- This file was properly reserved by PRM, the difference between KBM's estimate and the amount reserved by PRM is the amount paid on the claim since the time of transfer.
- Four medical bills for Lenox Hill Hospital for service on 9/24/08, 12/10/08, 2/18/09 and 4/20/09 were overpaid by PMA. The total amount paid on the each bill was \$87.81, while the total amount owed on each bill was \$52.69, resulting in an overpayment of \$35.12 on each bill. This resulted in an overall overpayment of \$140.48.
- Two medical bills for Roberta Wein, PT for service on 8/18/10-9/1/10 and 9/13/10-9/29/10 were overpaid by PMA. The total amount paid on the first bill was \$337.50, while the total amount owed was \$300.00, resulting in an overpayment of \$37.50. The total amount paid on the second bill was \$337.50, while the total amount owed was \$300.00, resulting in an overpayment of \$37.50.
- IME's were used excessively on this claim by PRM. PRM obtained nine IME's within a 124 week period. That averages out to 1 IME every 13.7 weeks; IME's should not be done sooner than every 6 months unless there is an obvious change in condition such as the claimant having surgery. Furthermore, the IME doctor never changed his opinion from report to report so it was a waste of money (\$4,775), in addition to borderline harassment of the claimant.
- Seventeen bills paid by PRM, sixteen bills paid by PMA and six bills paid by NCA were located in showdocs as well as six bills paid by PRM and one bill paid by PMA located in eCase, were paid within forty five days of the dates received.
- Five bills paid by PRM and one bill paid by PMA located in showdocs and eight bills paid by PRM located in eCase were paid in excess of forty five days of the dates received.
- Thirty three checks issued by PRM could not be matched to a bill in the file.
- Forty one bills located in showdocs did not contain a received date; therefore, it could not be determined if they were paid within forty five days of the date received.

Community Residence Insurance Saving Plan

Administrator: PRM, Inc.	10/31/95 - 7/31/10
PMA, Inc.	8/1/10 - 8/8/11
NCAComp, Inc.	8/9/11 thru Present

File #RO19 Date of injury: 3/30/09

Amount Reserved: \$32,374.91

Amount Paid: \$53,241.08

KBM's estimate: \$98,886.97

- ANCR: back, right hip and right ankle
- This file was under-reserved by PMA. The file needs to be reserved for the permanency CAP as it is obvious that the claimant will not be voluntarily returning to work.
- The attorney handling this file on behalf of PRM and the Trust (Davis & Venturini) made several errors. The first occurred during the hearing that took place on 2/12/10 at which time they accepted liability for indemnity benefits for the period 7/29/09-8/25/09 even though the medical reports for that period did not show that the claimant exhibited a disability. Furthermore, she gave birth on 7/24/09; therefore, she would have been considered totally disabled for at least a 4 week period due to that event. The second error, which they took responsibility for, occurred on 3/25/11. The attorney appeared at the WCB for a hearing 2 hours late, they did not charge the Trust for that hearing and they paid the resulting penalty for an unnecessary adjournment. In addition, they filed an appeal on the Notice of Decision from that hearing for free which was ultimately lost because by the time the appeal board looked at the file the claimant had gone to the doctor and a report was in the board file folder. The argument had been that the claimant's wages should be suspended for not supplying up-to-date medical evidence of an on-going disability, had they appeared at the March hearing they most likely would have been granted the suspension because the claimant did not seek treatment until April 15th.
- Eleven bills paid by PMA and nine bills paid by NCA located in showdocs were paid within forty five days of the dates received.
- Four bills paid by PRM, five bills paid by PMA and one bill paid by NCA located in showdocs and four bills paid by PMA located in eCase, were paid in excess of forty five days of the dates received.
- Five checks issued by PMA could not be matched to a bill in the file.
- Fourteen bills paid by PRM, three bills paid by PMA and two bills paid by NCA located in showdocs did not contain a received date; therefore, it could not be determined if they were paid within forty five days of the date received.

Community Residence Insurance Saving Plan

Administrator: PRM, Inc.

10/31/95 - 7/31/10

PMA, Inc.

8/1/10 - 8/8/11

NCAComp, Inc.

8/9/11 thru Present

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File #RC11 Date of Injury: 1/19/04 Amount Reserved: \$.00
Amount Paid: \$50,504.90

- ANCR: low back and left shoulder
- The file was closed with a 22.5% schedule loss of use award to the left arm on 3/7/07.
- There is an outstanding third party lawsuit on this case. The last update was sent to the claimant's attorney on 11/1/11 advising them of the lien totals.
- Four bills located in eCase could not be matched to a check.
- We are unable to determine with any accuracy how many bills were paid in a timely manner as there were no bills in the electronic file received by NCA. Furthermore, when the transfer of information was completed it was not done properly and important data was lost including the dates of service on the checks to providers. A significant amount of time was spent attempting to match checks to bills based on amount billed and dates of service utilizing eCase. Since the majority of the claimant's treatment was rendered by one provider (Andrea Russo, DC) this proved to be impossible.
- Ten checks issued could not be matched to a bill in the file.

File #RC14 Date of Injury: 3/29/06 Amount Reserved: \$ 906.45
Amount Paid: \$1,827.09
KBM's Estimate: \$ 250.00

- ANCR: neck, back and left shoulder
- It appears the financial information for this file is incorrect. A C-8/8.6 was filed on this claim indicating they paid the claimant \$245.67 for lost wages. However, the claim shows \$0.00 being paid under indemnity. It appears the claim was closed when it was transferred from PRM to PMA and PMA had to reopen it due to ongoing medical bill payments. We were advised by NCA that in cases such as this that all information was lost on reopened cases (financial and notes) due to the poor transfer of information.
- NCA closed this file on 11/2/11; however, medical bills are still being paid on the file.
- There was subrogation potential on this file as this injury was caused by a motor vehicle accident involving a taxi cab. However, due to the lack of information in the file we have no way of determining whether or not PRM took the proper steps necessary to protect the Trust's interests in this regard.
- The only medical bills found in the file are for supplies for a TENS unit that the claimant has been receiving since June 2010.

Community Residence Insurance Saving Plan

Administrator: PRM, Inc.	10/31/95 - 7/31/10
PMA, Inc.	8/1/10 - 8/8/11
NCAComp, Inc.	8/9/11 thru Present

check to the claimant in the amount of \$2,233.07. There are no medical reports in the file (in showdocs or eCase that show the claimant as totally disabled at any time). The employer filed a reimbursement request indicating they paid the claimant \$680.00 for lost wages as a result of this injury along with a C-11 showing the dates he was out of work. KBM completed a mock C-8/8.6 utilizing the dates on the C-11's filed by the employer which indicate the most the claimant should have been paid (if there were medical reports that correspond with the dates on the C-11) was \$1,223.60 which would leave an overpayment of \$1,009.47.

- One bill paid by PMA located in eCase was paid within forty five days of the date received.
- One bill paid by PRM located in eCase and one bill paid by PMA located in showdocs was paid in excess of forty five days of the date received.
- Three checks issued by PRM and one check issued by PMA could not be matched to a bill in the file.
- Eight bills located in the file, three of which were received by PRM and five were received by PMA could not be matched to a check.
- Ten bills paid by PRM located in showdocs did not contain a received date; therefore, it could not be determined if they were paid within forty five days of the dates received.

File #RC20	Date of Injury: 1/12/10	Amount Reserved: \$.00
		Amount Paid:	\$4,133.74

- ANCR: right hand
- This file was closed once all awards and medical bills were paid as permanency was not anticipated with this injury.
- Two bills paid by PMA located in eCase were paid within forty five days of the dates received.
- Three bills paid by PMA located in eCase, were paid in excess of forty five days of the dates received.
- Three checks issued by PMA could not be matched to a bill in the file.
- One bill paid by PMA located in showdocs did not contain a received date; therefore, it could not be determined if it was paid within forty five days of the date received.

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CONCLUSION ON RESERVES

Our audit included an evaluation of the reserves on all nine open files for the known exposure. It is very important for accounting and other reporting purposes to continually update reserves to reflect the most current information available.

Of the nine open claims reviewed, it was determined that three of the files had reasonable reserves for the known exposure (RO12, RO14 and RO17). Of the remaining six open files, we believe five had low reserves (RO3, RO5, RO9, RO15 and RO19) and one was mixed, it was high on the indemnity but low for the medical for the known exposures (RO10).

There were also two closed files that we reviewed, RC4 and RC14, which were still open with reserves at the time they were transferred from PMA to NCA. Our review of file RC4 indicates it was under-reserved at the time of transfer as was the duplicate claim file (please refer to other conclusions regarding duplicate claim files). File RC14 was over-reserved; the claimant has minimal ongoing medical treatment.

OTHER CONCLUSIONS

Based on the audited claims, the administrators prior to NCA failed to provide a minimum level of claims processing service on behalf of CRISP. Industry averages require 95% procedural accuracy; we show that PRM only processed 25.89% of the medical bills within 45 days of receipt and PMA processed them at 62.76%. The deficiencies described in this report involve overall claim management, undocumented payments, late payments and poor transfer of information.

Due to our limited file sample, we are unable to estimate the overall financial loss to CRISP generated by its prior administrators; however, of the seventeen (17) claims reviewed, eight (8) contained several financial errors (indemnity overpayments: \$1,009.47, medical overpayments: \$2,000.32, expense overpayments: \$500.00) and one (1) contained penalties (\$50) which is significant when interpolated to all the claims incurred during the Trust's entire active life.

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KBM was able to confirm that at least one file (RC14) has an incorrect financial history and we suspect that many other files do as well. NCA advised us that they have determined that during the transfer of information from PRM to PMA a lot of information was lost. In addition to this if any files that were closed upon transfer were reopened by PMA all of the history was lost. NCA also discovered at least one file wherein all of the financial information belonged to a different file.

KBM discovered two duplicate claim files (RO3 is a duplicate of RC3 and RC4 also had a duplicate claim file). NCA previously discovered the duplicate file issue with RC4 and closed the duplicate file. KBM advised NCA of the duplicate claim issue with RO3 and RC3 as there are financial issues with those claims that need to be addressed with regard to the third party settlement (see next bullet). Both of the duplicate claim files were opened by PMA, their system should never have allowed this to occur. When you have a duplicate claim open it is very easy to make duplicate payments on medical and indemnity payments since there is no way for the system to catch the duplicate payment because it was made on a different file.

There are two claims that have received third party settlements (RO3 and RC7). It is unclear if the credit was taken on file RO3 (\$21,956.06), this is the amount the claimant received from the settlement and the Trust is allowed to take a credit on that amount from future indemnity and medical benefits. NCA is investigating this issue on behalf of the Trust. On file RC7 there is no information in the file to indicate the amount the claimant received from the settlement; therefore, there is no way to determine what the credit will be if/when the total paid reaches \$50,000. There is also a file that has an outstanding third party lien on it, RC11. NCA has this closed file on diary to follow up on that case.

ACRONYMS AND DEFINITIONS (some of which may not be applicable to this report):

Alive & well check – this is typically done annually on files that are receiving reimbursements from Special Funds. It is simply a face-to-face meeting to confirm the claimant is alive and receiving their checks timely.

ANCR – accident, notice, causal relationship

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AWW – average weekly wage

C-4 – attending doctor’s report and carrier/employer billing form

C-669 - Notice to Chair of Carrier's Action on Claim for Benefits - when this form should be filed

IF PAYMENT HAS BEGUN: on or before 18th day after disability, or within 10 days after employer first had knowledge of injury, whichever is greater.

IF PAYMENT HAS NOT BEGUN: no later than 25 days after the Board (WCB) has mailed a Notice of Indexing.

C-8.1 – Notice of Treatment Issue/Disputed Bill – this form is used when disputing ongoing treatment or a specific medical bill.

CCP – carrier continue payments

CMS – Center for Medicare Services

DOI – date of injury

DOS – date of service

DRG – inpatient hospital billing

EC-84 – Notice of Indexing – when the WCB is advised of a new claim either by the carrier or claimant, it will request forms that have not been filed yet. If these are not filed timely, the carrier is potentially subjected to penalties.

EE – employee

Employer liability / grave injury – an employer shall not be liable for contribution or indemnity to any third person based upon liability for injuries sustained by an employee acting within the scope of his or her employment for such employer unless such third person proves through competent medical evidence that such employee has sustained a “grave injury” which shall mean only one or more of the

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following: death, permanent and total loss of use or amputation of an arm, leg, and/or foot, loss of multiple fingers, loss of multiple toes, paraplegia or quadriplegia, total and permanent blindness, total and permanent deafness, loss of nose, loss of ear, permanent and severe facial disfigurement, loss of an index finger or an acquired injury to the brain caused by an external physical force resulting in permanent total disability.

Employer Request for Reimbursement – some employers continue to pay their employee’s wages for a certain time period when they have been injured on the job. When this occurs, they should file a form with the WCB for reimbursement so, if and when, a judge issues an award to the claimant, the employer can be reimbursed.

Grave injury – see employer liability/grave injury

HP-1 – this form is filed by the doctor alleging a medical bill has not been paid timely or at all.

HP-2 – Health Provider Administration: Notice of Decision and Administrative Award under Section 13-4, 13-k, 13-i or 13-m. This form results from a doctor filing an HP-1 advising the WCB that their bill has not been paid or has not been paid timely. The carrier has the right to argue and present evidence that they have paid the bill. If they have not paid it, it is fined \$50 and directed to pay the bill plus interest.

HOLIDAY - When a person is awarded money from a third party action the Workers’ Compensation carrier/Third Party Administrator/Self Insured Employer is allowed to take a “holiday.” This means they do not have to continue weekly payments (if the injured worker remains out of work due to his/her compensable injury at the time the third party settlement is finalized) or pay for medical treatment until the net recovery is used up. The only way the injured worker recovers further benefits under the Workers Compensation claim is if his/her medical expenses and/or lost time (removed from work for the compensable injury by a doctor) exceeds the net recovery. He/she would have to file a RFA-1 along with a C-27 from his/her doctor requesting a reopening of his/her case and would have to prove to the Judge that he/she had exceeded the net recovery and was still either disabled and/or in need of further medical treatment.

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IME – Independent Medical Examination

M & S Statement – this statement is usually given by an IME physician, and usually states that due to a prior injury, the current injury/condition is materially and substantially greater than it would have been “but for” the prior medical condition/injury.

MSA – Medicare set-aside – when settling a claim, provisions must also be made for ongoing care as Medicare has stated they will no longer pay for medical treatment for a work related injury after settlement.

MVA – motor vehicle accident

NCLT – no compensable lost time

NYSWCL – New York State Workers’ Compensation Law

NOD – Notice of Decision

ODNCR – occupational disease, notice, causal relationship

OOW – out of work

PFME – prima facie medical evidence

PPD – permanent partial disability

RFA-1 – Claimant’s Request for Further Action – this form is filed by the claimant or the claimant’s attorney to request a hearing when they have an issue they believe needs to be addressed by a judge (such as wages not being paid or not being paid properly, authorization for treatment, etc.).

RFA – 2 – Carrier/Employer’s Request for Further Action – this form is filed by the carrier/employer to request a hearing or administrative decision when they have an issue they believe needs to be addressed by a judge.

RTW – return to work

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SFCC – Special Funds Conservation Committee

SHOWDOCS – NCA’s online document scanning system

SIR – self insured retention – the deductible on a stop-loss policy

SLU – schedule loss of use

TPD – temporary partial disability

TTD – temporary total disability

WCB – New York State Workers’ Compensation Board

“ADMINISTRATIVE DECISION”:

To provide a fair, timely, and efficient mechanism for processing uncontroverted claims involving minor injuries, uncontested issues within a claim, and certain penalties.

If the board determines that a case is suitable for administrative determination processing, a proposed decision shall be prepared and transmitted to the claimant, employer or its carrier, and any other party in interest. The proposed decision shall be dated the date it is transmitted. The parties shall also be informed of the date that the proposed decision becomes final, which shall be at least 30 days after the date it was transmitted by the Board (WCB).

Any party in interest may object to the proposed decision within 30 days of the date the proposed decision is transmitted by the Board (WCB). Any objection must state the reason for the objection and identify the issues to be resolved. If an objection is received by the Board (WCB) within such 30-day period, the proposed decision will not be made final and the case will be scheduled for conciliation processing or a hearing before a Workers' Compensation Law Judge, or may be modified, as may be appropriate.

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"STEP RESERVING":

This is the practice of setting reserves a little bit at a time rather than reserving for "the most probable outcome".

This is not an issue at the beginning of the claim as the adjuster may not have all the facts; therefore, will set a reserve for 6-12 weeks and once they have the medical reports they can set the reserve properly.

This practice becomes an issue when the facts are known and the adjuster still does not reserve for the most probable outcome. A common example of this would be having an employee with an injury such as a fracture of an arm or leg. This type of injury would almost always result in a schedule loss of use award (SLU). Step reserving would result if the administrator set an indemnity reserve in this case for just 8 weeks of lost time rather than reserving the entire schedule loss of use award (a 10% SLU of an arm would be 31.2 weeks).

Another example would be when an employee's injury is deemed permanent and classified by the WCB with a permanent partial disability. If the claimant indicates they have no interest in settling their case, then the adjuster should reserve the file for the life of the claimant.

"PROTRACTED HEALING":

Protracted temporary total disability in connection with permanent partial disability (in this instance this would refer to SLU). In the case of a temporary total disability and permanent partial disability both resulting from the same injury if the TTD continues for a longer period than the number of weeks set forth in the schedule, the period of TTD in excess of such number of weeks shall be added to the compensation period. Example: an injury to the arm is given 32 weeks to recuperate, if the number of TTD weeks is 40 then an additional 8 weeks is added to the SLU award, 10% SLU of the arm is 31.2 weeks + 8 weeks of protracted healing, the total award would be 39.2 weeks.

"STIPULATED AGREEMENT"

This form is most often used to close a case with a schedule loss of use percentage that has been agreed to by all parties. By using this

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form the closing of the file can be expedited and funds can be provided to the claimant quicker.

"SECTION 14-6 – CONCURRENT WAGE REIMBURSEMENT"

NYSWCL provides that when an individual is concurrently employed and loses time and wages from both of said employments, that the individual is entitled to an increase in the average weekly wage that would equate to the total of all wages from all (covered) employments, from which he or she lost wages. Essentially, the Workers' Compensation insurance carrier is required to pay the additional lost wages pursuant to the total average weekly wage, and then seek reimbursement from Special Funds.

"Section 15-3(v)"

Section 15-3(v) allows a claimant with a greater than 50% SLU of a major member (i.e. hand, arm, leg or foot) to continue to receive benefits until he is "entitled to receive social security old age benefits". The claimant must also be enrolled in a rehabilitation program or there must be a finding that rehabilitation is not feasible. The main issue is whether the claimant is entitled to continue to receive benefits until age 65, or whether payments could be suspended when the claimant first became eligible for social security old age benefits at a reduced rate at age 62.

"SECTION 25-a"

NYSWCL Section 25-a essentially provides that the Special Funds will undertake the administration and responsibility for the Workers' Compensation claims where

1. More than seven years has elapsed from the date of the injury or death and;
2. No more than three years has elapsed after the last payment of compensation, and;
3. In circumstances where the case has been "truly closed".

"SECTION 44"

NYSWCL Section 44 states: The total compensation due shall be recoverable from the employer who last employed the employee in the

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employment to the nature of which the disease was due and in which it was contracted. If, however, such disease, except silicosis or other dust disease and compressed air illness or its sequelae, was contracted while such employee was in the employment of a prior employer, the employer who is made liable for the total compensation as provided by this section, may appeal to the Board (WCB) for an apportionment of such compensation among the several employers who since the contraction of such disease shall have employed such employee in the employment to the nature of which the disease was due. Such apportionment shall be proportioned to the time such employee was employed in the service of such employers, and shall be determined only after a hearing, notice of the time and place of which shall have been given to every employer alleged to be liable for any portion of such compensation. If the board finds that any portion of such compensation is payable by an employer prior to the employer who is made liable for the total compensation as provided by this section, it shall make an award accordingly in favor of the last employer, and such award may be enforced in the same manner as an award for compensation.

"SECTION 32 SETTLEMENT AGREEMENT"

Statement of purpose. To encourage the parties in interest to enter into agreements settling upon and determining the compensation and other benefits due to the claimant or the claimant's dependents.

- a. The parties in interest to a claim for compensation may settle upon and determine any and all issues and matters by agreement, in accordance with Section 32 of the Workers' Compensation Law, subject to the terms and conditions of this rule.
- b. Any agreement submitted to the Board (WCB) for approval shall be on a form prescribed by the chair or, alternatively, contain the information prescribed by the chair.
- c. The receipt of an agreement by the Board (WCB) for approval shall act as a stay on all related proceedings before the Board (WCB).
- d. An agreement submitted pursuant to Section 32 of the Workers' Compensation Law shall not be binding on the parties in interest unless it is approved by the chair, a designee of the chair, a member of the Board (WCB), or a Workers' Compensation Law

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Judge. The agreement shall be approved unless it is determined that:

1. the agreement is unfair, unconscionable, or improper as a matter of law; or
 2. the agreement is the result of an intentional misrepresentation of a material fact; or
 3. within 10 days of submission of the agreement, the Board (WCB) has received from any party in interest a written request that the agreement be disapproved by the Board (WCB).
- e. The agreement shall be reviewed by the chair, a designee of the chair, a member of the Board (WCB), or a Workers' Compensation Law Judge, who will make a determination whether to approve or disapprove the agreement. The chair, designee of the chair, member of the Board (WCB), or Workers' Compensation Law Judge reviewing the agreement may approve or disapprove the agreement administratively, based on a review of the record before the Board (WCB), or may choose to schedule a meeting to question the parties about the agreement. If the agreement is reviewed administratively, the Board (WCB) shall advise the parties in writing of the date the agreement shall be deemed submitted for the purposes of Section 32 of the Workers' Compensation Law and this section. If a meeting is scheduled to question the parties about the agreement, the agreement will be deemed submitted for the purposes of Section 32 of the Workers' Compensation Law and this section at such meeting. No agreement shall be approved for a period of 10 calendar days after submission to the Board (WCB).
- f. The Board (WCB) will advise the parties of the approval or disapproval of all agreements by duly filing and serving a notice of approval or disapproval.
- g. An agreement which is approved shall be final and conclusive on the parties in interest, and shall not be subject to review pursuant to section 23 of the Workers' Compensation Law. An agreement which is disapproved shall be subject to review pursuant to section 23 of the Workers' Compensation Law.
- h. The carrier shall make payments of any award as required in the agreement within 10 days of the filing of the decision approving the agreement. If the carrier fails to make such payments, the carrier shall be subject to penalties pursuant to paragraph (f) of subdivision 3 of section 25 of the Workers' Compensation Law.

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- i. An agreement may provide for reasonable fees commensurate with the services rendered by the claimant's attorney or licensed representative. Whenever a fee is requested in excess of \$450, the requested fee is to be made upon form OC-400.1 attached to the submitted agreement.
- j. Any agreement submitted and approved pursuant to section 32 of the Workers' Compensation Law and this rule may be modified at any time by agreement of all parties in interest provided such modification is approved by the Board (WCB).

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