

**COMMUNITY RESIDENCE INSURANCE SAVINGS  
PLAN SELF-INSURANCE TRUST [CRISP]**

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**August 23, 2011**

# Agenda

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- Introductions
- Background / Trustee History
- Financial Summary / Timeline
- Claims Administration
- Next Steps
- Information Available via Web
- Questions
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# Background

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- **Trust established:** 12/15/1995 3 charter members.
- **Last filing:** 12/31/2010 Deficit - \$11,113,227 (GAAP);  
\$24,256,049 (Reg.)
- **Termination Date:** 12/31/2010
- **Membership** as of 12/31/10 458 – Total (226 active; 232 inactive)
- **Accounting firm:**
  - Marvin and Company PC 11/30/1996 to 11/30/1998 and  
11/30/2003 to 12/31/2010
  - Urbach, Kahn & Werlin, LLP 11/30/1999 to 11/30/2002
- **Actuary:**
  - By The Numbers Actuarial and Consulting, Inc. 11/30/2007 to 12/31/2010
  - SGRisk, Inc. 11/30/2001 to 11/30/2006
- **Administrator:**
  - NCA Comp, Inc. (WCB contracted TPA) August 9, 2011 to runoff
  - Program Risk Management, Inc. Inception to August 9, 2011

# Trustee History

Trustee Name	If Member, Member Name If Nonmember, Business Name	Member Eff Date	Position Held	Term as a Group Trustee	
				From	To
Johnson, Janice	ICL Joselow/Huse, Inc.	05/03/99	Chair	1/1/2009	12/31/2012
Lasicki, Antonia	Association for Community Living, Inc.	Nonmember	Trustee	1/1/2009	12/31/2012
McKeown, Tom	ARISE, Inc.	11/05/05	Trustee	1/1/2009	12/31/2012
Lessard, John	Developmental Disabilities Institute, Inc.	07/01/06	Trustee	1/1/2008	12/31/2011
Hardman, Ann	NYSACRA	10/01/03	Secretary/Treasurer	1/1/2008	12/31/2011
Srangelo, Vincent	Baywood, LLC	07/26/03	Trustee	1/1/2008	12/31/2011
Saperia, Phillip	The Coalition of Behavioral Health Agencies	2/2/1999	Trustee	1/1/2007	12/31/2010
Greenfield, Steve	Mental Health Assoc of Nassau County			12/01/95	
Fieri, Peter	InterAgency Council of Mental Retardation and Developmental Disabilities Agencies, Inc.	Nonmember	Trustee	2008	2009
Apers, Fred	Cardinal Hayes Home for Children, Inc.	07/01/05	Trustee	1/1/2007	12/31/2010
Campanelli, Peter	Institute for Community Living, Inc.	12/15/95	Trustee	1/1/2002	12/31/2010
Antos-Arens, Diana	Options for Community Living, Inc.	12/22/95	Trustee	1/1/2008	12/31/2011

# 5 Year Financial History

	<u>2006</u>		<u>2007</u>		<u>2008</u>		<u>2009</u>		<u>2010</u>	
	GAAP	Regulatory	GAAP	Regulatory	GAAP	Regulatory	GAAP	Regulatory	GAAP	Regulatory
<b>Total Assets</b>	\$10,927,828	\$9,724,599	\$13,161,513	\$12,003,000	\$12,591,986	\$10,834,849	\$13,330,718	\$10,854,935	\$16,051,800	\$8,420,335
<b>Total Liabilities</b>	\$11,108,253	\$12,812,436	\$13,042,209	\$13,394,295	\$14,418,319	\$14,418,319	\$15,488,954	\$18,755,313	\$27,165,027	\$32,676,384
<b>Surplus(Deficit)</b>	<b>(180,425)</b>	<b>(3,087,837)</b>	119,304	<b>(1,391,295)</b>	<b>(1,826,333)</b>	<b>(3,583,470)</b>	<b>(2,158,236)</b>	<b>(7,900,378)</b>	<b>(11,113,227)</b>	<b>(24,256,049)</b>
<b>Trust Equity</b>	98.38%	<b>75.90%</b>	100.91%	<b>89.61%</b>	87.33%	<b>75.15%</b>	86.07%	<b>57.88%</b>	59.09%	<b>25.77%</b>
<b>Contributions</b>	<b>\$9,595,620</b>		<b>\$10,381,711</b>		<b>\$10,242,785</b>		<b>\$11,032,664</b>		<b>\$10,919,896</b>	
<b>Total members:</b>	381		412		430		447		458	
<b>Active</b>	264		280		272		265		226	
<b>Inactive</b>	117		132		158		182		232	

# Financial Timeline

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## 2002

- Trust restricted from adding new members after under funding identified

## 2003

- Level II independent PwC consultant review performed

## 2004

- A consent agreement was executed (limited new members; eliminated discounts and restructured the rates charged)

## 2005

- Trust deemed under funded for 2004 year end and consent agreement remains in effect

## 2006

- Trust deemed under funded for 2005 year end

## Financial Timeline – cont.

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### 2007

- Level II independent PwC consultant review performed; Trust reaches 90% funding threshold, deemed no funding issues

### 2008

- Memorandum of Understanding was executed requiring the Trust maintain a breakeven status

### 2009

- Trust deemed under funded for 2008 year end and Updated Consent agreement was executed with deficit assessment billing required if Trust does not meet financial targets
- WCB requires a quality assurance claims audit and actuarial review

## Financial Timeline – cont.

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### 2010

- Trust deemed under funded for 2009 year end
- Claims review reports identify reserving problems
- Trust undergoes a significant re-reserving project
- February New Consent Agreement – required surcharges to produce surplus to reduce deficit
- August Trust changes TPA to PMA Management Corp.
- Various meetings to review monitor operating results and progress under consent agreement
- Trustees notify of intention to close the Trust by 12/31/10
- Trust is directed by WCB to issue a deficit assessment or purchase ALP after claims reserving issue is resolved
- November WCB directs Trust to immediately develop breakeven analysis and issue deficit assessment to members

## Financial Timeline – cont.

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### 2011

- January – Trust states it has developed a plan to address cash flow needs and assessment will go out immediately
- March - Trust issues deficit assessment bills to members
- April – July WCB monitors cash position and assessment collection results
- July - WCB notifies the Trust it has demonstrated an inability to properly administer its liabilities and will transfer the Trust to a state contracted administrator

# Claims Administration

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**Upon transition to the WCB, the WCB contract administrator, NCAComp, will be responsible for:**

- Claims Handling of approximately 604 open claims
- Annual Financial / Actuarial Reports and tax filings
- Submission of Monthly Cash Flows to WCB
- Collection of prior issued assessments; or; if the Trust is declared insolvent by the WCB (has less than six months of cash to pay claims) assist with the issuance and collection of WCB issued estimated deficiency.

# Next Steps

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## Forensic Review

- The WCB procured Forensic Vendor, Bollam, Sheedy and Torani (BST), will Conduct a Performance/Operational and Financial review of the Trust
- BST will reconstruct the Trust from date of inception to date of termination
- Outcome:
  - ❑ Each year will be evaluated based on comparison of the contribution received to the claims and related expenses for that year
  - ❑ Shortfalls/Surpluses will be allocated only to the members that were actively participating in that year
  - ❑ Payments on past assessments will be factored in to any billing
  - ❑ Payment term options will be established
  - ❑ Conduct a forensic membership meeting to discuss findings

# Information Available via Web

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- Web Address:  
[http://www.wcb.state.ny.us/content/terminated-self-insured-trusts/DocumentsToPrint/CRISP\\_Trust/CRISP\\_Trust.jsp](http://www.wcb.state.ny.us/content/terminated-self-insured-trusts/DocumentsToPrint/CRISP_Trust/CRISP_Trust.jsp)
  
- Information that may be found at this web address includes;
  - ❑ All financial statements filed 1996-2010
  - ❑ All actuarial statements filed 2001-2010
  - ❑ Trust agreement & amendments
  - ❑ Trust By-Laws
  - ❑ Listing of Trustees (historical)
  - ❑ Membership Roster

# Questions??

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# Contact Information

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NCAComp, Inc.

716-842-0045

NYS Workers' Compensation Board

Self-Insurance Office

518-402-0247