

MERCANTILE SELF INSURANCE TRUST

**WORKERS COMPENSATION LOSS
AND LOSS ADJUSTMENT EXPENSE RESERVES**

AS OF DECEMBER 31, 2009

FEBRUARY 25, 2010

FINANCIAL RISK ANALYSTS



FINANCIAL RISK ANALYSTS, LLC

- Actuaries • Insurance Consultants

February 25, 2010

Mr. Anthony D. Amato
New York Compensation Managers, Inc.
6250 South Bay Road
P.O. Box 3580
Syracuse, NY 13220

Dear Tony:

Enclosed please find our report regarding the Mercantile Self Insurance Trust as December 31, 2009.

As with our prior analysis, we have not provided an estimated liability for future State assessments to the Trust. As you are aware, there is a great deal of uncertainty on future assessments to trusts as a result of several failures in the state and continued changes to the methodology of assessing trusts. We discussed future assessments with the New York Workers Compensation Board. They concurred that the current volatility of the market makes future assessments difficult to predict. I encourage you to discuss this matter more fully with your auditors for purposes of determining the need to establish a provision for these assessments on your balance sheet.

It has been a pleasure being of service to you in this matter. If after reviewing this report you have any questions, please feel free to call.

Sincerely,

Robert W. Van Epps, FCAS, MAAA
Managing Principal

MERCANTILE SELF INSURANCE TRUST

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MERCANTILE SELF INSURANCE TRUST

INTRODUCTION

Financial Risk Analysts, LLC has been retained by New York Compensation Managers, Inc. (NYCM) to provide indicated Workers Compensation loss and loss adjustment expense (LAE) reserves as of December 31, 2009 for the Mercantile Self Insurance Trust (the Trust). The Trust is a Workers Compensation insurance pool for New York based retailers. The Trust began providing coverage to its members on October 1, 1994.

The Trust provides statutory Workers Compensation and Employers Liability coverage to its member insureds. Contributions are based on the latest available rates promulgated by the New York Compensation Insurance Rating Board (NYCIRB). Rates are adjusted by each member's experience modification and other factors determined by the Trust administrators.

The Trust purchases specific excess reinsurance from New York Marine and General Insurance Company. Individual losses are limited to \$400,000 per accident. A complete history of self insured retentions is presented on Exhibit 8. Administrative and claims handling services are provided by New York Compensation Managers, Inc.

The Trust terminated operations effective February 29, 2008. It is currently shut down and running off existing liabilities.

MERCANTILE SELF INSURANCE TRUST

CONDITIONS & LIMITATIONS

GENERAL

Throughout this report and its exhibits the term "loss" is used to refer to losses inclusive of allocated loss adjustment expense (ALAE). Allocated loss adjustment expense provides for all expenses associated with the handling and settling of claims that can be directly attributable to a particular claim. Such expenses typically include independent medical exams, rehabilitation expenses, legal fees, investigatory expenses, expert witness fees, etc. Unallocated loss adjustment expenses, or ULAE, are expenses associated with the handling and settling of claims that cannot be specifically assigned to a particular claim. Such expenses are generally in the nature of overhead expenses and for this report are limited to State of New York assessments on self insurers. No costs associated with the Trust's program other than losses and loss adjustment expenses (LAE) have been considered in this report.

DATA

We have used data and other information provided to us by NYCM. This information consists of contributions, loss, exposure, and excess insurance information. In addition, we have relied on various oral representations made to us by the responsible employees of NYCM. Payroll data for trust years beginning January 1, 2000 are on an "earned" basis. Prior to this, the Trust issued coterminous policies and earned payroll was therefore equal to written payroll.

Although the data supplied have been reviewed for purposes of reasonability we have not independently audited or verified this information and we assume it to be accurate and complete. The results of our analysis will be contingent upon the reliability of the information supplied to us and such reliability is the responsibility of NYCM. Should NYCM become aware of any significant discrepancies in the data reported to us we should be notified of such discrepancies and this report will be amended, if necessary.

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In performing our analysis we have also relied on appropriate loss development data and other information obtained from the New York Compensation Insurance Rating Board (NYCIRB) to supplement the actual historical data provided to us. This has been necessary due to the lack of completely credible actuarial information from the Mercantile Self Insurance Trust.

UNCERTAINTY

Actuarial projections, by their nature, are estimates of future contingent events which cannot be known with certainty. The ultimate liability of the Trust for its retained losses will be subject to events that have yet to occur such as the size of future Workers Compensation awards, medical cost inflation, judicial interpretations as to liability, as well as the propensity for claimants to bring suit. No assumptions have been made in this report as to any extraordinary changes in the legal, social, or judicial environment that might affect future losses.

While we believe the results presented in this report are reasonable and reflect the use of accepted actuarial principles and standards of practice it is possible that actual future loss results of the Trust will differ, perhaps materially, from those projected herein. Nothing in this report should be construed as a warranty or guarantee as to the adequacy of the liability estimates contained herein.

Within this report a range of loss estimates is presented and characterized as "Low" and "High". This range is intended to present what we believe to be a reasonable range of expected loss estimates. It should not be constructed as an absolute lower and upper bound as to possible loss outcomes. Such a range would be considerably larger than the range presented in this report.

EXCESS INSURANCE

The reserve estimates contained in this report are net of all excess insurance purchased by the Trust. We have made no attempt to analyze the security of the Trust's excess insurer nor have we made provision for any contingent liability that would be incurred by the Trust should its excess insurer be unable to perform on any of its obligations.

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ASSET QUALITY

No attempt has been made to evaluate the quality of the invested or non invested assets supporting the loss and loss adjustment expense reserves of the Trust. It has been assumed that the Trust's loss and LAE reserves are supported by creditworthy assets with minimal risk of default and/or capital loss.

MERCANTILE SELF INSURANCE TRUST

DISTRIBUTION & USE

This report is intended solely for the use of the Trust in evaluating its Workers Compensation loss and loss adjustment expense reserves as of December 31, 2009. A copy of this report may also be provided to the Trust's auditor with the proviso that the report is copied in its entirety and that each party receiving a copy of this report agrees to not distribute the report to any other third party.

This report is neither intended nor necessarily appropriate for any other purpose. However, we understand that the Trust may request distribution to other parties as it is a runoff situation. We request that the distribution of this report to any third party be done under the following conditions:

- this report is distributed unaltered and in its entirety; and
- each receiving party agrees not to discuss, reference or distribute this report to any other party.

Each and every party receiving a copy of this report should understand that the receipt of this report should not serve as a substitute for their own due diligence regarding this project. Each party further agrees that no reliance should be placed on this report or the data contained within this report that would create any duty or liability by Financial Risk Analysts, LLC to the party.

THE RECEIVING PARTY IS DEEMED TO HAVE ACCEPTED ALL AFOREMENTIONED TERMS AND CONDITIONS BY ACCEPTING AND RETAINING A COPY OF THIS REPORT.

MERCANTILE SELF INSURANCE TRUST

SUMMARY & CONCLUSIONS

A. Loss and LAE Reserves as Of December 31, 2009

Based on the analysis contained herein the following are our expected loss reserve indications as of December 31, 2009 for losses and loss adjustment expenses:

INDICATED OUTSTANDING LOSSES & LAE AS OF DECEMBER 31, 2009 (\$000)								
Undiscounted			Discounted at 2.0%			Discounted at 3.0%		
Low	Point	High	Low	Point	High	Low	Point	High
\$6,383	\$7,304	\$8,226	\$6,008	\$6,873	\$7,739	\$5,838	\$6,679	\$7,520

It should be noted that the above does not contain a liability for future assessments from the State of New York that may be made on self insured trusts. These assessments could be significant. The current volatility of the market due to recent failures of several trusts, along with consistent changes to the methodology and rates for establishing assessments, make it impossible to estimate future assessments. New York Compensation Managers has requested that we issue this report without a liability for future assessments: We discuss assessments in more detail below.

Expected loss indications are synonymous with the term "best estimate" and refer to the most likely outcome from within a range of reasonable outcomes. Best estimate reserves generally reflect a statistical confidence level of between 50% and 55%. A 55% confidence level means there is a 55% likelihood that actual losses will be less than or equal to the estimate. Alternatively, there is a 45% likelihood that actual losses will exceed the estimate.

Our liability indications are intended to provide for all Workers Compensation losses incurred by the Trust during the period October 1, 1994 through December 31, 2009 under the terms and conditions of its policy provisions.

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The reserve indications include a provision for the following:

- Losses on claims that have occurred but that are not yet known and not yet reported to the Trust. These claims are part of the reserve provision known as *IBNR* or *Incurred But Not Reported*.
- Case reserves as established by NYCM for known, recorded claims.
- Future loss development on known, recorded claims. This is also considered a part of the IBNR reserve.

The loss reserve indications presented on a discounted basis include a reduction for anticipated future investment income to be earned on the assets underlying the loss reserves. An interest rate of 2.0% and 3.0% per annum has been used to discount the liabilities. The interest rates have been selected by New York Compensation Managers.

Any actuarial estimate of liability is subject to inherent variability. While expected losses represent the best estimate of losses to be incurred, actual losses in any given year can be expected to differ from expected losses. Establishing reserves at expected loss levels will entail a degree of risk (45%) that reserve levels will be exceeded. If the Trust wishes to fund at a level with a higher degree of statistical confidence, i.e. with a lower probability of liabilities being inadequate, it may wish to set reserves at a higher loss level than that indicated by expected losses.

New York State Assessments

New York State assessments on self insurers arise from the fact that the New York Workers Compensation Board levies assessments for administration (Section 151), Reopened Cases (Section 25-A), the Second Injury Fund (Section 15-8), the administration of other departments relating to occupational situations (Section 151-IDP) and the Self Insurance Office (Section 50-5). In addition, the Special Funds Conservation Committee requires an assessment.

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The Trust will be subject to future assessment levied by the New York Workers Compensation Board for pure premiums written or losses that have occurred on or before December 31, 2009. The recent failure of several trusts has made future assessment rates more volatile and subject to uncertainty. The State may revise the assessment method or rate in coming years as the need becomes more apparent. The uncertainty of the market makes it difficult to estimate future assessment levels. As a result, we have issued this report excluding any provision for the Trust's December 31, 2009 liability for future assessments. We recommend the Trust discuss this matter with their auditors to determine the level of reserve to establish for this liability.

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ANALYSIS

Summary

Exhibit 2 presents a summary of the results of our analysis; separately for indemnity plus allocated loss adjustment expense and medical plus incidents. Results are based on four commonly used actuarial methodologies - Incurred Loss Development, Paid Loss Development, Incurred Bornhuetter-Ferguson and Paid Bornhuetter-Ferguson. A description of each of the four methods follows.

- **Incurred Loss Development Method (Exhibit 4)**

The incurred loss development method is a method in which incurred losses are projected to an ultimate level based on historical development patterns. An analysis of the changes in accident year incurred losses between various valuation points provides a basis for estimating future changes. Assuming that reporting patterns and reserving practices have remained reasonably stable, this method can be used to provide reasonable estimates of ultimate losses. We relied primarily on the Trust's historical experience for purposes of selecting incurred loss development factors. Incurred loss development factors are presented on Exhibits 5.1 and 5.3.

- **Paid Loss Development Method (Exhibit 4)**

This method is similar to the incurred loss development method except that paid losses are used instead of incurred losses. Paid losses are projected to an ultimate level based on historical paid loss development patterns. This method assumes that loss settlement and payment patterns have remained reasonably stable over time. Unlike the incurred method, the paid loss development method is not dependent on reasonably consistent reserving practices. Paid loss development factors have been derived primarily from the Trust's historical experience. Paid loss development factors are presented on Exhibits 5.2 and 5.4.

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- **Bornhuetter-Ferguson Incurred Loss Method (Exhibits 3.1 & 3.3)**

This approach is essentially a credibility weighted average of two other reserving methods; the incurred loss development method and the expected loss method. The expected loss method simply sets the indicated reserve equal to the difference between expected losses and paid losses. It produces very stable results but fails to incorporate actual results as they emerge.

The Bornhuetter-Ferguson method blends the incurred loss development method and the expected loss method by splitting expected losses into two distinct pieces; expected reported losses and expected unreported losses. As an accident year matures, the expected incurred losses are replaced with actual reported losses plus expected unreported losses. Thus, as the year matures, the initial expected incurred loss estimate becomes less important while the actual reported loss experience increases in importance. In order to use this method, one must estimate both the initial expected losses and the expected loss reporting pattern.

Initial expected losses have been derived in a previous analysis. A pure premium represents the expected losses per \$100 of payroll. Loss reporting patterns are the reciprocal of the development factors presented on Exhibits 5.1 and 5.3. Historical pure premiums are adjusted to current benefit and cost levels using data available from the NYCIRB.

- **Bornhuetter-Ferguson Paid Loss Method (Exhibits 3.2 & 3.4)**

The Bornhuetter-Ferguson paid loss method is similar to the Bornhuetter-Ferguson incurred loss method except that expected losses are split between expected paid and unpaid losses. Initial expected losses are the same as for the incurred Bornhuetter-Ferguson method. Loss payment patterns are the reciprocal of the development factors shown on Exhibits 5.2 and 5.4.

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ADDITIONAL ASSUMPTIONS

Investment Income

Exhibits 7.1 and 7.2 present the derivation of the investment income factors used to discount the outstanding losses. An expected 2.0% and 3.0% per annum investment return on fund monies has been used. The loss payout patterns are based on the paid loss development factors shown on Exhibit 4.

The use of discounted liabilities assumes that all investment earnings on the Trust's assets are made available to pay claims.

Second Injury Fund Recoveries (Section 15(8))

All of our analysis has been performed using data net of second injury fund recoveries received by the Trust. Our projections are therefore net of anticipated future second injury fund recoveries.

MERCANTILE SELF INSURANCE TRUST

WORKERS COMPENSATION
 INDICATED DISCOUNTED OUTSTANDING LOSSES
 AS OF DECEMBER 31, 2009
 SUMMARY

Accident Year (1)	Discounted Outstanding Losses					
	2.0%			3.0%		
	Low (2)	Point (3)	High (4)	Low (5)	Point (6)	High (7)
Indemnity Plus ALAE						
1995	4,938	5,950	6,962	4,819	5,806	6,793
1996	7,333	8,453	9,572	7,139	8,229	9,318
1997	10,083	13,992	17,901	9,783	13,576	17,368
1998	5,356	7,837	10,318	5,184	7,586	9,987
1999	4,781	9,366	13,951	4,627	9,065	13,502
2000	71,688	73,646	75,604	69,382	71,278	73,173
2001	69,502	69,502	69,502	67,504	67,504	67,504
2002	255,803	288,417	321,031	248,159	279,799	311,438
2003	289,552	344,141	398,730	280,571	333,467	386,363
2004	519,797	625,416	731,035	504,264	606,727	709,190
2005	747,338	805,765	864,191	727,567	784,448	841,329
2006	1,002,642	1,008,212	1,013,781	976,173	981,596	987,019
2007	372,478	409,209	445,940	362,634	398,395	434,155
2008	57,031	61,725	66,419	55,457	60,021	64,585
TOTAL	3,418,322	3,731,631	4,044,937	3,323,263	3,627,497	3,931,724
Discounted Outstanding Losses						
Accident Year (1)	Discounted Outstanding Losses					
	2.0%			3.0%		
	Low (8)	Point (9)	High (10)	Low (11)	Point (12)	High (13)
Medical Plus Incidents						
1995	3,128	4,255	5,381	3,052	4,152	5,251
1996	0	0	0	0	0	0
1997	14,050	17,871	21,692	13,647	17,359	21,070
1998	11,448	11,966	12,483	11,120	11,623	12,125
1999	18,358	19,825	21,291	17,810	19,233	20,655
2000	18,564	24,178	29,792	17,967	23,401	28,835
2001	54,513	71,437	88,360	52,570	68,891	85,212
2002	315,585	378,009	440,432	305,426	365,841	426,255
2003	216,203	281,381	346,558	209,986	273,290	336,593
2004	355,623	465,996	576,368	345,786	453,106	560,425
2005	510,349	651,375	792,400	495,690	632,665	769,639
2006	656,193	792,849	929,504	638,082	770,966	903,849
2007	365,301	368,428	371,555	355,218	358,259	361,300
2008	50,132	54,194	58,256	48,862	52,821	56,779
TOTAL	2,589,447	3,141,764	3,694,072	2,515,216	3,051,607	3,587,988
Total Indemnity, Medical, Incidents-All Years						
	6,007,769	6,873,395	7,739,009	5,838,479	6,679,104	7,519,712

Discounted reserves from Exhibit 1.2 by multiplying
 undiscounted reserves by discount factor.

MERCANTILE SELF INSURANCE TRUST**WORKERS COMPENSATION
INDICATED DISCOUNTED OUTSTANDING LOSSES
AS OF DECEMBER 31, 2009**

Accident Year (1)	Outstanding Losses			Discount Factor	
	Low (2)	Point (3)	High (4)	2.0% (6)	3.0% (7)
Indemnity Plus ALAE					
1995	5,193	6,257	7,320	0.951	0.928
1996	7,760	8,944	10,129	0.945	0.920
1997	10,727	14,885	19,044	0.940	0.912
1998	5,722	8,373	11,023	0.936	0.906
1999	5,129	10,049	14,969	0.932	0.902
2000	76,836	78,934	81,033	0.933	0.903
2001	74,017	74,017	74,017	0.939	0.912
2002	273,002	307,809	342,616	0.937	0.909
2003	309,681	368,065	426,450	0.935	0.906
2004	554,746	667,466	780,187	0.937	0.909
2005	790,834	852,661	914,488	0.945	0.920
2006	1,058,756	1,064,637	1,070,519	0.947	0.922
2007	393,740	432,567	471,395	0.946	0.921
2008	60,543	65,525	70,508	0.942	0.916
TOTAL	3,626,684	3,960,189	4,293,697		
Medical Plus Incidents					
Accident Year (1)	Outstanding Losses			Discount Factor	
	Low (2)	Point (3)	High (4)	2.0% (6)	3.0% (7)
1995	3,285	4,469	5,652	0.952	0.929
1996	0	0	0	0.946	0.921
1997	14,915	18,971	23,027	0.942	0.915
1998	12,153	12,702	13,251	0.942	0.915
1999	19,571	21,135	22,698	0.938	0.910
2000	19,897	25,914	31,932	0.933	0.903
2001	58,869	77,146	95,422	0.926	0.893
2002	338,610	405,588	472,567	0.932	0.902
2003	230,248	299,660	369,071	0.939	0.912
2004	378,322	495,739	613,157	0.940	0.914
2005	542,924	692,951	842,979	0.940	0.913
2006	696,596	841,665	986,734	0.942	0.916
2007	387,793	391,113	394,433	0.942	0.916
2008	52,938	57,227	61,516	0.947	0.923
TOTAL	2,756,122	3,344,280	3,932,439		
Total Indemnity, Medical, Incidents-All Years					
	6,382,807	7,304,469	8,226,136		

(2),(3) Exhibit 1.3
(4),(5),(6) Exhibits 7.1 & 7.2

MERCANTILE SELF INSURANCE TRUST

**WORKERS COMPENSATION
INDICATED OUTSTANDING LOSSES
AS OF DECEMBER 31, 2009**

Accident Year (1)	Indicated Ultimate Losses		Paid Losses (4)	Indicated Outstanding Losses	
	Low (2)	High (3)		Low (5)=(2)-(4)	High (6)=(3)-(4)
Indemnity Plus ALAE					
1995	140,183	142,311	134,990	5,193	7,320
1996	206,368	208,737	198,608	7,760	10,129
1997	384,131	392,448	373,404	10,727	19,044
1998	221,854	227,155	216,132	5,722	11,023
1999	245,729	255,569	240,600	5,129	14,969
2000	462,586	466,783	385,750	76,836	81,033
2001	1,267,838	1,267,838	1,193,821	74,017	74,017
2002	2,301,120	2,370,734	2,028,118	273,002	342,616
2003	3,108,157	3,224,926	2,798,476	309,681	426,450
2004	2,649,163	2,874,604	2,094,417	554,746	780,187
2005	2,776,164	2,899,818	1,985,330	790,834	914,488
2006	2,732,768	2,744,532	1,674,013	1,058,756	1,070,519
2007	975,555	1,053,210	581,815	393,740	471,395
2008	146,183	156,148	85,640	60,543	70,508
TOTAL	17,617,800	18,284,813	13,991,116	3,626,684	4,293,697
Medical Plus Incidents					
Accident Year (1)	Indicated Ultimate Losses		Paid Losses (4)	Indicated Outstanding Losses	
	Low (2)	High (3)		Low (5)=(2)-(4)	High (6)=(3)-(4)
1995	152,038	154,405	148,753	3,285	5,652
1996	113,389	113,389	113,389	0	0
1997	411,929	420,041	397,014	14,915	23,027
1998	188,287	189,385	176,134	12,153	13,251
1999	303,301	306,428	283,730	19,571	22,698
2000	311,372	323,407	291,475	19,897	31,932
2001	834,068	870,620	775,198	58,869	95,422
2002	2,134,856	2,268,812	1,796,245	338,610	472,567
2003	2,132,267	2,271,090	1,902,019	230,248	369,071
2004	2,241,979	2,476,814	1,863,657	378,322	613,157
2005	2,123,046	2,423,100	1,580,122	542,924	842,979
2006	2,015,623	2,305,761	1,319,027	696,596	986,734
2007	999,966	1,006,606	612,173	387,793	394,433
2008	134,367	142,945	81,429	52,938	61,516
TOTAL	14,096,486	15,272,803	11,340,364	2,756,122	3,932,439
Total Indemnity, Medical, Incidents-All Years					
	31,714,287	33,557,616	25,331,480	6,382,807	8,226,136

(2),(3) Exhibit 2

(4) Exhibit 4

MERCANTILE SELF INSURANCE TRUST
**WORKERS COMPENSATION
INDICATED ULTIMATE LOSSES
SUMMARY OF RESULTS**

Accident Year (1)	Indicated Ultimate Losses				Selected Ultimate Losses	
	Incurring LDF (2)	Paid LDF (3)	Incurring BF (4)	Paid BF (5)	Low (6)	High (7)
Indemnity Plus ALAE						
1995	140,183	141,875	142,311	146,937	140,183	142,311
1996	206,368	208,737	210,137	217,757	206,368	208,737
1997	384,131	392,448	387,135	399,216	384,131	392,448
1998	221,854	227,155	229,848	246,375	221,854	227,155
1999	245,729	252,870	255,569	276,511	245,729	255,569
2000	462,586	405,424	466,783	415,608	462,586	466,783
2001	1,267,470	1,267,838	1,238,096	1,227,820	1,267,838	1,267,838
2002	2,370,734	2,218,762	2,301,120	2,135,157	2,301,120	2,370,734
2003	3,224,926	3,153,883	3,180,999	3,108,157	3,108,157	3,224,926
2004	2,756,072	2,454,657	2,874,604	2,649,163	2,649,163	2,874,604
2005	2,729,649	2,489,604	2,899,818	2,776,164	2,776,164	2,899,818
2006	2,597,906	2,465,821	2,732,768	2,744,532	2,732,768	2,744,532
2007	963,249	1,092,649	975,555	1,053,210	975,555	1,053,210
2008	159,766	207,687	146,183	156,148	146,183	156,148
TOTAL	17,730,623	16,979,410	18,040,925	17,552,757	17,617,800	18,284,813
Medical Plus Incidents						
Accident Year (1)	Indicated Ultimate Losses				Selected Ultimate Losses	
Incurring LDF (2)	Paid LDF (3)	Incurring BF (4)	Paid BF (5)	Low (6)	High (7)	
1995	152,038	154,405	151,358	152,619	152,038	154,405
1996	116,223	118,831	117,409	121,093	113,389	113,389
1997	418,402	420,041	411,929	409,431	411,929	420,041
1998	189,385	188,287	192,849	192,920	188,287	189,385
1999	303,301	306,428	302,414	305,033	303,301	306,428
2000	323,407	317,999	317,228	311,372	311,372	323,407
2001	870,620	854,269	834,068	815,937	834,068	870,620
2002	2,268,812	1,999,221	2,134,856	1,894,465	2,134,856	2,268,812
2003	2,336,853	2,179,714	2,271,090	2,132,267	2,132,267	2,271,090
2004	2,521,870	2,241,979	2,476,814	2,242,332	2,241,979	2,476,814
2005	2,409,500	2,024,136	2,423,100	2,123,046	2,123,046	2,423,100
2006	2,264,261	1,841,361	2,305,761	2,015,623	2,015,623	2,305,761
2007	1,006,744	995,394	1,006,606	999,966	999,966	1,006,606
2008	159,910	152,556	142,945	134,367	134,367	142,945
TOTAL	15,341,326	13,794,621	15,088,426	13,850,470	14,096,486	15,272,803

(2),(3) Exhibit 4

(4) Exhibits 3.1 and 3.3

(5) Exhibits 3.2 and 3.4

MERCANTILE SELF INSURANCE TRUST**WORKERS COMPENSATION
INDICATED ULTIMATE LOSSES
BORNHUETTER-FERGUSON INCURRED LOSS METHOD
INDEMNITY PLUS ALAE**

Accident Year (1)	Initial Expected Losses (2)	Expected Percent Reported (3)	Reported Losses	
			Actual (4)	Expected (5)=(2)x(3)
1995	243,824	98.0%	137,435	238,948
1996	390,792	98.0%	202,321	382,976
1997	526,785	98.0%	376,599	516,249
1998	617,198	98.0%	217,504	604,854
1999	732,884	98.0%	240,911	718,226
2000	609,356	97.1%	449,112	591,685
2001	586,196	95.7%	1,212,890	560,990
2002	1,244,635	93.8%	2,223,953	1,167,468
2003	2,740,544	91.1%	2,937,091	2,496,636
2004	3,773,782	88.4%	2,436,845	3,336,023
2005	3,895,736	85.4%	2,331,041	3,326,959
2006	3,334,951	81.7%	2,122,472	2,724,655
2007	1,007,254	72.9%	702,589	734,288
2008	119,911	66.1%	105,533	79,261
TOTAL	19,823,848		15,696,295	17,479,218

Accident Year (1)	Expected Percent Unreported (6)=1.0-(3)	Expected Unreported Losses (7)=(2)x(6)	Indicated Ultimate Losses (8)=(4)+(7)
1995	2.0%	4,876	142,311
1996	2.0%	7,816	210,137
1997	2.0%	10,536	387,135
1998	2.0%	12,344	229,848
1999	2.0%	14,658	255,569
2000	2.9%	17,671	466,783
2001	4.3%	25,206	1,238,096
2002	6.2%	77,167	2,301,120
2003	8.9%	243,908	3,180,999
2004	11.6%	437,759	2,874,604
2005	14.6%	568,777	2,899,818
2006	18.3%	610,296	2,732,768
2007	27.1%	272,966	975,555
2008	33.9%	40,650	146,183
TOTAL		2,344,630	18,040,925

(2) from 12/31/08 analysis.

(3) Reciprocal of development factor from Exhibit 5.1.

(4) Exhibit 4

MERCANTILE SELF INSURANCE TRUST
**WORKERS COMPENSATION
INDICATED ULTIMATE LOSSES
BORNHUETTER-FERGUSON PAID LOSS METHOD
INDEMNITY PLUS ALAE**

Accident Year (1)	Initial Expected Losses (2)	Expected Percent Paid (3)	Paid Losses	
			Actual (4)	Expected (5)=(2)x(3)
1995	243,824	95.1%	134,990	231,877
1996	390,792	95.1%	198,608	371,643
1997	526,785	95.1%	373,404	500,973
1998	617,198	95.1%	216,132	586,955
1999	732,884	95.1%	240,600	696,973
2000	609,356	95.1%	385,750	579,498
2001	586,196	94.2%	1,193,821	552,197
2002	1,244,635	91.4%	2,028,118	1,137,596
2003	2,740,544	88.7%	2,798,476	2,430,863
2004	3,773,782	85.3%	2,094,417	3,219,036
2005	3,895,736	79.7%	1,985,330	3,104,902
2006	3,334,951	67.9%	1,674,013	2,264,432
2007	1,007,254	53.2%	581,815	535,859
2008	119,911	41.2%	85,640	49,403
TOTAL	19,823,848		13,991,116	16,262,207

Accident Year (1)	Expected Percent Unpaid (6)=1.0-(3)	Expected Unpaid Losses (7)=(2)x(6)	Indicated Ultimate Losses (8)=(4)+(7)
1995	4.9%	11,947	146,937
1996	4.9%	19,149	217,757
1997	4.9%	25,812	399,216
1998	4.9%	30,243	246,375
1999	4.9%	35,911	276,511
2000	4.9%	29,858	415,608
2001	5.8%	33,999	1,227,820
2002	8.6%	107,039	2,135,157
2003	11.3%	309,681	3,108,157
2004	14.7%	554,746	2,649,163
2005	20.3%	790,834	2,776,164
2006	32.1%	1,070,519	2,744,532
2007	46.8%	471,395	1,053,210
2008	58.8%	70,508	156,148
TOTAL		3,561,641	17,552,757

(2) from 12/31/08 analysis.

(3) Reciprocal of development factor from Exhibit 5.2.

(4) Exhibit 4

MERCANTILE SELF INSURANCE TRUST**WORKERS COMPENSATION
INDICATED ULTIMATE LOSSES
BORNHUEYTER-FERGUSON INCURRED LOSS METHOD
MEDICAL PLUS INCIDENTS**

Accident Year (1)	Initial Expected Losses (2)	Expected Percent Reported (3)	Reported Losses	
			Actual (4)	Expected (5)=(2)x(3)
1995	104,497	98.5%	149,791	102,930
1996	167,483	97.6%	113,389	163,463
1997	225,765	96.6%	404,253	218,089
1998	258,244	95.1%	180,195	245,590
1999	287,875	93.6%	283,990	269,451
2000	239,725	92.7%	299,728	222,225
2001	438,059	91.6%	797,271	401,262
2002	962,945	89.8%	2,036,636	864,725
2003	1,812,975	87.6%	2,046,281	1,588,166
2004	2,240,683	84.2%	2,122,786	1,886,655
2005	2,479,105	80.2%	1,932,237	1,988,242
2006	2,452,802	77.5%	1,753,881	1,900,922
2007	1,007,254	68.9%	693,350	693,998
2008	113,600	63.3%	101,254	71,909
TOTAL	12,791,012		12,915,041	10,617,627

Accident Year (1)	Expected Percent Unreported (6)=1.0-(3)	Expected Unreported Losses (7)=(2)x(6)	Indicated Ultimate Losses (8)=(4)+(7)
1995	1.5%	1,567	151,358
1996	2.4%	4,020	117,409
1997	3.4%	7,676	411,929
1998	4.9%	12,654	192,849
1999	6.4%	18,424	302,414
2000	7.3%	17,500	317,228
2001	8.4%	36,797	834,068
2002	10.2%	98,220	2,134,856
2003	12.4%	224,809	2,271,090
2004	15.8%	354,028	2,476,814
2005	19.8%	490,863	2,423,100
2006	22.5%	551,880	2,305,761
2007	31.1%	313,256	1,006,606
2008	36.7%	41,691	142,945
TOTAL		2,173,385	15,088,426

(2) from 12/31/08 analysis.

(3) Reciprocal of development factor from Exhibit 5.3

(4) Exhibit 4

MERCANTILE SELF INSURANCE TRUST**WORKERS COMPENSATION
INDICATED ULTIMATE LOSSES
BORNHUETTER-FERGUSON PAID LOSS METHOD
MEDICAL PLUS INCIDENTS**

Accident Year (1)	Initial Expected Losses (2)	Expected Percent Paid (3)	Paid Losses	
			Actual (4)	Expected (5)=(2)x(3)
1995	104,497	96.3%	148,753	100,631
1996	167,483	95.4%	113,389	159,779
1997	225,765	94.5%	397,014	213,348
1998	258,244	93.5%	176,134	241,458
1999	287,875	92.6%	283,730	266,572
2000	239,725	91.7%	291,475	219,828
2001	438,059	90.7%	775,198	397,320
2002	962,945	89.8%	1,796,245	864,725
2003	1,812,975	87.3%	1,902,019	1,582,727
2004	2,240,683	83.1%	1,863,657	1,862,008
2005	2,479,105	78.1%	1,580,122	1,936,181
2006	2,452,802	71.6%	1,319,027	1,756,206
2007	1,007,254	61.5%	612,173	619,461
2008	113,600	53.4%	81,429	60,662
TOTAL	12,791,012		11,340,364	10,280,906

Accident Year (1)	Expected Percent Unpaid (6)=1.0-(3)	Expected Unpaid Losses (7)=(2)x(6)	Indicated Ultimate Losses (8)=(4)+(7)
1995	3.7%	3,866	152,619
1996	4.6%	7,704	121,093
1997	5.5%	12,417	409,431
1998	6.5%	16,786	192,920
1999	7.4%	21,303	305,033
2000	8.3%	19,897	311,372
2001	9.3%	40,739	815,937
2002	10.2%	98,220	1,894,465
2003	12.7%	230,248	2,132,267
2004	16.9%	378,675	2,242,332
2005	21.9%	542,924	2,123,046
2006	28.4%	696,596	2,015,623
2007	38.5%	387,793	999,966
2008	46.6%	52,938	134,367
TOTAL		2,510,106	13,850,470

(2) from 12/31/08 analysis.

(3) Reciprocal of development factor from Exhibit 5.4

(4) Exhibit 4

MERCANTILE SELF INSURANCE TRUST**WORKERS COMPENSATION
PROJECTED ULTIMATE LOSSES
LOSS DEVELOPMENT METHODS**

Accident Year (1)	Incurred Losses (2)	LDF (3)	Projected Ultimate Losses (4)=(2)x(3)	Paid Losses (5)	LDF (6)	Projected Ultimate Losses (7)=(5)x(6)
Indemnity Plus ALAE						
1995	137,435	1.020	140,183	134,990	1.051	141,875
1996	202,321	1.020	206,368	198,608	1.051	208,737
1997	376,599	1.020	384,131	373,404	1.051	392,448
1998	217,504	1.020	221,854	216,132	1.051	227,155
1999	240,911	1.020	245,729	240,600	1.051	252,870
2000	449,112	1.030	462,586	385,750	1.051	405,424
2001	1,212,890	1.045	1,267,470	1,193,821	1.062	1,267,838
2002	2,223,953	1.066	2,370,734	2,028,118	1.094	2,218,762
2003	2,937,091	1.098	3,224,926	2,798,476	1.127	3,153,883
2004	2,436,845	1.131	2,756,072	2,094,417	1.172	2,454,657
2005	2,331,041	1.171	2,729,649	1,985,330	1.254	2,489,604
2006	2,122,472	1.224	2,597,906	1,674,013	1.473	2,465,821
2007	702,589	1.371	963,249	581,815	1.878	1,092,649
2008	105,533	1.514	159,766	85,640	2.425	207,687
TOTAL	15,696,295		17,730,623	13,991,116		16,979,410
Medical Plus Incidents						
1995	149,791	1.015	152,038	148,753	1.038	154,405
1996	113,389	1.025	116,223	113,389	1.048	118,831
1997	404,253	1.035	418,402	397,014	1.058	420,041
1998	180,195	1.051	189,385	176,134	1.069	188,287
1999	283,990	1.068	303,301	283,730	1.080	306,428
2000	299,728	1.079	323,407	291,475	1.091	317,999
2001	797,271	1.092	870,620	775,198	1.102	854,269
2002	2,036,636	1.114	2,268,812	1,796,245	1.113	1,999,221
2003	2,046,281	1.142	2,336,853	1,902,019	1.146	2,179,714
2004	2,122,786	1.188	2,521,870	1,863,657	1.203	2,241,979
2005	1,932,237	1.247	2,409,500	1,580,122	1.281	2,024,136
2006	1,753,881	1.291	2,264,261	1,319,027	1.396	1,841,361
2007	693,350	1.452	1,006,744	612,173	1.626	995,394
2008	101,254	1.579	159,910	81,429	1.873	152,556
TOTAL	12,915,041		15,341,326	11,340,364		13,794,621

(2),(3) Exhibits 5.1 and 5.3; 2008 interpolated

(5),(6) Exhibits 5.2 and 5.4; 2008 interpolated

MERCANTILE SELF INSURANCE TRUST

WORKERS COMPENSATION
INCURRED LOSS DEVELOPMENT HISTORY
INDEMNITY PLUS ALAE

Accident Year	Months of Development														
	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180
1995	105,653	158,024	152,299	144,191	130,342	130,772	122,238	118,402	125,382	152,952	143,019	126,130	138,631	136,758	137,435
1996	47,942	238,518	247,710	246,105	211,344	210,364	219,362	263,244	243,493	203,474	196,452	189,956	193,497	202,321	
1997	299,741	317,546	372,388	377,672	401,071	404,556	372,710	385,982	382,018	372,223	374,584	373,791	376,599		
1998	245,827	289,658	301,371	233,242	232,789	204,012	210,082	211,068	240,467	240,499	216,903	217,504			
1999	215,219	331,130	277,137	273,441	257,280	260,389	223,346	240,732	241,331	246,757	240,911				
2000	274,550	298,162	256,136	398,354	400,782	410,715	395,473	451,430	450,066	449,112					
2001	463,374	722,055	1,002,405	1,121,227	1,335,263	1,221,839	1,257,425	1,216,904	1,212,890						
2002	764,634	1,502,354	1,748,071	2,034,264	1,889,049	2,056,582	2,150,898	2,223,953							
2003	1,482,297	2,511,265	3,404,013	2,746,997	2,828,706	2,891,700	2,937,091								
2004	1,363,303	2,184,735	1,970,879	2,169,421	2,355,984	2,436,845									
2005	1,174,765	1,712,039	-1,933,904	2,130,083	2,331,041										
2006	1,191,203	1,487,100	1,903,399	2,122,472											
2007	513,745	663,109	702,589												
2008	105,215	105,533													

Accident Year	Development Factors														
	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156	156-168	168-180	180-192
1995	1.482	0.964	0.947	0.904	1.003	0.935	0.969	1.059	1.220	0.935	0.882	1.099	0.986	1.005	
1996	4.975	1.039	0.994	0.859	0.995	1.043	1.200	0.925	0.836	0.965	0.967	1.019	1.046		
1997	1.059	1.173	1.014	1.062	1.009	0.921	1.036	0.990	0.974	1.006	0.998	1.008			
1998	1.178	1.040	0.774	0.998	0.876	1.030	1.005	1.139	1.000	0.902	1.003				
1999	1.539	0.837	0.987	0.941	1.012	0.858	1.078	1.002	1.022	0.976					
2000	1.086	0.859	1.555	1.006	1.025	0.963	1.141	0.997	0.998						
2001	1.558	1.388	1.119	1.191	0.915	1.029	0.968	0.997							
2002	1.965	1.164	1.164	0.929	1.089	1.046	1.034								
2003	1.694	1.355	0.807	1.030	1.022	1.016									
2004	1.603	0.902	1.101	1.086	1.034										
2005	1.457	1.130	1.101	1.094											
2006	1.248	1.280	1.115												
2007	1.291	1.060													
2008	1.003														
Mean	1.653	1.092	1.056	1.009	0.998	0.982	1.054	1.016	1.008	0.957	0.962	1.042	1.016	1.005	
3 Yr. Mean	1.181	1.156	1.106	1.070	1.048	1.030	1.048	0.999	1.007	0.962	0.989	1.042			
5 Yr. Mean	1.320	1.145	1.058	1.066	1.017	0.982	1.045	1.025	0.966	0.957					
Best 3	1.332	1.156	1.106	1.070	1.027	1.003	1.039	0.999	0.991	0.959					
Industry	1.720	1.319	1.145	1.075	1.061	1.032	1.020	1.013	1.016	1.011	1.016	1.014	1.012	1.010	1.114
Selected	1.565	1.185	1.120	1.045	1.035	1.030	1.030	1.020	1.015	1.010	1.000	1.000	1.000	1.000	1.020
Cumulative	2.543	1.625	1.371	1.224	1.171	1.131	1.098	1.066	1.045	1.030	1.020	1.020	1.020	1.020	1.020

FINANCIAL RISK ANALYSTS

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Indemnity Inc

MERCANTILE SELF INSURANCE TRUST

WORKERS COMPENSATION
PAID LOSS DEVELOPMENT HISTORY
INDEMNITY PLUS ALAE

Accident Year	Months of Development														
	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180
1995	8,416	19,822	70,052	95,820	101,080	109,135	113,354	110,275	121,138	126,393	121,581	120,822	130,895	128,845	134,990
1996	24,904	81,865	121,175	146,860	165,120	176,023	196,216	188,259	222,556	190,114	189,462	188,350	191,603	198,608	
1997	98,447	180,255	224,651	258,210	331,318	387,042	365,672	369,201	367,589	367,555	367,149	369,946	373,404		
1998	83,825	122,561	175,837	180,391	186,013	202,144	204,552	205,215	215,216	215,522	215,996	216,132			
1999	76,993	137,016	174,406	218,172	209,376	213,175	223,346	235,631	237,441	238,838	240,600				
2000	59,427	123,138	217,180	278,853	364,981	371,168	365,189	375,359	380,877	385,750					
2001	186,696	476,179	655,027	854,365	1,050,836	1,090,801	1,160,109	1,159,120	1,193,821						
2002	268,081	660,734	1,004,141	1,288,644	1,527,436	1,730,786	1,898,334	2,028,118							
2003	508,432	1,209,052	1,879,676	2,340,295	2,612,084	2,725,814	2,798,476								
2004	511,861	988,879	1,353,028	1,669,382	1,900,550	2,094,417									
2005	327,331	802,513	1,376,823	1,780,281	1,985,330										
2006	381,906	919,470	1,334,080	1,674,013											
2007	164,249	342,151	581,815												
2008	56,890	85,640													

Accident Year	Development Factors														
	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156	156-168	168-180	180-ult
1995	2,355	3,534	1,368	1,055	1,080	1,039	0,973	1,089	1,043	0,962	0,994	1,083	0,984	1,048	
1996	3,279	1,484	1,212	1,124	1,066	1,115	0,959	1,182	0,854	0,997	0,994	1,017	1,037		
1997	1,831	1,246	1,149	1,283	1,168	0,945	1,010	0,996	1,000	0,999	1,008	1,009			
1998	1,462	1,435	1,026	1,031	1,087	1,012	1,002	1,049	1,001	1,002	1,001				
1999	1,780	1,273	1,251	0,960	1,018	1,048	1,056	1,007	1,006	1,007					
2000	2,072	1,764	1,284	1,309	1,017	0,984	1,028	1,015	1,013						
2001	2,551	1,376	1,304	1,230	1,038	1,064	0,999	1,030							
2002	2,465	1,520	1,283	1,185	1,133	1,097	1,068								
2003	2,378	1,555	1,245	1,116	1,044	1,027									
2004	1,932	1,368	1,234	1,138	1,102										
2005	2,452	1,716	1,293	1,115											
2006	2,408	1,451	1,255												
2007	2,063	1,700													
2008	1,505														
Mean	2,182	1,648	1,242	1,141	1,075	1,037	1,012	1,054	0,986	0,993	0,999	1,037	1,010	1,048	
3 Yr. Mean	1,999	1,622	1,261	1,123	1,093	1,062	1,032	1,017	1,007	1,003	1,001	1,037			
5 Yr. Mean	2,076	1,558	1,262	1,157	1,067	1,044	1,031	1,019	0,975	0,993					
Best 3	2,141	1,569	1,261	1,147	1,061	1,046	1,029	1,017	1,002	0,999					
Industry	2,676	1,719	1,325	1,208	1,134	1,083	1,062	1,040	1,033	1,026	1,024	1,021	1,018	1,015	1,287
Selected	2,400	1,550	1,275	1,175	1,070	1,040	1,030	1,030	1,010	1,000	1,000	1,000	1,000	1,000	1,051
Cumulative	6,986	2,911	1,878	1,473	1,254	1,172	1,127	1,094	1,062	1,051	1,051	1,051	1,051	1,051	1,051

MERCANTILE SELF INSURANCE TRUST

WORKERS COMPENSATION
 INCURRED LOSS DEVELOPMENT HISTORY
 MEDICAL PLUS INCIDENTS

Accident Year	Months of Development														
	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180
1995	58,035	90,793	132,053	130,775	132,267	136,381	129,319	131,167	129,776	136,827	138,987	130,734	141,279	149,578	149,791
1996	64,042	101,428	100,578	97,601	97,911	109,451	152,492	122,698	118,637	115,737	113,937	113,937	113,389	113,389	
1997	219,269	255,683	273,226	297,651	287,637	287,294	265,360	266,825	267,065	268,704	272,764	361,331	404,253		
1998	199,124	180,526	211,518	188,259	195,888	167,585	167,759	169,477	187,702	187,703	177,196	180,195			
1999	208,578	238,192	230,430	240,901	244,796	272,337	268,213	283,840	283,840	290,440	283,990				
2000	249,171	261,192	263,184	318,539	321,006	306,961	292,043	301,315	299,652	299,728					
2001	331,190	529,845	604,910	698,387	702,315	791,430	792,577	805,763	797,271						
2002	758,637	1,060,091	1,223,621	1,388,403	1,719,865	1,847,906	1,991,162	2,036,636							
2003	1,179,726	1,503,034	1,619,774	1,893,797	1,961,119	2,013,437	2,046,281								
2004	1,287,321	1,535,865	1,954,223	2,140,067	2,072,257	2,122,786									
2005	971,885	1,365,212	1,515,964	1,680,656	1,932,237										
2006	957,571	1,320,271	1,680,113	1,753,881											
2007	543,754	688,409	693,350												
2008	96,035	101,254													

Accident Year	Development Factors														
	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156	156-168	168-180	180-ult
1995	1.584	1.454	0.990	1.011	1.031	0.948	1.014	0.989	1.054	1.016	0.941	1.081	1.059	1.001	
1996	1.594	0.992	0.970	1.003	1.118	1.393	0.805	0.967	0.976	0.984	1.000	0.995	1.000		
1997	1.166	1.069	1.089	0.966	0.961	0.960	1.006	1.001	1.006	1.015	1.325	1.119			
1998	0.907	1.172	0.890	1.041	0.856	1.001	1.010	1.108	1.000	0.944	1.017				
1999	1.142	0.967	1.045	1.016	1.113	0.985	1.058	1.000	1.023	0.978					
2000	1.048	1.008	1.210	1.008	0.956	0.951	1.032	0.994	1.000						
2001	1.600	1.142	1.155	1.006	1.127	1.001	1.017	0.989							
2002	1.397	1.154	1.135	1.239	1.074	1.078	1.023								
2003	1.274	1.078	1.169	1.036	1.027	1.016									
2004	1.193	1.272	1.095	0.968	1.024										
2005	1.405	1.110	1.109	1.150											
2006	1.379	1.273	1.044												
2007	1.266	1.007													
2008	1.054														
Mean	1.284	1.131	1.075	1.040	1.029	1.037	0.996	1.007	1.010	0.987	1.071	1.065	1.029	1.001	
3 Yr. Mean	1.233	1.130	1.083	1.051	1.042	1.032	1.024	0.995	1.008	0.979	1.114	1.065			
5 Yr. Mean	1.259	1.148	1.110	1.080	1.042	1.006	1.028	1.018	1.001	0.987					
Best 3	1.279	1.153	1.113	1.064	1.042	1.001	1.024	0.998	1.002	0.992					
Industry	1.322	1.123	1.075	1.054	1.044	1.043	1.027	1.026	1.024	1.016	1.016	1.015	1.013	1.010	1.206
Selected	1.325	1.155	1.125	1.035	1.050	1.040	1.025	1.020	1.012	1.010	1.016	1.015	1.010	1.010	1.015
Cumulative	2.222	1.677	1.452	1.291	1.247	1.188	1.142	1.114	1.092	1.079	1.068	1.051	1.035	1.025	1.015

MERCANTILE SELF INSURANCE TRUST

WORKERS COMPENSATION
PAID LOSS DEVELOPMENT HISTORY
MEDICAL PLUS INCIDENTS

Accident Year	Months of Development														
	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180
1995	25,724	41,862	108,533	122,061	124,719	125,972	128,701	130,629	129,588	135,934	138,923	130,424	140,218	144,642	148,753
1996	38,657	88,577	94,266	97,323	97,911	101,358	141,592	115,228	116,289	113,389	113,389	113,389	113,389	113,389	113,389
1997	133,723	197,470	216,516	226,119	253,489	260,081	258,449	262,557	265,044	265,374	270,220	317,245	397,014		
1998	123,055	146,200	154,279	159,253	161,742	163,603	166,987	169,038	170,941	173,865	175,243	176,134			
1999	100,424	187,776	202,439	232,323	237,968	265,390	268,213	283,490	283,491	283,491	283,730				
2000	100,889	219,943	249,524	281,967	302,468	303,493	290,131	290,978	291,176	291,475					
2001	198,337	461,633	546,839	641,834	679,237	696,096	732,537	737,007	775,198						
2002	354,281	846,462	1,039,803	1,191,594	1,312,603	1,534,414	1,715,129	1,796,245							
2003	479,216	1,162,075	1,374,944	1,598,968	1,778,138	1,831,438	1,902,019								
2004	617,768	1,089,024	1,411,684	1,691,284	1,748,304	1,863,657									
2005	442,436	843,466	1,094,429	1,447,545	1,580,122										
2006	399,516	841,772	1,084,506	1,319,027											
2007	216,768	453,867	612,173												
2008	59,155	81,429													

Accident Year	Development Factors														
	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156	156-168	168-180	180-III
1995	1.627	2.593	1.125	1.022	1.010	1.022	1.015	0.992	1.049	1.022	0.939	1.075	1.032	1.028	
1996	2.291	1.064	1.032	1.006	1.035	1.397	0.814	1.009	0.975	1.000	1.000	1.000	1.000		
1997	1.477	1.096	1.044	1.121	1.026	0.994	1.016	1.009	1.001	1.018	1.174	1.251			
1998	1.188	1.055	1.032	1.016	1.012	1.021	1.012	1.011	1.017	1.008	1.005				
1999	1.870	1.078	1.148	1.024	1.115	1.011	1.057	1.000	1.000	1.001					
2000	2.180	1.134	1.130	1.073	1.003	0.956	1.003	1.001	1.001						
2001	2.328	1.185	1.174	1.058	1.025	1.052	1.006	1.052							
2002	2.389	1.228	1.146	1.102	1.169	1.118	1.047								
2003	2.425	1.183	1.163	1.113	1.029	1.039									
2004	1.763	1.296	1.198	1.034	1.066										
2005	1.906	1.298	1.323	1.092											
2006	2.107	1.288	1.216												
2007	2.094	1.349													
2008	1.377														
Mean	1.930	1.296	1.144	1.060	1.049	1.068	0.996	1.011	1.007	1.010	1.029	1.109	1.016	1.028	
3 Yr. Mean	1.859	1.312	1.246	1.079	1.088	1.070	1.019	1.018	1.006	1.009	1.060	1.109			
5 Yr. Mean	1.849	1.283	1.209	1.080	1.059	1.035	1.025	1.015	0.999	1.010					
Best 3	1.921	1.294	1.192	1.084	1.040	1.034	1.022	1.007	1.001	1.009					
Industry	2.354	1.274	1.141	1.092	1.066	1.047	1.037	1.025	1.019	1.016	1.014	1.012	1.010	1.010	1.256
Selected	2.150	1.275	1.165	1.090	1.065	1.050	1.030	1.010	1.010	1.010	1.010	1.010	1.010	1.010	1.038
Cumulative	4.457	2.073	1.626	1.396	1.281	1.203	1.146	1.113	1.102	1.091	1.080	1.069	1.058	1.048	1.038

MERCANTILE SELF INSURANCE TRUST**PAYROLL
(\$00)**

<u>Calendar Period</u> (1)	<u>Earned Payroll</u> (2)
1997	304,532
1998	285,167
1999	312,816
2000	258,347
2001	540,787
2002	1,305,841
2003	2,108,111
2004	2,358,614
2005	2,361,052
2006	2,151,581
2007	915,686
2008	126,222
TOTAL	13,028,756

(2) Payroll provided by New York Compensation Managers

MERCANTILE SELF INSURANCE TRUST**WORKERS COMPENSATION
DISCOUNT FACTOR CALCULATION
INDEMNITY PLUS ALAE**

<u>End of Year</u> (1)	<u>Cumulative Percent Paid</u> (2)	<u>Incremental Percent Paid</u> (3)	<u>Present Value Of Payments Discounted At 3.0%</u> (4)	<u>Present Value Of Payments Discounted At 2.0%</u>
1	14.3%	14.3%	0.903	0.933
2	34.4%	20.1%	0.916	0.942
3	53.2%	18.8%	0.921	0.946
4	67.9%	14.7%	0.922	0.947
5	79.7%	11.8%	0.920	0.945
6	85.3%	5.6%	0.909	0.937
7	88.7%	3.4%	0.906	0.935
8	91.4%	2.7%	0.909	0.937
9	94.2%	2.8%	0.912	0.939
10	95.7%	1.5%	0.903	0.933
11	96.5%	0.9%	0.902	0.932
12	97.3%	0.7%	0.906	0.936
13	97.8%	0.6%	0.912	0.940
14	98.3%	0.5%	0.920	0.945
15	98.7%	0.4%	0.928	0.951
16	99.1%	0.3%	0.937	0.957
17	99.4%	0.3%	0.947	0.964
18	99.6%	0.2%	0.959	0.972
19	99.8%	0.2%	0.971	0.981
20	100.0%	0.2%	0.985	0.990

Payout pattern derived from inverse power curve fit
of paid loss development factors

MERCANTILE SELF INSURANCE TRUST**WORKERS COMPENSATION
DISCOUNT FACTOR CALCULATION
MEDICAL PLUS INCIDENTS**

<u>End of Year</u> (1)	<u>Cumulative Percent Paid</u> (2)	<u>Incremental Percent Paid</u> (3)	<u>Present Value Of Payments Discounted At 3.0%</u> (4)	<u>Present Value Of Payments Discounted At 2.0%</u>
1	22.4%	22.4%	0.917	0.943
2	48.2%	25.8%	0.923	0.947
3	61.5%	13.3%	0.916	0.942
4	71.6%	10.1%	0.916	0.942
5	78.1%	6.5%	0.913	0.940
6	83.1%	5.0%	0.914	0.940
7	87.3%	4.2%	0.912	0.939
8	89.8%	2.5%	0.902	0.932
9	90.7%	0.9%	0.893	0.926
10	91.7%	1.0%	0.903	0.933
11	92.6%	0.9%	0.910	0.938
12	93.5%	0.9%	0.915	0.942
13	94.5%	0.5%	0.915	0.942
14	94.9%	0.4%	0.921	0.946
15	95.3%	0.3%	0.929	0.952
16	95.5%	0.3%	0.938	0.958
17	95.8%	0.2%	0.949	0.965
18	96.0%	0.2%	0.960	0.973
19	96.1%	0.2%	0.972	0.981
20	100.0%	0.1%	0.985	0.990

Payout pattern derived from inverse power curve fit
of paid loss development factors

MERCANTILE SELF INSURANCE TRUST**RETENTION LEVELS**

<u>Policy Period</u> (1)	<u>Per Occurrence Retention</u> (2)
10/1/94-95	\$300,000
10/1/95-96	\$300,000
10/1/96-97	\$300,000
10/1/97-98	\$300,000
10/1/98-99	\$300,000
10/1/00-01	\$300,000
10/1/01-02	\$350,000
10/1/02-12/31/03	\$400,000
12/31/03-04	\$400,000 *
12/31/04-3/1/06	\$400,000 *
3/1/06-12/31/06	\$400,000
1/1/07-12/31/07	\$400,000
1/1/08-12/31/08	\$400,000

*Corridor deductible of \$1.2 million in layer \$600,000 excess \$400,000