

**INITIAL PRICING ANALYSIS
FOR THE OHI WORKERS'
COMPENSATION TRUST**

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WORKERS' COMPENSATION
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SELF INSURANCE OFFICE

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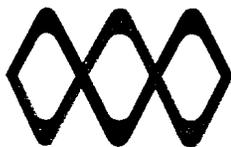
OHIWCT in care of
David I. Harvey, Ph. D.
President
Cody Management Services, Inc.

Prepared by:

Robert J. Meyer, FCAS
Milliman & Robertson, Inc.

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November 3, 1997

Mr. David I. Harvey, Ph.D.
President
Cody Management Services, Inc.
611 Glen Street
Glens Falls, NY 12801, and

Board of Trustees
OHI Workers' Compensation Trust

Dear David:

Milliman & Robertson, Inc. has completed its work related to the adequacy of the proposed premium and loss reserve funding levels for the initial fund year for the OHI Workers' Compensation Trust (hereafter referred to as "OHIWCT" or "the Trust"). This report discusses our conclusions, the data underlying our work and our analysis.

In short, we believe the proposed rate structure produces an expected loss and allocated loss expense ratio of 36.0% for the initial fund year. With an expected expense ratio (including excess insurance costs) of 43.0% (of which 4% are one-time start-up costs), the expected combined ratio is 79.0%. Further, we estimate that there is an 83% confidence level that the initial fund year will not result in an underwriting loss (i.e. a combined ratio of 100.0% or less).

Please feel free to call should you have any questions or if you need any clarification.

Sincerely,

Robert J. Meyer, FCAS

Introduction and Background

The Oil Heat Institute of Eastern New York (OHI) is a trade association comprised of employers in the heat, petroleum, propane, gasoline and related industries including the distribution and handling of petroleum products. These businesses service both residential and commercial clientele.

In response to the growing cost of workers compensation insurance, OHI's board of directors voted to explore the formation of a workers compensation trust. Through the Trust, the members intend to self-insure their collective workers compensation costs. OHI retained the services of Cody Management Services, Inc. (CMS) to assist them in their efforts to develop the OHIWCT and to administer the operations of the Trust on an on-going basis. The OHIWCT was formed on October 21, 1997, with 27 qualifying companies.

CMS considered several rating scenarios for the Trust, and selected one in which OHIWCT members would pay 89.0% (i.e. 11.0% below) of what they are presently paying. Founding Members would receive an additional 2% reduction (87% of current costs), while Charter Members would receive an additional 1% reduction (88% of current costs). CMS determined that this premium level can be most closely achieved by using the October 1, 1997 New York Compensation Insurance Rating Board (NYCIRB) rates reduced by 19.0%. Milliman & Robertson, Inc. was retained by CMS on behalf of OHIWCT to analyze the adequacy of the rates that the members intend to charge themselves for the initial fund year and to provide an estimate of the confidence (e.g. confidence level) surrounding our conclusion. This report discusses our findings.

Conclusions

Based on our work, we estimate that the expected loss and allocated loss adjustment expense (ALAE) ratio for the initial fund year of the OHIWCT will be 36.0% using rates which are 19.0% below the October 1, 1997 NYCIRB rates. With an expected expense ratio for the initial fund year of 43.0%, our analysis finds that there will be sufficient premium to fund the benefits to injured workers, all administrative expenses and return an underwriting profit to the Trust of 21.0%.

We estimate that at an 83% confidence level, the initial fund year will not produce an underwriting loss. A 0% underwriting loss equates to a 57.0% loss and allocated loss expense ratio. This should be interpreted to mean that, based on rates which are 19.0% below the October 1, 1997 NYCIRB rates, it can be expected that the loss and ALAE ratio will be 57.0% or less 83% of the time. Conversely, there is a 17% chance that actual results will exceed a 57.0% loss and ALAE ratio.

The expected loss and ALAE ratio of 36.0% does not include any credit for anticipated savings in loss costs as a results of strict loss control and return to work measures. These efforts will, presumably, be more focused and tailored to the needs of the heating industry than those which this group has experienced from its many commercial insurers. **If our work had considered this, the expected loss and ALAE ratio would have been less than 36.0% and there would be a greater than an 83% confidence level that the initial fund year would not result in an underwriting loss.**

These findings presume an initial fund year premium of \$600,000. Should actual premium revenue commence below this amount because initial participation into the Trust is less than expected, the 36.0% expected loss and ALAE ratio would be unchanged. However, the 83% confidence level that an underwriting loss would not be achieved would be reduced because there is a greater statistical variance attached to the 36.0% loss and ALAE ratio under a lower premium amount than there is under a higher premium amount. In addition, since there are fixed expenses, the 43.0% expense ratio would increase slightly if the actual premium level were below \$600,000. However, recognizing that typically not all original interested parties join at the outset of such programs, we believe a minimum total premium for the initial fund year of \$450,000 is appropriate for this program. At \$450,000 of premium, the confidence level is only slightly reduced to 81%.

We also recommend that the initial security deposit for this Trust be established at \$300,000, or the equivalent of 120% of one full retention loss. Our analysis suggests that the Trust would have to achieve a loss and loss expense ratio in excess of 107.0% in order to exhaust a \$300,000 security deposit. Based on the proposed rating structure, there is less than a 3.0% chance of this occurring.

Data

Our analysis made use of the following data:

- (1) Premium and loss data for policy years 1994 - 1996 for each of the 27 qualifying members of the OHIWCT. Loss data as of the most recently available evaluation was provided; however, the evaluation dates differed among the members. The evaluation dates for 21 of the 27 qualifying members were within the last seven months, and all were evaluated as recently as March, 1996.
- (2) Audited payroll for policy years 1994 - 1996 by employer by classification.
- (3) The October 1, 1997 NYCIRB rates.

- (4) Incurred loss development factors for New York from the 1997 edition of the NCCI Annual Statistical Bulletin.
- (5) Average annual trend in New York wages from the 1996 edition of the United States Statistical Abstract and from the October 1, 1997 NYCIRB rate filing.

Items (1) - (3) were provided to us by CMS.

Approach

The scope of our work was to estimate, from an actuarial standpoint, whether or not the premium revenue generated by the use of rates which are 19.0% below the October 1, 1997 NYCIRB rates will be adequate to fund the expected loss costs and administrative costs of the initial fund year of the Trust. In addition, the premium should be large enough to provide some margin for a contingency reserve.

The approach we used begins with data from policy years 1994 - 1996 for each member of the Trust. We use this data to estimate the loss and ALAE ratio for the initial fund year, policy year 1998. The following adjustments were made to the historical data in order to estimate the policy year 1998 loss and ALAE ratio:

1. Incurred loss and ALAE amounts were developed to an ultimate basis.
2. Ultimate loss and ALAE amounts were trended to 1998 cost levels.
3. Premiums were trended to 1998 wage levels.

Our estimate of policy year 1998 ultimate loss and ALAE costs as a percent of our estimate of policy year 1998 premium is 36.0%, i.e. a 36.0% loss and ALAE ratio.

Explanation of Exhibits

Exhibit 1

This exhibit summarizes our estimate of the 36.0% loss and ALAE ratio.

Column (2) shows the premium level that would have been generated for each of policy years 1994 - 1996 if the proposed rates (19.0% below the October 1, 1997 NYCIRB rates) were used.

Columns (3), (4) and (5) further adjusts the premiums in column (2) by modifying the underlying payrolls to expected wage levels prevalent during 1998. We selected an average annual wage trend factor of 3.0% based on our review of data contained in the United States Statistical Abstract for the state of New York and from the NYCIRB's October 1, 1997 rate filing.

Column (6) is the case incurred loss and ALAE data.

Column (7) is an estimate of the ultimate incurred loss and ALAE costs. It includes both the known case incurred loss and ALAE data from column (6) as well as an estimate of the incurred but not reported (IBNR) losses.

Columns (8) and (9) further modify the ultimate incurred loss and ALAE amounts in column (7) by adjusting them to the level of loss costs anticipated during policy year 1998. The average annual loss trend factor of 5.0% is based on our estimate of recent workers compensation trend indications.

Column (10) is an estimate of the loss and ALAE ratio for policy years 1994 - 1996 at the proposed rates, 1998 wage levels and 1998 loss cost levels.

Column (11) shows the selected weights given to each policy year used in determining the selected loss and ALAE ratio for policy year 1998. It is appropriate to give greater weight to more recent data since it better reflects current conditions.

Column (12) is the weighted average loss and ALAE ratio of 36.0%.

Exhibit 2

This exhibit provides the calculations which underlie column (2) from Exhibit 1.

Columns (1), (2) and (3) show the actual audited payroll figures by classification for all OHIWCT members. The data in these columns were recorded here from exhibits prepared by CMS for each member of the Trust. The payroll off of those exhibits sum to the totals as shown.

Columns (4), (5) and (6) represent adjusted payroll amounts. The payroll amounts as shown on columns (1), (2) and (3) are adjusted to set the total payroll by class equal to the total aggregate payroll. The adjustment for each year was less than 1%.

Column (7) is 81.0% of the October 1, 1997 NYCIRB rates.

Columns (8), (9) and (10) are the products of the adjusted payrolls by classification in columns (4), (5) and (6) and the proposed rates in column (7). These product represents

historical premium amounts adjusted to the proposed rate level. The total amounts in these three columns are also shown in column (2) of Exhibit 1.

Exhibit 3

This exhibit provides the calculations which underlie column (7) from Exhibit 1.

Column (1) is the name of the OHIWCT member.

Columns (2) and (3) is the policy year and policy effective date, respectively.

Column (4) is the standard premium for each OHIWCT member.

Columns (5), (6) and (7) are the paid loss and ALAE, case outstanding loss and ALAE and incurred loss and ALAE amounts, respectively.

Column (8) is the valuation date of the loss data shown in columns (5), (6) and (7).

Column (9) is the age of the policy in months as measured by the difference between the valuation date of the data in column (8) and the policy effective date in column (3).

Column (10) is the loss development factor used to estimate the IBNR losses. While these factors may not be appropriate on a policy-by-policy basis, they are appropriate in estimating the IBNR losses in aggregate. This is because the data underlying the loss development factors are based on a mix of both closed, open and reopened workers compensation claims in New York. The description of Exhibit 4 discusses these loss development factors in greater detail.

Column (11) represents the portion of the total ultimate losses which have been reported as of the valuation date and are calculated as the reciprocal of the loss development factors in column (10). The percent reported which appears in the subtotal is calculated as the average of the values above it, weighted by the standard premium amounts in column (4). The reciprocal of the subtotal percent reported is shown as the subtotal loss development factor in column (10).

Column (12) is the ultimate loss and ALAE amount and is calculated by dividing the known incurred loss and ALAE amount in column (7) by the percent reported in column (11). This amount is also shown in column (7) on Exhibit 1.

Column (13) is the ultimate loss and ALAE ratio and is calculated by dividing the ultimate loss and ALAE in column (12) by the standard premium in column (4).

Exhibit 4

This exhibit shows the source of the loss development factors used on Exhibit 3.

The incurred loss and ALAE development pattern used in this analysis comes from a review of statewide (New York only) industry loss development as reported in the 1997 edition of the NCCI's Annual Statistical Bulletin. (The NCCI obtains this information from the NYCIRB). The industry data excludes ALAE data, but the omission of this data should have only a minor effect on the incurred loss development pattern. We developed a combined indemnity and medical development pattern using separate reporting patterns weighted 66.7% (indemnity) and 33.3% (medical).

Sheet 1 of this exhibit shows the percent change in the valuation of incurred medical losses from one calendar year to the next. For example, accident year 1994 incurred losses valued as of December 31, 1995 (24 months) are 21.7% larger than accident year 1994 incurred medical losses valued as of December 31, 1994 (12 months). The loss development factor is, therefore, expressed as 1.217. By looking at the loss development factors within a column, one can see several historical loss development factors which represent similar aging of the claims as they mature. Sheet 2 shows the development pattern for indemnity losses.

In each column, there are three historical factors shown. The three year average factor and the two year average factor are also shown. For medical, we selected the average of the latest two years. For indemnity, we selected the three year average. The cumulative product of the selected factors beginning with the tail factor at 96 months become our selected loss development factors to an ultimate loss level.

On Sheet 3 of Exhibit 4, we calculate the weighted average of the two development patterns to determine a combined medical and indemnity loss development pattern. These loss development factors are interpolated to account for the various age in months of the reported incurred losses and are used in column (10) on Exhibit 3.

Potential Areas of Uncertainty in Our Analysis

There are several assumptions underlying our work which have a potential to either overestimate or underestimate the initial fund year loss and ALAE ratio. The following three assumptions have a potential to overestimate the loss and ALAE ratio.

1. Incurred Loss Development Factor from 96 Months

Exhibit 4 shows the industry loss experience in the development of incurred losses from 96 months to their ultimate reported values. Over the most recently

available three years, this factor has ranged from 1.096 to 1.180 for indemnity and from 1.091 to 1.231 for medical. When insurers report their loss data to the NYCIRB, they are permitted to report losses on a discounted basis to reflect the time value of money for lifetime annuity claims such as permanent total cases or fatal cases involving weekly benefits to widows and children. As these cases move from the reserve status to the payment status, the amount of discount which underlie the case reserves are unwound, creating artificially higher loss development factors.

The impact of this overstatement is expected to be minimal, however, since permanent total claims represent a small portion (only 2.6% in New York) of the total ultimate losses. Further, many insurers report the undiscounted case reserve, rather than the discounted value, amounts on these claims.

2. Incurred Loss Development Factors in General

As stated above, the selected incurred loss development factors come from the NYCIRB. Since the loss data underlying these development factors are prior to the limiting effect of excess of loss reinsurance, it includes the development of losses above OHIWCT's expected per occurrence retention of \$250,000. Loss development factors from incurred loss data which had individual claim amounts capped at \$250,000 per occurrence would be lower, albeit by a relatively small amount, than those used in this analysis.

3. Loss Control and Claims Handling Efforts

The loss control and claims handling efforts, such as return to work guidelines, of the OHIWCT should have a favorable impact on the loss and ALAE ratio if, in fact, it results in a lower frequency and/or severity of claims than that experienced by the members in previous years through the loss control and claims handling operations of the private insurers. The amount of the potential reduction to the 36.0% loss and ALAE ratio is not quantifiable at this point. We recognize the cost saving potential in effectively using such programs; however, from a pricing standpoint, it is generally appropriate to adopt a "wait and see position" until such savings are demonstrable in actual claim experience.

The following three assumptions have a potential to either overestimate or underestimate the loss and ALAE ratio.

1. Incurred Loss and ALAE Development Pattern

The incurred loss and ALAE development pattern we used is based on statewide New York data representing a broad spectrum of employment activity. This pattern may or may not be representative of the expected incurred loss and ALAE development of the OHIWCT.

2. Annual Wage Trend

The annual wage trend of 3.0% is based on changes in the aggregate level of statewide New York wages. This annual wage trend may or may not be representative of the expected annual wage trend of the OHIWCT.

3. Annual Loss Cost Trend

The annual loss cost trend of 5.0% is based on our estimate of the annual trend in workers compensation costs given the recent positive effects of managed care efforts and return to work guidelines that are commonplace on the medical side. This annual loss cost trend may or may not be representative of the expected annual loss cost trend of the OHIWCT.

Confidence Level

The confidence level we attach to these results is 83%. As stated earlier, this suggests that while our expected loss and ALAE ratio is 36.0%, the actual loss and ALAE ratio should be 57.0% or less (i.e. no underwriting loss) nearly 83% of the time. We relied on a Monte-Carlo simulation technique to model the distribution of the aggregate expected losses. A more technical description of the assumptions and mathematics underlying this technique can be provided, if desired.

Initial Fund Year Contribution

We also considered the degree to which our confidence that the Trust will achieve an underwriting profit would be impacted by participation which falls short of expected. In the event that the Trust's initial fund year contributions are \$450,000 (rather than \$600,000), we expect that the Trust would achieve a 57.0% or better loss ratio 80% of the time. We consider this to be an insignificant change in the confidence level measure for this program.

Security Deposit

We further considered the likelihood that the Trust would, in addition to failing to achieve an underwriting profit, have such unfavorable loss experience that a surplus of \$300,000 would be exhausted. We found that, assuming initial premium of \$600,000, the actual loss and ALAE ratio should be less than 107% (corresponding to a combined ratio of 150% and a resulting deficit of \$300,000) 97% of the time. In other words, a security deposit for this Trust in the amount of \$300,000 has a 3.0% chance of being eroded based on the recommended pricing structure. In actuality, the loss combined ratio would have to be greater than 150.0% to fully exhaust any security deposit due to the investment earnings the Trust is expected to achieve.

Initial Cash Position

Our estimate of expected losses and allocated loss adjustment expenses for the initial fund year is \$216,000 (36% loss ratio, multiplied by \$600,000 of premium). Approximately 25% of these losses will be incurred during the first three months of operations, but only a small fraction of those losses will be paid during that period. As described in Schedule 2 of the Participation Agreement, additional premium payments will be received by the Trust every three months. Given the level of losses we expect the Trust to pay during the first three months of operation, and the additional premium payments which will be collected before March 31, 1998, we expect that \$125,000 will more than satisfy the initial cash needs of the OHIWCT.

Limitations

We based our results on generally accepted actuarial procedures and reasonable judgments. Our results reflect assumptions regarding loss development, loss trend and wage trend. However, projections of expected loss ratios are inherently uncertain and actual results are likely to vary, perhaps materially, from our estimates. This is particularly true for small insurance programs where actual results tend to vary considerably from year to year.

We based our analysis on data provided to us by CMS. We did not audit that data or otherwise verify its accuracy or completeness. As is often the case in the initial development of such a project as OHIWCT with information sought from a wide variety of different insurance carriers and other sources, we did note some occasional missing evaluation dates in the data provided to us and, we believe, we have addressed this appropriately. We believe this missing information has an immaterial impact on our results. Overall, the data provided to us by CMS was both very recent and of high quality. Should the data and other information be found to be inaccurate or incomplete, the results of our work may be, likewise, inaccurate or incomplete.

The current and future financial position of the Trust is the responsibility of OHIWCT Trust and not Milliman & Robertson, Inc.

Distribution and Use

This report is intended for the internal use of the OHIWCT, CMS, the accounting firm of Fuller & La Fiura, the law firm of Matte & Nenninger, the New York State Workers' Compensation Board and the New York State Insurance Department. No other distribution or use is authorized without prior written consent of Milliman & Robertson, Inc. In the event that distribution of the report is authorized, it may be copied only in its entirety and any party receiving this report must be informed that we are available to answer questions and/or provide clarification.

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OHI Workers' Compensation Self-Insurance Corporation
Loss Ratio Projection for Policy Year 1998

(1) Policy Year	(2) Premium at Proposed Rates*	(3) Annual Wage Trend Factor	(4) Trend Period in Years	(5) Premium at Proposed Rates and 1998 Wage Level
1994	\$484,385	1.030	4	\$545,180
1995	515,329	1.030	3	563,114
1996	515,343	1.030	2	546,728
TOTAL	\$1,515,058			\$1,655,021

(1) Policy Year	(6) Case Incurred Loss & ALAE	(7) Ultimate Incurred Loss & ALAE	(8) Annual Loss Trend Factor	(9) Ultimate Incurred Loss & ALAE at 1998 Cost Level
1994	\$63,904	\$89,054	1.050	\$108,246
1995	134,972	221,319	1.050	256,204
1996	73,062	191,091	1.050	210,678
TOTAL	\$271,938	\$501,464		\$575,128

(1) Policy Year	(10) Loss & ALAE Ratio at 1998 Level	(11) Weights	(12) Selected Loss & ALAE Ratio
1994	20%	0.27	
1995	45%	0.33	
1996	39%	0.40	
TOTAL	35%		36%

* (0.81) x NYCIRB Rates, effective October 1, 1997

OHI Workers' Compensation Self-Insurance Corporation
Loss Ratio Projection for Policy Year 1997

FOOTNOTES:

- (2) From Exhibit 2, Columns (8), (9) and (10)
- (3) Selected by M&R
- (4) Number of years to Policy Year 1997
- (5) $= (2) \times [(3) ^ (4)]$
- (6) From Exhibit 3, Sheets 1 and 2, Column (6)
- (7) From Exhibit 3, Sheets 1 and 2, Column (10)
- (8) Selected by M&R
- (9) $= (7) \times [(8) ^ (4)]$
- (10) $= (9) / (5)$
- (11) Selected by M&R
- (12) Average of column (10) weighted over column (11)

OHI Workers' Compensation Self-Insurance Corporation
 Estimate of Historical Premium at Proposed Rates

Class Code	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	Actual Payroll			Adjusted Payroll			Proposed Rate	Premium at Proposed Rates		
	1996	1995	1994	1996	1995	1994			1996	1995
5183	\$68,310	\$87,645	\$82,488	\$67,973	\$87,043	\$82,124	\$7.06	\$4,799	\$6,145	\$5,798
5193	1,938,692	2,137,847	1,850,332	1,929,129	2,123,154	1,842,169	11.06	213,362	234,821	203,744
7219	32,760	31,200	31,200	32,598	30,986	31,062	9.50	3,097	2,944	2,951
8006	803,400	785,134	770,252	799,437	779,738	766,854	2.74	21,905	21,365	21,012
8232	51,310	48,850	31,025	51,057	48,514	30,888	7.27	3,712	3,527	2,246
8350	2,085,314	1,839,238	1,967,915	2,075,028	1,826,598	1,959,234	7.03	145,874	128,410	137,734
8353	878,785	822,466	730,644	874,450	816,813	727,421	6.12	53,516	49,989	44,518
8381	70,133	73,639	117,486	69,787	73,133	116,968	2.82	1,968	2,062	3,298
8391	1,161,586	1,134,637	1,064,602	1,155,856	1,126,839	1,059,905	4.12	47,621	46,426	43,668
8742	334,484	283,929	384,394	332,834	281,978	382,698	0.66	2,197	1,861	2,526
8809	1,171,030	1,378,390	1,347,369	1,165,254	1,368,917	1,341,425	0.36	4,195	4,928	4,829
8810	2,040,638	2,047,657	1,971,292	2,030,572	2,033,584	1,962,596	0.34	6,904	6,914	6,673
8751	44,890	41,702	21,818	44,669	41,415	21,722	6.81	3,042	2,820	1,479
3737	32,163	55,244	45,980	32,004	54,864	45,777	5.49	1,757	3,012	2,513
5645	11,800	887	11,804	11,742	881	11,752	11.88	1,395	105	1,396
9519	0	0	0	0	0	0	3.56	0	0	0
5213	0	0	0	0	0	0	19.07	0	0	0
7998	0	0	0	0	0	0	2.71	0	0	0
Total	\$10,725,295	\$10,768,465	\$10,428,601	\$10,672,390	\$10,694,457	\$10,382,595		\$515,343	\$515,329	\$484,385

- (1), (2), (3) Provided by CMS
- (4), (5), (6) Adjusted for incomplete data
- (7) Rate per \$100 payroll, based on NYCIRB rates effective 10/1/97 -- reduced by 1%.
- (8) = (4) x (7) / 100
- (9) = (5) x (7) / 100
- (10) = (6) x (7) / 100

OHI Workers' Compensation Self-Insurance Corporation

Loss Experience Data

(1)	(2)	(3)	(5)	(6)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Name of Insured	Policy Year	Policy Effective Date	Manual Premium	Experience Mod Factor	Standard Premium	Paid Loss & ALAE	Outstanding Loss & ALAE	Incurred Loss & ALAE	Valuation Date	Age in Months as of Valuation Date	Loss Development Factor	Reported Loss & ALAE as a Percent of Ultimate	Ultimate Loss & ALAE	Ultimate Loss & ALAE Ratio
ACKNER FUELS	94	Sep-94	28,216	0.79	\$22,291	0	0	\$0	04/24/97					
BIGELOW'S	94	Jul-94	18,533	0.84	15,568	0	0	0	10/07/97					
BLUE FLAME	94	Jan-94	55,042	0.81	44,584	26,355	3,964	30,319	10/01/97	45	1.298	77.0%		
BORST OIL	94	Jun-94	23,810	0.86	20,477	529	0	529	10/10/97	40	1.342	74.5%		
BOVE	94	Dec-94	51,284	0.98	50,258	0	0	0	09/17/97					
BRANDOW	94	Jul-94	1,765	1.00	1,765	0	0	0	10/15/97					
COLLINS & SONS	94	Aug-94	6,777	0.85	5,760	0	0	0	11/20/96					
EP LARSEN	94	Apr-94	11,748	1.06	12,453	0	0	0	04/22/97					
F.K. GAILEY	94	Mar-94	27,885	0.87	24,260	534	0	534	04/30/97	37	1.370	73.0%		
FIRST FUEL & HEATING	94	Mar-94	9,267	1.00	9,267	0	0	0	10/14/97					
FRANK FABRIZIO FUEL	94	Sep-94	22,034	1.35	29,746	293	207	500	04/29/97	31	1.469	68.1%		
G.W. KNAPP & SONS	94	Sep-94	6,265	0.88	5,513	100	0	100	10/01/97	37	1.370	73.0%		
HART'S FUELS	94	Jan-94	31,182	0.79	24,634	0	0	0	06/28/97					
HASTING & COMPANY	94	Mar-94	31,007	0.95	29,457	43	0	43	10/10/97	43	1.315	76.0%		
HYDE	94	Mar-94	69,632	1.05	73,114	253	0	253	03/11/96	24	1.616	61.9%		
J & R ELDRIDGE	94	Jun-94	11,849	0.85	10,072	0	0	0	10/14/97					
JOHNSTON'S LP GAS	94	Jan-94	30,121	0.81	24,398	182	0	182	10/01/97	45	1.298	77.0%		
KING SERVICE	94	Mar-94	175,902	0.80	140,722	12,085	1,899	13,984	10/14/97	43	1.315	76.0%		
MONTAGUE	94	Apr-94	14,629	0.81	11,849	0	0	0	03/20/96					
MORINI	94	Mar-94	45,922	0.77	35,360	546	0	546	10/26/96	31	1.469	68.1%		
NEVERVILLE ENERGY	94	Mar-94	10,902	1.16	12,646	0	0	0	10/10/97					
OTTOMAN & ENDERS	94	Sep-94	22,806	0.79	18,017	0	0	0	10/14/97					
PERSICO OIL	94	Mar-94	27,854	0.86	23,954	0	0	0	12/03/96					
SCHARFF'S OIL	94	Aug-94	10,300	0.83	8,549	0	0	0	10/07/97					
SNYDER	94	May-94	15,722	1.10	17,294	16,876	38	16,914	03/15/96	22	1.699	58.8%		
SUNRISE HEATING	94	Nov-94	10,752	0.86	9,247	0	0	0	10/15/97					
VALLEY PROPANE	94	Nov-94	16,607	0.90	14,946	0	0	0	07/01/97					
SUBTOTAL	94	Apr-94			\$696,200	\$57,796	\$6,108	\$63,904	05/18/97	36	1.394	71.8%	\$89,054	12.8%

Footnotes:

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OHI Workers' Compensation Self-Insurance Corporation
Loss Experience Data

(1)	(2)	(3)	(5)	(6)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Name of Insured	Policy Year	Policy Effective Date	Manual Premium	Experience Mod. Factor	Standard Premium	Paid Loss & ALAE	Outstanding Loss & ALAE	Incurred Loss & ALAE	Valuation Date	Age in Months as of Valuation Date	Loss Development Factor	Reported Loss & ALAE as a Percent of Ultimate	Ultimate Loss & ALAE	Ultimate Loss & ALAE Ratio
ACKNER FUELS	95	Sep-95	33,053	0.98	\$32,392	301	0	\$301	04/24/97	19	1.842	54.3%		
BIGELOW'S	95	Jul-95	19,631	0.87	17,079	0	0	0	10/07/97					
BLUE FLAME	95	Jan-95	60,114	0.83	49,895	221	0	221	10/01/97	33	1.432	69.8%		
BORST OIL	95	Jun-95	22,816	0.94	21,447	1,716	0	1,716	10/10/97	28	1.529	65.4%		
BOVE	95	Dec-95	66,771	0.90	60,094	3,086	0	3,086	09/17/97	21	1.745	57.3%		
BRANDOW	95	Jul-95	1,918	1.00	1,918	0	0	0	10/15/97					
COLLINS & SONS	95	Aug-95	8,320	0.87	7,238	0	0	0	11/20/96					
EP LARSEN	95	Apr-95	12,680	0.84	10,651	2,027	0	2,027	04/22/97	24	1.616	61.9%		
F.K. GAILEY	95	Mar-95	47,577	0.88	41,868	4,229	517	4,746	04/30/97	25	1.593	62.8%		
FIRST FUEL & HEATING	95	Mar-95	10,693	1.00	10,693	0	0	0	10/14/97					
FRANK FABRIZIO FUEL	95	Sep-95	25,730	1.06	27,274	683	0	683	04/29/97	19	1.842	54.3%		
G.W. KNAPP & SONS	95	Sep-95	9,703	0.87	8,442	0	0	0	10/01/97					
HART'S FUELS	95	Jan-95	34,891	0.81	28,262	0	0	0	06/28/97					
HASTING & COMPANY	95	Mar-95	31,182	0.81	25,257	0	0	0	10/10/97					
HYDE	95	Mar-95	64,989	1.05	68,238	20,639	6,142	26,781	03/11/96	12	2.292	43.6%		
J & R ELDRIDGE	95	Jun-95	11,701	0.87	10,180	8,218	20,704	28,922	10/14/97	28	1.529	65.4%		
JOHNSTON'S LP GAS	95	Jan-95	28,894	0.83	23,982	1,235	0	1,235	10/01/97	33	1.432	69.8%		
KING SERVICE	95	Mar-95	170,365	0.89	151,625	9,352	0	9,352	10/14/97	31	1.469	68.1%		
MONTAGUE	95	Apr-95	16,467	0.85	13,997	0	0	0	03/20/96					
MORINI	95	Mar-95	29,063	0.77	22,379	14,548	0	14,548	10/26/96	19	1.842	54.3%		
NEVERVILLE ENERGY	95	Mar-95	8,683	1.13	9,812	18,203	5,797	24,000	10/10/97	31	1.469	68.1%		
OTTOMAN & ENDERS	95	Sep-95	29,277	0.81	23,714	0	0	0	10/14/97					
PERSICO OIL	95	Mar-95	25,398	0.92	23,366	0	0	0	12/03/96					
SCHARFF'S OIL	95	Aug-95	10,770	0.85	9,155	0	0	0	10/07/97					
SNYDER	95	May-95	17,395	1.11	19,308	0	0	0	03/15/96					
SUNRISE HEATING	95	Nov-95	12,610	0.86	10,845	0	0	0	10/15/97					
VALLEY PROPANE	95	Nov-95	14,836	0.90	13,352	4,648	12,706	17,354	07/01/97	20	1.792	55.8%		
SUBTOTAL	95	Apr-95			\$742,462	\$89,106	\$45,866	\$134,972	05/28/97	25	1.640	61.0%	\$221,319	29.8%

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OHI Workers' Compensation Self-Insurance Corporation
Loss Experience Data

(1)	(2)	(3)	(5)	(6)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Name of Insured	Policy Year	Policy Effective Date	Manual Premium	Experience Mod. Factor	Standard Premium	Paid Loss & ALAE	Outstanding Loss & ALAE	Incurred Loss & ALAE	Valuation Date	Age in Months as of Valuation Date	Loss Development Factor	Reported Loss & ALAE as a Percent of Ultimate	Ultimate Loss & ALAE	Ultimate Loss & ALAE Ratio
ACKNER FUELS	96	Sep-96	27,262	0.94	\$25,626	0	0	\$0	04/24/97					
BIGELOW'S	96	Jul-96	18,615	0.85	15,823	0	0	0	10/07/97					
BLUE FLAME	96	Jan-96	49,766	0.79	39,315	4,299	9,608	13,907	08/31/97	19	1.842	54.3%		
BORST OIL	96	Jun-96	18,916	0.82	15,511	2,622	77	2,699	10/10/97	16	2.011	49.7%		
BOVE	96	Dec-96	42,944	0.74	31,779	6,016	1,201	7,217	09/17/97	9	3.056	32.7%		
BRANDOW	96	Jul-96	1,722	1.00	1,722	0	0	0	10/15/97					
COLLINS & SONS	96	Aug-96	6,913	0.87	6,014	0	0	0	11/18/96					
EP LARSEN	96	Apr-96	15,276	0.88	13,443	0	0	0	04/22/97					
F.K. GAILEY	96	Mar-96	27,213	0.77	20,954	7,743	0	7,743	04/30/97	13	2.215	45.2%		
FIRST FUEL & HEATING	96	Mar-96	9,367	1.00	9,367	0	0	0	10/14/97					
FRANK FABRIZIO FUEL	96	Sep-96	21,181	1.18	24,994	32	418	450	04/29/97	7	3.929	25.5%		
G.W. KNAPP & SONS	96	Sep-96	6,598	0.88	5,806	74	0	74	10/01/97	13	2.215	45.2%		
HART'S FUELS	96	Jan-96	27,428	0.77	21,120	0	0	0	06/28/97					
HASTING & COMPANY	96	Mar-96	27,010	0.77	20,798	0	0	0	10/10/97					
HYDE	96	Mar-96	56,842	1.13	64,231	1,618	1,710	3,328	03/11/96	0	27.503	3.6%		
J & R ELDRIDGE	96	Jun-96	11,202	0.84	9,410	0	0	0	10/14/97					
JOHNSTON'S LP GAS	96	Jan-96	19,141	0.81	15,504	146	0	146	10/01/97	21	1.745	57.3%		
KING SERVICE	96	Mar-96	140,961	0.74	104,311	1,217	0	1,217	10/14/97	19	1.842	54.3%		
MONTAGUE	96	Apr-96	15,225	0.84	12,789	0	0	0	03/20/96					
MORINI	96	Mar-96	27,717	0.92	25,500	24,987	0	24,987	10/26/96	7	3.929	25.5%		
NEVERVILLE ENERGY	96	Mar-96	9,303	0.83	7,721	8,583	1,280	9,863	10/10/97	19	1.842	54.3%		
OTTOMAN & ENDERS	96	Sep-96	23,844	0.79	18,837	0	0	0	10/14/97					
PERSICO OIL	96	Mar-96	23,400	0.88	20,592	450	31	481	12/03/96	9	3.056	32.7%		
SCHARFF'S OIL	96	Aug-96	9,040	0.90	8,136	950	0	950	10/07/97	14	2.143	46.7%		
SNYDER	96	May-96	14,473	0.98	14,184	0	0	0	10/15/97					
SUNRISE HEATING	96	Nov-96	5,767	0.86	4,960	0	0	0	10/15/97					
VALLEY PROPANE	96	Nov-96	6,448	0.86	5,545	0	0	0	07/01/97					
SUBTOTAL	96	Apr-96			\$563,991	\$58,737	\$14,325	\$73,062	05/20/97	12	2.615	38.2%	\$191,091	33.9%
TOTAL		Mar-95			\$2,002,653	\$205,639	\$66,299	\$271,938	05/22/97				\$501,464	25.0%

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OHI Workers Compensation Self-Insurance Corporation
Case Incurred Loss Development*
 Medical

Accident Year	Evaluation Months							ULT:96
	24:12	36:24	48:36	60:48	72:60	84:72	96:84	
1983								
1984								
1985								1.091
1986							1.016	1.231
1987						1.021	1.002	1.107
1988					1.008	0.989	1.013	
1989				1.013	1.016	1.013		
1990			1.030	1.023	1.019			
1991		1.071	1.063	0.995				
1992	1.258	1.054	1.029					
1993	1.343	1.075						
1994	1.217							
	24:12	36:24	48:36	60:48	72:60	84:72	96:84	ULT:96
2 year avg.	1.280	1.065	1.046	1.009	1.018	1.001	1.008	1.169
3 year avg.	1.273	1.067	1.041	1.010	1.014	1.008	1.010	1.143
Selected	1.280	1.065	1.046	1.009	1.018	1.001	1.008	1.169
Factor to Ultimate	1.725	1.348	1.266	1.210	1.200	1.179	1.178	1.169

* Statewide industry loss development data. From 1997 NCCI Statistical Bulletin.

OHI Workers Compensation Self-Insurance Corporation
Case Incurred Loss Development*
Indemnity

Accident Year	Evaluation Months							
	24:12	36:24	48:36	60:48	72:60	84:72	96:84	ULT:96
1983								
1984								
1985								
1986								1.180
1987							1.015	1.096
1988					1.050	1.020	1.021	1.129
1989				1.067	1.040	1.015		
1990			1.093	1.078	1.037			
1991		1.229	1.121	1.060				
1992	1.597	1.265	1.101					
1993	1.547	1.234						
1994	1.441							
	24:12	36:24	48:36	60:48	72:60	84:72	96:84	ULT:96
2 year avg.	1.494	1.250	1.111	1.069	1.039	1.018	1.011	1.113
3 year avg.	1.528	1.243	1.105	1.068	1.042	1.021	1.012	1.135
Selected	1.528	1.243	1.105	1.068	1.042	1.021	1.012	1.135
Factor to Ultimate	2.742	1.794	1.444	1.307	1.223	1.174	1.149	1.135

* Statewide industry loss development data. From 1997 NCCI Statistical Bulletin.

OHI Workers Compensation Self-Insurance Corporation
Case Incurred Loss Development*
Medical and Indemnity Combined

<u>Period</u>	<u>Medical</u>		<u>Indemnity</u>		<u>Weighted Average</u>	
	<u>LDF</u>	<u>% reported</u>	<u>LDF</u>	<u>% reported</u>	<u>% reported</u>	<u>LDF</u>
12-to-ult.	1.725	58.0%	2.742	36.5%	43.6%	2.292
24-to-ult.	1.348	74.2%	1.794	55.7%	61.9%	1.616
36-to-ult.	1.266	79.0%	1.444	69.3%	72.5%	1.379
48-to-ult.	1.210	82.6%	1.307	76.5%	78.6%	1.273
60-to-ult.	1.200	83.4%	1.223	81.8%	82.3%	1.215
72-to-ult.	1.179	84.8%	1.174	85.2%	85.1%	1.175
84-to-ult.	1.178	84.9%	1.149	87.0%	86.3%	1.158
96-to-ult.	1.169	85.5%	1.135	88.1%	87.3%	1.146
	Weight:	33.33%	Weight:	66.67%		