

**PRICING ANALYSIS
FOR THE OHI WORKERS
COMPENSATION TRUST
FOR FUND YEAR
EFFECTIVE JANUARY 1, 1999**

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WORKERS' COMPENSATION

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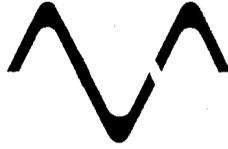
SELF INSURANCE OFFICE

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David I. Harvey, Ph. D.
President
Cody Management Services, Inc.

Prepared by:

Robert J. Meyer, FCAS
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October 23, 1998

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 funding levels for the second 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 44.0% for the second fund year effective January 1, 1999. Based on an expected expense ratio (including excess insurance costs) of 50.0%, the expected combined ratio is 94.0%. Further, based on a total premium of \$200,000 and a per occurrence retention of \$250,000, we estimate that there is a 57% confidence level that the second 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,

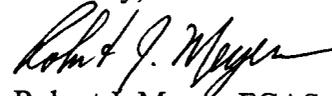

Robert J. Meyer, FCAS

TABLE OF CONTENTS

	<u>Page</u>
Introduction and Background	1
Conclusions	1
Data	2
Approach	3
Explanation of Exhibits	4
Potential Areas of Uncertainty in Our Analysis.....	8
Confidence Level.....	9
Limitations.....	10
Distribution and Use.....	10

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 increasing cost of workers compensation insurance, OHI's board of trustees formed OHI Workers Compensation Trust (OHIWCT) on October 21, 1997. Through OHIWCT, the members 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 OHIWCT on an on-going basis. OHIWCT began self-insurance operations on January 1, 1998 with 16 Founding Members; 3 Charter Members joined subsequent to January 1, 1998.

CMS considered several rating scenarios for OHIWCT and selected one in which fund year 1999 rates for OHIWCT members would be approximately 80.0% (i.e. 20.0% below) of the current 1998 rates. Members that renew effective January 1, 1999 will receive an additional 1% rate reduction. There will be the continued application of a 2% Founding Members discount and a 1% Charter Members discount. There will be a continuation of the policy of applying OHIWCT credits/debits on new accounts as needed, but only up to 10%, coupled with a phasing out of OHIWCT debits/credits on existing members up to 15%. In addition, the proposed rating plan will be applied to new accounts during the 10/1/98-12/31/98 period as well. CMS determined that these rates are most closely achieved by using the October 1, 1998 New York Compensation Insurance Rating Board (NYCIRB) rates reduced by 29.0%.

Milliman & Robertson, Inc. (M&R) was retained by CMS on behalf of OHIWCT to analyze the adequacy of the rates OHIWCT has proposed to charge during 1999. This report discusses our findings.

Conclusions

Based on our work, we estimate OHIWCT's expected loss and allocated loss adjustment expense (ALAE) ratio for fund year 1999 will be 44.0% based on rates that are 29.0% below the October 1, 1998 NYCIRB rates. Based on an expected expense ratio of 50.0%, which conservatively assumes a growth rate of 0% for OHIWCT, our analysis finds that OHIWCT's proposed rate structure would generate sufficient premium to fund the benefits to injured workers, all administrative expenses and return an underwriting profit to OHIWCT of 6.0%.

Assuming a total premium of \$200,000 and a per occurrence retention of \$250,000, we estimate that at a 57% confidence level, the second fund year will not produce an

underwriting loss. A 0% underwriting loss (i.e., combined ratio equal to 100%) equates to a 50.0% loss and ALAE ratio. This should be interpreted to mean that, based on rates which are 29.0% below the NYCIRB rates effective October 1, 1998, it can be expected that the loss and ALAE ratio will be 50.0% or less 57% of the time. Conversely, there is a 43% chance that actual results will exceed a 50.0% loss and ALAE ratio.

We understand that OHIWCT is currently negotiating with its excess insurance company to reduce its per occurrence retention to \$200,000. The table below illustrates the impact that a \$200,000 per occurrence retention and an increase in the total premium collected would have on the confidence level associated with a 0% underwriting loss (combined ratio = 100%).

Confidence Level of a 100% Combined Ratio or Less

Retention	Premium		
	\$200,000	\$300,000	\$400,000
\$250,000	57%	71%	78%
\$200,000	62%	71%	78%

Results through September 30, 1998 for the initial fund year (1998) have been very favorable, as OHIWCT has reported only 3 medical-only claims to date. In our report dated November 3, 1997 to the OHIWCT Board of Trustees, the expected loss and ALAE ratio for the initial fund year was 36%. Our current estimate of the ultimate loss and ALAE ratio, based on premium at 1998 rates, for the initial fund year is 24.0%. If fund year 1998 continues to develop favorably or instead develops adversely during the fourth quarter of 1998, it may be appropriate to revise the expected loss and ALAE ratio for fund year 1999.

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In addition, due to the timing of this report (only 9 months into the initial fund year), we recommend that OHIWCT retain the current experience modification factors for use in estimating the second fund year premiums for existing members.

Data

Our analysis is based on the following data:

- (1) Premium and loss data for policy years 1994 through 1996 for each of the 27 initial prospective members of the OHIWCT. Loss data as of the most recently available evaluation was provided. The evaluation dates, however, differ among the companies and are between March 1996 and October 1997.

- (2) Audited payroll for policy years 1994, 1995 and 1996 by employer and by classification code and initial estimates of 1998 payroll underlying OHIWCT's 1998 premium calculations for current members.
- (3) NYCIRB rates effective October 1, 1998.
- (4) Incurred loss development factors for New York from the 1997 edition of the NCCI Annual Statistical Bulletin and the NYCIRB rate filing effective October 1, 1998.
- (5) Average annual trend in New York wages from the 1996 edition of the United States Statistical Abstract and from the October 1, 1998 NYCIRB rate filing.

Items (1) and (2) 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 rates that are 29.0% below the October 1, 1998 NYCIRB rates will be adequate to fund the expected loss costs and administrative costs for OHIWCT's 1999 fund year. In addition, the premium should be large enough to provide some margin for a contingency reserve.

Using loss & ALAE and payroll data from policy years 1994 through 1996 for each of the prospective members prior to the OHIWCT's formation and similar data from fund year 1998 for the OHIWCT members, we estimated the loss and ALAE ratio for fund year 1999. The following adjustments were made to the historical data in order to estimate the fund year 1999 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 1999 cost levels.
3. Premiums at the proposed OHIWCT rates were trended to 1999 wage levels.

Our estimate of fund year 1999 ultimate loss and ALAE costs as a percent of our estimate of fund year 1999 premium is 44%, i.e. a 44% loss and ALAE ratio.

Explanation of Exhibits

Exhibit 1

This exhibit summarizes our estimate of the 44% loss and ALAE ratio.

Column (2) shows the premium level that would have been generated for each of policy years 1994 through 1996 if the proposed rates (29.0% below the October 1, 1998 NYCIRB rates) were used.

Columns (3), (4) and (5) further adjust the premiums in column (2) by modifying the underlying payrolls to expected wage levels prevalent during 1999. 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, 1998 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) and an estimate of the incurred but not reported (IBNR) losses.

Columns (8) and (9) modify the ultimate incurred loss and ALAE amounts in column (7) by adjusting them to the level of loss costs anticipated during fund year 1999. 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 - 1998 at the proposed rates, projected 1999 wage levels and projected 1999 loss cost levels.

Column (11) shows the selected weights given to each policy year used in determining the selected loss and ALAE ratio for fund year 1999. It is appropriate to give greater weight to more recent data since it better reflects current conditions. The "TOTAL" row shows the weighted average of loss and ALAE ratios in column (10).

Column (12) shows the weighted average loss and ALAE ratio from column (11), adjusted to reflect the 1% renewal rate credit.

Exhibit 2

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

Columns (1) – (5) 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 OHIWCT member. The payroll from those exhibits sum to the totals as shown.

Columns (6) – (10) represent adjusted payroll amounts. The payroll amounts shown in columns (8) – (10) have been adjusted to set the total payroll by class equal to the aggregate payroll. The adjustment for each year was less than 1%. This adjustment was not necessary for 1998.

Column (11) shows OHIWCT's proposed rates for fund year 1999, which are equal to 71.0% of the NYCIRB rates effective October 1, 1998.

Columns (12) – (16) show the products of the adjusted payrolls by classification in columns (6) – (10) and the proposed rates in column (11). These products represent historical premium amounts adjusted to the proposed 1999 rate level. The total amounts in these columns are also shown in column (2) of Exhibit 1.

Exhibit 3

This exhibit provides the calculations that underlie the estimated ultimate losses shown in column (7) of Exhibit 1.

Column (1) shows the name of the current or prospective OHIWCT member.

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

Column (4) shows the manual premium for each current or prospective OHIWCT member.

Column (5) shows the experience modification factor for each current or prospective OHIWCT member.

Column (6) shows the standard premium for each current or prospective OHIWCT member and is calculated as the product of columns (4) and (5).

Columns (7), (8) and (9) show the paid loss and ALAE, case outstanding loss and ALAE and incurred loss and ALAE amounts, respectively.

Column (10) shows the valuation date of the loss data shown in columns (7), (8) and (9).

Column (11) shows the age of the policy in months as measured by the difference between the valuation date of the data in column (10) and the policy effective date in column (3).

Column (12) shows 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 to estimate 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 (13) 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 (12). The percent reported which appears on the subtotal line is calculated as the average of the values above it, weighted by the standard premium amounts in column (6). The reciprocal of the subtotal percent reported is shown as the subtotal loss development factor in column (12).

Column (14) shows the ultimate loss and ALAE amount and is calculated by dividing the known incurred loss and ALAE amount in column (9) by the percent reported in column (13). This amount is also shown in column (9) on Exhibit 1.

Column (15) shows the ultimate loss and ALAE ratio and is calculated by dividing the ultimate loss and ALAE in column (14) by the standard premium in column (6).

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 is based on a review of statewide (New York only) industry loss development as reported in the 1997 edition of the NCCI's Annual Statistical Bulletin and the NYCIRB rate filing effective October 1, 1998. (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 that represent similar aging of the claims as they mature. Sheet 2 shows the development pattern for indemnity losses.

In each column, there are five historical factors shown. The two-year average factor and the five-year average factor are also shown. For both medical and indemnity, we selected the average of the latest five years. The cumulative products of the selected factors beginning with the tail factor at 96 months become the 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 development pattern for medical and indemnity loss combined. These loss development factors are interpolated to account for the various age in months of the reported incurred losses and are used in column (12) on Exhibit 3.

Exhibit 5

This exhibit shows the proposed OHIWCT rates for 1999 for prospective and current members.

Column (1) shows the various employee classification codes for OHIWCT members.

Column (2) shows the NYCIRB workers compensation rate per \$100 of payroll effective October 1, 1998 for each of the classes in column (1).

Column (3) shows the proposed OHIWCT rate per \$100 of payroll for prospective members. This is calculated as 71% of (i.e., 29% below) the NYCIRB rates shown in column (2).

Column (4) shows the proposed OHIWCT rate per \$100 of payroll for current members that renew effective January 1, 1999. This is based on the proposed OHIWCT rates shown in column (3) and an additional 1% renewal rate credit.

Potential Areas of Uncertainty in Our Analysis

There are several assumptions underlying our work which have a potential to either overestimate or underestimate the fund year 1999 loss and ALAE ratio. The following two 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 five 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 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 that underlies the case reserves is unwound, which creates 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 are based on NYCIRB data. 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.

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

1. Incurred Loss and ALAE Development Pattern

The selected incurred loss and ALAE development pattern 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, based on a total premium of \$200,000 and a per occurrence retention of \$250,000, is 57%. As stated earlier, this suggests that while our expected loss and ALAE ratio is 44.0%, the actual loss and ALAE ratio should be 50.0% or less (i.e. no underwriting loss) approximately 57% of the time. The confidence level may change if either the total premium or the retention change, as shown earlier in the table in the "Conclusions" section.

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.

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 OHIWCT is the responsibility of OHIWCT 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 provide clarification.

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OHI Workers' Compensation Trust
Loss Ratio Projection for Fund Year 1999

(1) Policy Year	(2) Premium at Proposed Rates*	(3) Annual Wage Trend Factor	(4) Trend Period in Years	(5) Premium at Proposed Rates and 1999 Wage Level
1994	\$374,268	1.030	5	\$433,880
1995	399,271	1.030	4	449,383
1996	399,607	1.030	3	436,661
1997	NA	1.030	2	NA
1998	190,193	1.030	1	195,899
TOTAL	\$1,363,339			\$1,515,822

(1) Policy Year	(6) Case Incurred Loss & ALAE	(7) Ultimate Incurred Loss & ALAE	(8) Annual Loss Trend Factor	(9) Ultimate Incurred Loss & ALAE at 1999 Cost Level
1994	\$63,904	\$87,280	1.050	\$111,394
1995	134,972	220,341	1.050	267,825
1996	73,062	192,455	1.050	222,790
1997	NA	NA	1.050	NA
1998	1,653	72,980	1.050	76,629
TOTAL	\$273,591	\$573,055		\$678,639

(1) Policy Year	(10) Loss & ALAE Ratio at 1999 Level	(11) Weights	(12) Selected Loss & ALAE Ratio **
1994	26%	0.13	
1995	60%	0.17	
1996	51%	0.20	
1997	NA	NA	
1998	39%	0.50	
TOTAL	45%	43%	44%

* OHIWCT rates equal to NYCIRB rates effective 10/1/98, reduced by 29%.
Expected loss ratio for 4th Quarter 1998 = 36%.

** 1% was added to account for renewal rate credit.

MILLIMAN & ROBERTSON, INC.

OHI Workers' Compensation Trust
Loss Ratio Projection for Fund Year 1999

FOOTNOTES:

- (2) From Exhibit 2, Columns (8), (9) and (10)
- (3) Selected by M&R
- (4) Number of years to 1999
- (5) $= (2) \times [(3)^{(4)}]$
- (6) From Exhibit 3, Sheets 1 through 3, Column (7)
- (7) From Exhibit 3, Sheets 1 through 3, Column (12)
- (8) Selected by M&R
- (9) $= (7) \times [(8)^{(4)}]$
- (10) $= (9) / (5)$
- (11) Selected by M&R
- (12) Weighted average from column (11) adjusted to include an additional 1% to account for renewal rate credit.

OHI Workers' Compensation Trust
Estimate of Historical Premium at Proposed Rates

Class Code	(1)	(2)	(3) Actual Payroll			(4)	(5)	(8) Adjusted Payroll			(10)	(11) Proposed OHIWCT Rate	(12)	(13) Premium at Proposed Rates			
	1998	1997	1996	1995	1994	1998	1997	1996	1995	1994	1998	1998	1997	1996	1995	1994	
3737	\$0	NA	\$32,163	\$55,244	\$45,980	\$0	NA	\$32,004	\$54,864	\$45,777	\$4.44	\$0	NA	\$1,421	\$2,436	\$2,033	
5183	30,700	NA	68,310	87,645	82,488	30,700	NA	67,973	87,043	82,124	6.04	1,854	NA	4,106	5,257	4,960	
5193	1,214,143	NA	1,938,692	2,137,847	1,850,332	1,214,143	NA	1,929,129	2,123,154	1,842,169	8.54	103,688	NA	164,748	181,317	157,321	
5213	2,500	NA	0	0	0	2,500	NA	0	0	0	15.68	392	NA	0	0	0	
5645	900	NA	11,800	887	11,804	900	NA	11,742	881	11,752	10.01	90	NA	1,175	88	1,176	
7219	31,000	NA	32,760	31,200	31,200	31,000	NA	32,598	30,986	31,062	7.62	2,362	NA	2,484	2,361	2,367	
7998	21,200	NA	0	0	0	21,200	NA	0	0	0	2.17	460	NA	0	0	0	
8006	0	NA	803,400	785,134	770,252	0	NA	799,437	779,738	766,854	2.07	0	NA	16,548	16,141	15,874	
8232	0	NA	51,310	48,850	31,025	0	NA	51,057	48,514	30,888	6.17	0	NA	3,150	2,993	1,906	
8350	881,518	NA	2,085,314	1,839,238	1,967,915	881,518	NA	2,075,028	1,826,598	1,959,234	4.99	43,988	NA	103,544	91,147	97,766	
8353	368,871	NA	878,785	822,466	730,644	368,871	NA	874,450	816,813	727,421	5.45	20,103	NA	47,658	44,516	39,644	
8381	0	NA	70,133	73,639	117,486	0	NA	69,787	73,133	116,968	2.37	0	NA	1,654	1,733	2,772	
8391	337,476	NA	1,161,586	1,134,637	1,064,602	337,476	NA	1,155,856	1,126,839	1,059,905	3.56	12,014	NA	41,148	40,115	37,733	
8742	89,402	NA	334,484	283,929	384,394	89,402	NA	332,834	281,978	382,698	0.50	447	NA	1,664	1,410	1,913	
8751	0	NA	44,890	41,702	21,818	0	NA	44,669	41,415	21,722	5.44	0	NA	2,430	2,253	1,182	
8809	820,041	NA	1,171,030	1,378,390	1,347,369	820,041	NA	1,165,254	1,368,917	1,341,425	0.31	2,542	NA	3,612	4,244	4,158	
8810	804,256	NA	2,040,638	2,047,657	1,971,292	804,256	NA	2,030,572	2,033,584	1,962,596	0.28	2,252	NA	5,686	5,694	5,495	
9519	0	NA	0	0	0	0	NA	0	0	0	3.03	0	NA	0	0	0	
Total	\$4,602,007	NA	\$10,725,295	\$10,768,465	\$10,428,601	\$4,602,007	NA	\$10,672,390	\$10,694,457	\$10,382,595		\$190,193	NA	\$399,607	\$399,271	\$374,268	

(1) - (5) Provided by CMS
(6) - (10) Adjusted for incomplete data
(11) Rate per \$100 payroll, based on NYCIRB rates effective 10/1/98 -- reduced by 29%.
(12) - (16) = payroll [from columns (6) through (10)] × (11) / 100

OHI Workers' Compensation Trust
Loss Experience Data

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
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
1	94	Sep-94	28,216	0.79	\$22,291	0	0	\$0	04/24/97					
2	94	Jul-94	18,533	0.84	15,568	0	0	0	10/07/97					
3	94	Mar-94	9,267	1.00	9,267	0	0	0	10/14/97					
4	94	Jun-94	23,810	0.86	20,477	529	0	529	10/10/97	40	1.310	76.3%		
5	94	Sep-94	6,265	0.88	5,513	100	0	100	10/01/97	37	1.343	74.5%		
6	94	Aug-94	6,777	0.85	5,760	0	0	0	11/20/96					
7	94	Jan-94	31,182	0.79	24,634	0	0	0	06/28/97					
8	94	Jun-94	11,849	0.85	10,072	0	0	0	10/14/97					
9	94	Jan-94	30,121	0.81	24,398	182	0	182	10/01/97	45	1.260	79.4%		
10	94	Mar-94	31,007	0.95	29,457	43	0	43	10/10/97	43	1.280	78.2%		
11	94	Sep-94	22,034	1.35	29,746	293	207	500	04/29/97	31	1.452	68.9%		
12	94	Mar-94	10,902	1.16	12,646	0	0	0	10/10/97					
13	94	Mar-94	175,902	0.80	140,722	12,085	1,899	13,984	10/14/97	43	1.280	78.2%		
14	94	Mar-94	27,885	0.87	24,260	534	0	534	04/30/97	37	1.343	74.5%		
15	94	Aug-94	10,300	0.83	8,549	0	0	0	10/07/97					
16	94	Nov-94	10,752	0.86	9,247	0	0	0	10/15/97					
17	94	Mar-94	27,854	0.86	23,954	0	0	0	12/03/96					
18	94	Sep-94	22,806	0.79	18,017	0	0	0	10/14/97					
19	94	Apr-94	14,629	0.81	11,849	0	0	0	03/20/96					
20	94	Mar-94	45,922	0.77	35,360	546	0	546	10/26/96	31	1.452	68.9%		
21	94	Mar-94	69,632	1.05	73,114	253	0	253	03/11/96	24	1.617	61.8%		
22	94	Jul-94	1,765	1.00	1,765	0	0	0	10/15/97					
23	94	May-94	15,722	1.10	17,294	16,876	38	16,914	03/15/96	22	1.703	58.7%		
24	94	Jan-94	55,042	0.81	44,584	26,355	3,964	30,319	10/01/97	45	1.260	79.4%		
25	94	Apr-94	11,748	1.06	12,453	0	0	0	04/22/97					
26	94	Nov-94	16,607	0.90	14,946	0	0	0	07/01/97					
27	94	Dec-94	51,284	0.98	50,258	0	0	0	09/17/97					
SUBTOTAL					\$696,200	\$57,796	\$6,108	\$63,904	05/18/97	36	1.366	73.2%	\$87,280	12.5%

Footnotes :

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- (13) = 1 / (12)
- (14) = Subtotal (9) / Subtotal (13)
- (15) = Total (14) / Total (6)

OHI Workers' Compensation Trust
Loss Experience Data

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
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
1	95	Sep-95	33,053	0.98	\$32,392	301	0	\$301	04/24/97	19	1.851	54.0%		
2	95	Jul-95	19,631	0.87	17,079	0	0	0	10/07/97					
3	95	Mar-95	10,693	1.00	10,693	0	0	0	10/14/97					
4	95	Jun-95	22,816	0.94	21,447	1,716	0	1,716	10/10/97	28	1.519	65.8%		
5	95	Sep-95	9,703	0.87	8,442	0	0	0	10/01/97					
6	95	Aug-95	8,320	0.87	7,238	0	0	0	11/20/96					
7	95	Jan-95	34,891	0.81	28,262	0	0	0	06/28/97					
8	95	Jun-95	11,701	0.87	10,180	8,218	20,704	28,922	10/14/97	28	1.519	65.8%		
9	95	Jan-95	28,894	0.83	23,982	1,235	0	1,235	10/01/97	33	1.411	70.9%		
10	95	Mar-95	31,182	0.81	25,257	0	0	0	10/10/97					
11	95	Sep-95	25,730	1.06	27,274	683	0	683	04/29/97	19	1.851	54.0%		
12	95	Mar-95	8,683	1.13	9,812	18,203	5,797	24,000	10/10/97	31	1.452	68.9%		
13	95	Mar-95	170,365	0.89	151,625	9,352	0	9,352	10/14/97	31	1.452	68.9%		
14	95	Mar-95	47,577	0.88	41,868	4,229	517	4,746	04/30/97	25	1.591	62.8%		
15	95	Aug-95	10,770	0.85	9,155	0	0	0	10/07/97					
16	95	Nov-95	12,610	0.86	10,845	0	0	0	10/15/97					
17	95	Mar-95	25,398	0.92	23,366	0	0	0	12/03/96					
18	95	Sep-95	29,277	0.81	23,714	0	0	0	10/14/97					
19	95	Apr-95	16,467	0.85	13,997	0	0	0	03/20/96					
20	95	Mar-95	29,063	0.77	22,379	14,548	0	14,548	10/26/96	19	1.851	54.0%		
21	95	Mar-95	64,989	1.05	68,238	20,639	6,142	26,781	03/11/96	12	2.321	43.1%		
22	95	Jul-95	1,918	1.00	1,918	0	0	0	10/15/97					
23	95	May-95	17,395	1.11	19,308	0	0	0	03/15/96					
24	95	Jan-95	60,114	0.83	49,895	221	0	221	10/01/97	33	1.411	70.9%		
25	95	Apr-95	12,680	0.84	10,651	2,027	0	2,027	04/22/97	24	1.617	61.8%		
26	95	Nov-95	14,836	0.90	13,352	4,648	12,706	17,354	07/01/97	20	1.799	55.6%		
27	95	Dec-95	66,771	0.90	60,094	3,086	0	3,086	09/17/97	21	1.750	57.2%		
SUBTOTAL					\$742,462	\$89,106	\$45,866	\$134,972	05/28/97	25	1.632	61.3%	\$220,341	29.7%

Footnotes :

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- (14) = Subtotal (9) / Subtotal (13)
- (15) = Total (14) / Total (6)

OHI Workers' Compensation Trust
Loss Experience Data

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
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
1	96	Sep-96	27,262	0.94	\$25,626	0	0	\$0	04/24/97					
2	96	Jul-96	18,615	0.85	15,823	0	0	0	10/07/97					
3	96	Mar-96	9,367	1.00	9,367	0	0	0	10/14/97					
4	96	Jun-96	18,916	0.82	15,511	2,622	77	2,699	10/10/97	16	2.027	49.3%		
5	96	Sep-96	6,598	0.88	5,806	74	0	74	10/01/97	13	2.240	44.7%		
6	96	Aug-96	6,913	0.87	6,014	0	0	0	11/18/96					
7	96	Jan-96	27,428	0.77	21,120	0	0	0	06/28/97					
8	96	Jun-96	11,202	0.84	9,410	0	0	0	10/14/97					
9	96	Jan-96	19,141	0.81	15,504	146	0	146	10/01/97	21	1.750	57.2%		
10	96	Mar-96	27,010	0.77	20,798	0	0	0	10/10/97					
11	96	Sep-96	21,181	1.18	24,994	32	418	450	04/29/97	7	3.978	25.1%		
12	96	Mar-96	9,303	0.83	7,721	8,583	1,280	9,863	10/10/97	19	1.851	54.0%		
13	96	Mar-96	140,961	0.74	104,311	1,217	0	1,217	10/14/97	19	1.851	54.0%		
14	96	Mar-96	27,213	0.77	20,954	7,743	0	7,743	04/30/97	13	2.240	44.7%		
15	96	Aug-96	9,040	0.90	8,136	950	0	950	10/07/97	14	2.164	46.2%		
16	96	Nov-96	5,767	0.86	4,960	0	0	0	10/15/97					
17	96	Mar-96	23,400	0.88	20,592	450	31	481	12/03/96	9	3.094	32.3%		
18	96	Sep-96	23,844	0.79	18,837	0	0	0	10/14/97					
19	96	Apr-96	15,225	0.84	12,789	0	0	0	03/20/96					
20	96	Mar-96	27,717	0.92	25,500	24,987	0	24,987	10/26/96	7	3.978	25.1%		
21	96	Mar-96	56,842	1.13	64,231	1,618	1,710	3,328	03/11/96	0	27.849	3.6%		
22	96	Jul-96	1,722	1.00	1,722	0	0	0	10/15/97					
23	96	May-96	14,473	0.98	14,184	0	0	0	10/15/97					
24	96	Jan-96	49,766	0.79	39,315	4,299	9,608	13,907	08/31/97	19	1.851	54.0%		
25	96	Apr-96	15,276	0.88	13,443	0	0	0	04/22/97					
26	96	Nov-96	6,448	0.86	5,545	0	0	0	07/01/97					
27	96	Dec-96	42,944	0.74	31,779	6,016	1,201	7,217	09/17/97	9	3.094	32.3%		
SUBTOTAL					\$563,991	\$58,737	\$14,325	\$73,062	05/20/97	12	2.634	38.0%	\$192,455	34.1%
TOTAL					\$2,002,653	\$205,639	\$66,299	\$271,938	05/22/97				\$500,075	25.0%

Footnotes:

- (1) - (10) Provided by CMS
- (11) Difference in months between columns (3) and (10)
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OHI Workers Compensation Trust
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	1.129
1988					1.008	0.989	1.013	1.164
1989				1.013	1.016	1.013	1.009	1.192
1990			1.030	1.023	1.019	1.017	1.003	
1991		1.071	1.063	0.995	1.019	1.016		
1992	1.258	1.054	1.029	1.041	1.018			
1993	1.343	1.075	1.062	1.019				
1994	1.217	1.113	1.070					
1995	1.449	1.121						
1996	1.303							
	24:12	36:24	48:36	60:48	72:60	84:72	96:84	ULT:96
2 year avg.	1.376	1.117	1.066	1.030	1.019	1.017	1.006	1.178
5 year avg.	1.314	1.087	1.051	1.018	1.016	1.011	1.009	1.161
Selected **	1.314	1.087	1.051	1.018	1.016	1.011	1.009	1.100
Factor to Ultimate	1.742	1.325	1.220	1.161	1.140	1.122	1.109	1.100

* Statewide industry loss development data. Based on NYCIRB rate filing effective 10/1/98 and 1997 NCCI Annual Statistical Bulletin.

** See discussion in text of this report.

OHI Workers Compensation Trust
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								1.180
1986							1.015	1.096
1987						1.029	1.001	1.119
1988					1.050	1.020	1.021	1.127
1989				1.067	1.040	1.015	1.024	1.121
1990			1.093	1.078	1.037	1.024	1.021	
1991		1.229	1.121	1.060	1.054	1.050		
1992	1.597	1.265	1.101	1.086	1.052			
1993	1.547	1.234	1.157	1.088				
1994	1.441	1.306	1.167					
1995	1.592	1.309						
1996	1.482							
	24:12	36:24	48:36	60:48	72:60	84:72	96:84	ULT:96
2 year avg.	1.537	1.308	1.162	1.087	1.053	1.037	1.023	1.124
5 year avg.	1.532	1.269	1.128	1.076	1.047	1.028	1.016	1.129
Selected **	1.532	1.269	1.128	1.076	1.047	1.028	1.016	1.080
Factor to Ultimate	2.783	1.817	1.432	1.270	1.181	1.128	1.098	1.080

* Statewide industry loss development data. Based on NYCIRB rate filing effective 10/1/98 and 1997 NCCI Annual Statistical Bulletin.

** See discussion in text of this report.

OHI Workers Compensation Trust
Case Incurred Loss Development
Medical and Indemnity Combined

Period	Medical *		Indemnity **		Weighted Average	
	LDF	% reported	LDF	% reported	% reported	LDF
12-to-ult.	1.742	57.4%	2.783	35.9%	43.1%	2.321
24-to-ult.	1.325	75.4%	1.817	55.0%	61.8%	1.617
36-to-ult.	1.220	82.0%	1.432	69.8%	73.9%	1.354
48-to-ult.	1.161	86.2%	1.270	78.7%	81.2%	1.231
60-to-ult.	1.140	87.7%	1.181	84.7%	85.7%	1.167
72-to-ult.	1.122	89.1%	1.128	88.7%	88.8%	1.126
84-to-ult.	1.109	90.1%	1.098	91.1%	90.8%	1.102
96-to-ult.	1.100	90.9%	1.080	92.6%	92.0%	1.087
	Weight:	33.33%	Weight:	66.67%		

* From Exhibit 4, Sheet 1

** From Exhibit 4, Sheet 2

OHI Workers' Compensation Trust
1999 Fund Year Rate Page

(1)	(2)	(3)	(4)
Class Code	NYCIRB Rates Eff. 10/1/98	OHIWCT Proposed 1999 Fund Year Rates New Members	Renewal
3737	\$6.25	\$4.44	\$4.38
5183	8.51	6.04	5.96
5193	12.03	8.54	8.42
5213	22.08	15.68	15.46
5645	14.10	10.01	9.87
7219	10.73	7.62	7.51
7998	3.05	2.17	2.14
8006	2.92	2.07	2.04
8232	8.69	6.17	6.08
8350	7.03	4.99	4.92
8353	7.68	5.45	5.38
8381	3.34	2.37	2.34
8391	5.01	3.56	3.51
8742	0.71	0.50	0.50
8751	7.66	5.44	5.36
8809	0.43	0.31	0.30
8810	0.40	0.28	0.28
9519	4.27	3.03	2.99

Notes

- (2) NYCIRB rates per \$100 of payroll, from NYCIRB rate filing effective 10/1/98.
- (3) Proposed OHIWCT rates per \$100 of payroll for new members. Equal to column (2), reduced by 29%.
- (4) Proposed OHIWCT rates per \$100 of payroll for members renewing 1/1/99. Equal to column (2) reduced by 30% to reflect an additional 1% renewal rate credit.