

**PRICING ANALYSIS
FOR THE OHI WORKERS
COMPENSATION TRUST
FOR FUND YEAR
EFFECTIVE JANUARY 1, 2000**

Prepared for:

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

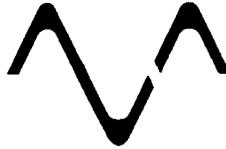
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WORKERS' COMPENSATION

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October 26, 1999

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 and Board Members:

Milliman & Robertson, Inc. has completed its work related to the adequacy of the proposed premium funding levels for the third 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 48.0% for the third fund year effective January 1, 2000. Based on an expected expense ratio (including excess insurance costs) of 50.0%, the expected combined ratio is 98.0%. Further, based on a total premium of \$210,000 and a per occurrence retention of \$200,000, we estimate that there is a 61% confidence level that the third 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,

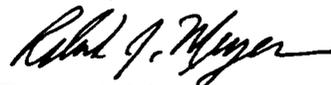

Robert J. Meyer, FCAS

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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 2000 rates for OHIWCT members would be approximately 97.0% (i.e. 3.0% below) of the current 1999 rates. Members that renew effective January 1, 2000 will receive an additional 1% rate reduction. Also, members that post financial security 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 10/1/99-12/31/99 period as well. CMS determined that these rates are most closely achieved by using the October 1, 1999 New York Compensation Insurance Rating Board (NYCIRB) rates reduced by 32.0%. Given the relative short history of the program, while new experience modifications shall be calculated reflecting each member's loss history, debit/credit caps may be utilized to achieve an aggregate revenue-neutral outcome arising from the new experience modifiers.

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 2000. 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 2000 will be 48.0% based on rates that are 32.0% below the October 1, 1999 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 2%.

Assuming a total premium of \$210,000 and a per occurrence retention of \$200,000, we estimate that at a 61% confidence level, the third fund year will not produce an underwriting loss. A 0% underwriting loss (i.e., combined ratio equal to 100%) equates to a 48.0% loss and ALAE ratio. This should be interpreted to mean that, based on rates which are 32.0% below the NYCIRB rates effective October 1, 1999, it can be expected that the loss and ALAE ratio will be 48.0% or less 61% of the time. Conversely, there is a 39% chance that actual results will exceed a 48.0% loss and ALAE ratio.

The table below illustrates the impact that an increase in the total premium collected would have on the confidence level associated with a 0% underwriting loss (combined ratio = 100%) and a \$200,000 per occurrence retention.

Confidence Level of a 100% Combined Ratio or Less

Retention	Premium		
	\$210,000	\$300,000	\$400,000
\$200,000	61%	68%	78%

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 was provided. 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, 1996 and 1998 by employer and by classification code and initial estimates of total 1999 payroll underlying OHIWCT's 1999 premium calculations for current members.
- (3) NYCIRB rates effective October 1, 1999, which are identical to rates effective October 1, 1998.
- (4) Incurred loss development factors for New York from the 1998 edition of the NCCI Annual Statistical Bulletin and the NYCIRB rate filing effective October 1, 1999.

- (5) Average annual trend in New York wages from the 1996 edition of the United States Statistical Abstract and from the October 1, 1999 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 32.0% below the October 1, 1999 NYCIRB rates will be adequate to fund the expected loss costs and administrative costs for OHIWCT's 2000 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 years 1998 and 1999 for the OHIWCT members, we estimated the loss and ALAE ratio for fund year 2000. The following adjustments were made to the historical data in order to estimate the fund year 2000 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 2000 cost levels.
3. Premiums at the proposed OHIWCT rates were trended to 2000 wage levels.

Our estimate of fund year 2000 ultimate loss and ALAE costs as a percent of our estimate of fund year 2000 premium is 48%, i.e. a 48% loss and ALAE ratio.

Explanation of Exhibits

Exhibit 1

This exhibit summarizes our estimate of the 48% loss and ALAE ratio.

Column (2) shows the premium level that would have been generated for each of policy years 1994 through 1996, 1998 and 1999 if the proposed rates (32.0% below the October 1, 1999 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 2000. 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, 1999 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 2000. 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 - 1999 at the proposed rates, projected 2000 wage levels and projected 2000 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 2000. 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 an average member discount of approximately 3% for Founding or Charter Membership, rate renewal and posting financial security.

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 1999.

Column (11) shows OHIWCT's proposed rates for fund year 2000, which are equal to 68.0% of the NYCIRB rates effective October 1, 1999.

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 2000 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 1998 edition of the NCCI's Annual Statistical Bulletin and the NYCIRB rate filing effective October 1, 1999. (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 2000 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, 1999 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 68% of (i.e., 32% 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, 2000. 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 2000 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 \$200,000. Loss development factors from incurred loss data which had individual claim amounts capped at \$200,000 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 \$210,000 and a per occurrence retention of \$200,000, is 61%. As stated earlier, this suggests that while our expected loss and ALAE ratio is 48.0%, the actual loss and ALAE ratio should be 48.0% or less (i.e. no underwriting loss) approximately 61% 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 2000

(1) Policy Year	(2) Premium at Proposed Rates	(3) Annual Wage Trend Factor	(4) Trend Period in Years	(5) Premium at Proposed Rates and 2000 Wage Level
1994	\$358,503	1.030	6	\$428,072
1995	382,450	1.030	5	443,365
1996	382,788	1.030	4	430,832
1997	NA	1.030	3	NA
1998	184,021	1.030	2	195,228
1999	250,543	1.030	1	258,060
TOTAL	\$1,558,307			\$1,755,556

(1) Policy Year	(6) Case Incurred Loss & ALAE	(7) Ultimate Incurred Loss & ALAE	(8) Annual Loss Trend Factor	(9) Ultimate Incurred Loss & ALAE at 2000 Cost Level
1994	\$63,904	\$88,849	1.050	\$119,067
1995	134,972	225,510	1.050	287,814
1996	73,062	198,183	1.050	240,892
1997	NA	NA	1.050	NA
1998	50,276	85,162	1.050	93,891
1999	47,568	91,788	1.050	96,378
TOTAL	\$369,782	\$689,492		\$838,041

(1) Policy Year	(10) Loss & ALAE Ratio at 2000 Level	(11) Weights	(12) Selected Loss & ALAE Ratio
1994	28%	0.05	
1995	65%	0.10	
1996	56%	0.15	
1997	NA	NA	
1998	48%	0.25	
1999	37%	0.45	
TOTAL	48%	45%	48%

OHI Workers' Compensation Trust
Loss Ratio Projection for Fund Year 2000

FOOTNOTES:

- (2) From Exhibit 2
- (3) Selected by M&R
- (4) Number of years to Fund Year 2000
- (5) $= (2) \times [(3) ^ (4)]$
- (6) For 1994-1996, Exhibit 3, Sheets 1 through 3, Column (7), 1998 and 1999 are from Exhibit 1, Sheet 3.
- (7) For 1994- 1996, Exhibit 3, Sheets 1 through 3, Column (12), 1998 and 1999 are from Exhibit 1, Sheet 3.
- (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 3% to account for members' average discount.

OHI Workers' Compensation Trust
Estimated Ultimate Losses

		1998	1999
	<u>Expected Loss Ratio (ELR)</u>		
1A)	Indemnity	0.24	0.24
1B)	Medical	0.12	0.12
1C)	Total ELR	0.36	0.36
2)	Earned Premium	224,158	224,007
	<u>Loss Development Factor</u>		
3A)	Indemnity	2.0040	3.5553
3B)	Medical	1.4183	2.1853
	<u>Estimate IBNR Loss & ALAE</u>		
4A)	Indemnity = 1A *(2) *(1-(1/(3A)))	26,952	38,640
4B)	Medical = 1B *(2) *(1-(1/(3B)))	7,934	14,580
4C)	Total	34,886	53,220
5)	Case Incurred Loss & ALAE as of 9/30/99	50,276	47,568
6)	Indicated Ultimate Loss & ALAE = (4C) +(5)	85,162	100,788
7)	Selected Ultimate Loss & ALAE	85,162	91,788

Notes

- (1) Selected judgmentally
- (2) Provided by Cody Management
- (3) Based on Exhibit 4, interpolated to the appropriate maturity
- (4) IBNR loss & ALAE is estimated based on the Bornhuetter-Ferguson method
- (5) Based on claim list provided by Cody Management

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

Class Code	(1)	(2)	(3)	Actual Payroll			(7)	(8)	(9)	Adjusted Payroll			Proposed OHIWCT Rate
	1999	1998	1997	1996	1995	1994	1999	1998	1997	1996	1995	1994	
3737	0	\$0	NA	\$32,163	\$55,244	\$45,980	\$0	\$0	NA	\$32,004	\$54,864	\$45,777	\$4.25
5183	0	0	NA	68,310	87,645	82,488	0	0	NA	67,973	87,043	82,124	5.79
5193	1,517,322	1,114,455	NA	1,938,692	2,137,847	1,850,332	1,517,322	1,114,455	NA	1,929,129	2,123,154	1,842,169	8.18
5213	0	0	NA	0	0	0	0	0	NA	0	0	0	15.01
5645	215	158	NA	11,800	887	11,804	215	158	NA	11,742	881	11,752	9.59
7219	0	0	NA	32,760	31,200	31,200	0	0	NA	32,598	30,986	31,062	7.30
7998	28,319	20,800	NA	0	0	0	28,319	20,800	NA	0	0	0	2.07
8006	48,239	35,431	NA	803,400	785,134	770,252	48,239	35,431	NA	799,437	779,738	766,854	1.99
8232	0	0	NA	51,310	48,850	31,025	0	0	NA	51,057	48,514	30,888	5.91
8350	1,460,410	1,072,654	NA	2,085,314	1,839,238	1,967,915	1,460,410	1,072,654	NA	2,075,028	1,826,598	1,959,234	4.78
8353	673,337	494,558	NA	878,785	822,466	730,644	673,337	494,558	NA	874,450	816,813	727,421	5.22
8381	21,458	15,761	NA	70,133	73,639	117,486	21,458	15,761	NA	69,787	73,133	116,968	2.27
8391	352,040	258,569	NA	1,161,586	1,134,637	1,064,602	352,040	258,569	NA	1,155,856	1,126,839	1,059,905	3.41
8742	94,409	69,342	NA	334,484	283,929	384,394	94,409	69,342	NA	332,834	281,978	382,698	0.48
8751	0	0	NA	44,890	41,702	21,818	0	0	NA	44,669	41,415	21,722	5.21
8809	1,214,421	891,978	NA	1,171,030	1,378,390	1,347,369	1,214,421	891,978	NA	1,165,254	1,368,917	1,341,425	0.29
8810	1,273,065	935,051	NA	2,040,638	2,047,657	1,971,292	1,273,065	935,051	NA	2,030,572	2,033,584	1,962,596	0.27
9519	0	0	NA	0	0	0	0	0	NA	0	0	0	2.90
Total	\$6,683,236	\$4,908,757	NA	\$10,725,295	\$10,768,465	\$10,428,601	\$6,683,236	*****	NA	\$10,672,390	\$10,694,457	\$10,382,595	

Class Code	(14)	(15)	(16)	Premium at Proposed Rates		
	1999	1998	1997	1996	1995	1994
3737	\$0	\$0	NA	\$1,360	\$2,332	\$1,946
5183	0	0	NA	3,936	5,040	4,755
5193	124,117	91,162	NA	157,803	173,674	150,689
5213	0	0	NA	0	0	0
5645	21	15	NA	1,126	84	1,127
7219	0	0	NA	2,380	2,262	2,268
7998	586	431	NA	0	0	0
8006	960	705	NA	15,909	15,517	15,260
8232	0	0	NA	3,017	2,867	1,825
8350	69,808	51,273	NA	99,186	87,311	93,651
8353	35,148	25,816	NA	45,646	42,638	37,971
8381	487	358	NA	1,584	1,660	2,655
8391	12,005	8,817	NA	39,415	38,425	36,143
8742	453	333	NA	1,598	1,353	1,837
8751	0	0	NA	2,327	2,158	1,132
8809	3,522	2,587	NA	3,379	3,970	3,890
8810	3,437	2,525	NA	5,483	5,491	5,299
9519	0	0	NA	0	0	0
Total	\$250,543	\$184,021	NA	\$382,788	\$382,450	\$358,503

(1) - (9) Provided by CMS
 (10) - (12) Adjusted for incomplete data
 (13) Rate per \$100 payroll, based on NYCIRB rates effective 10/1/99 -- reduced by 32%.
 (14) - (19) = payroll [from columns (7) through (12)] × (13) / 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	1.333	75.0%		
5	94	Sep-94	6,265	0.88	5,513	100	0	100	10/01/97	37	1.368	73.1%		
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	1.279	78.2%		
10	94	Mar-94	31,007	0.95	29,457	43	0	43	10/10/97	43	1.300	76.9%		
11	94	Sep-94	22,034	1.35	29,746	293	207	500	04/29/97	31	1.482	67.5%		
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	1.300	76.9%		
14	94	Mar-94	27,885	0.87	24,260	534	0	534	04/30/97	37	1.368	73.1%		
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	1.482	67.5%		
21	94	Mar-94	69,632	1.05	73,114	253	0	253	03/11/96	24	1.653	60.5%		
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	1.744	57.3%		
24	94	Jan-94	55,042	0.81	44,584	26,355	3,964	30,319	10/01/97	45	1.279	78.2%		
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			1.390	71.9%	\$88,849	12.8%

Footnotes :

- (1) - (10) Provided by CMS
- (11) Difference in months between columns (3) and (10)
- (12) Interpolated from Exhibit 4.
- (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	1.901	52.6%		
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	1.551	64.5%		
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	1.551	64.5%		
9	95	Jan-95	28,894	0.83	23,982	1,235	0	1,235	10/01/97	33	1.440	69.5%		
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	1.901	52.6%		
12	95	Mar-95	8,683	1.13	9,812	18,203	5,797	24,000	10/10/97	31	1.482	67.5%		
13	95	Mar-95	170,365	0.89	151,625	9,352	0	9,352	10/14/97	31	1.482	67.5%		
14	95	Mar-95	47,577	0.88	41,868	4,229	517	4,746	04/30/97	25	1.626	61.5%		
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	1.901	52.6%		
21	95	Mar-95	64,989	1.05	68,238	20,639	6,142	26,781	03/11/96	12	2.405	41.6%		
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	1.440	69.5%		
25	95	Apr-95	12,680	0.84	10,651	2,027	0	2,027	04/22/97	24	1.653	60.5%		
26	95	Nov-95	14,836	0.90	13,352	4,648	12,706	17,354	07/01/97	20	1.845	54.2%		
27	95	Dec-95	66,771	0.90	60,094	3,086	0	3,086	09/17/97	21	1.793	55.8%		
SUBTOTAL					\$742,462	\$89,106	\$45,866	\$134,972			1.671	59.9%	\$225,510	30.4%

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	2.088	47.9%		
5	96	Sep-96	6,598	0.88	5,806	74	0	74	10/01/97	13	2.317	43.2%		
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	1.793	55.8%		
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	4.122	24.3%		
12	96	Mar-96	9,303	0.83	7,721	8,583	1,280	9,863	10/10/97	19	1.901	52.6%		
13	96	Mar-96	140,961	0.74	104,311	1,217	0	1,217	10/14/97	19	1.901	52.6%		
14	96	Mar-96	27,213	0.77	20,954	7,743	0	7,743	04/30/97	13	2.317	43.2%		
15	96	Aug-96	9,040	0.90	8,136	950	0	950	10/07/97	14	2.235	44.7%		
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	3.206	31.2%		
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	4.122	24.3%		
21	96	Mar-96	56,842	1.13	64,231	1,618	1,710	3,328	03/11/96	0	28.857	3.5%		
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	1.901	52.6%		
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	3.206	31.2%		
SUBTOTAL					\$563,991	\$58,737	\$14,325	\$73,062			2.713	36.9%	\$198,183	35.1%
TOTAL					\$2,002,653	\$205,639	\$66,299	\$271,938					\$512,542	25.6%

Footnotes :
 (1) - (10) Provided by CMS
 (11) Difference in months between columns (3) and (10)
 (12) Interpolated from Exhibit 4.
 (13) = 1 / (12)
 (14) = Subtotal (9) / Subtotal (13)
 (15) = Total (14) / Total (6)

OHI Workers Compensation Trust
Case Incurred Loss Development*
Medical

Accident Year	Evaluation Months							
	24:12	36:24	48:36	60:48	72:60	84:72	96:84	ULT:96
1983								
1984								
1985								1.091
1986							1.016	1.231
1987						1.021	1.002	1.129
1988					1.008	0.989	1.013	1.187
1989				1.013	1.016	1.013	1.009	1.190
1990			1.030	1.023	1.019	1.017	1.003	1.267
1991		1.071	1.063	0.995	1.019	1.016	1.052	
1992	1.258	1.054	1.029	1.041	1.018	1.035		
1993	1.343	1.075	1.062	1.019	1.050			
1994	1.217	1.113	1.070	1.020				
1995	1.449	1.121	1.030					
1996	1.303	1.098						
1997	1.415							
	24:12	36:24	48:36	60:48	72:60	84:72	96:84	ULT:96
2 year avg.	1.359	1.110	1.050	1.020	1.034	1.026	1.028	1.229
5 year avg.	1.345	1.092	1.051	1.020	1.024	1.014	1.016	1.201
Selected **	1.345	1.092	1.051	1.020	1.024	1.014	1.016	1.100
Factor to Ultimate	1.827	1.358	1.244	1.183	1.161	1.133	1.117	1.100

* Statewide industry loss development data. Based on NYCIRB rate filing effective 10/1/99.

** 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								
1986								1.180
1987							1.015	1.096
1988						1.029	1.001	1.119
1989					1.050	1.020	1.021	1.114
1990			1.093	1.067	1.040	1.015	1.024	1.138
1991		1.229	1.121	1.078	1.037	1.024	1.021	1.167
1992	1.597	1.265	1.101	1.060	1.054	1.050	1.053	
1993	1.547	1.234	1.157	1.088	1.052	1.038		
1994	1.441	1.306	1.167	1.069	1.057			
1995	1.592	1.309	1.140					
1996	1.482	1.237						
1997	1.637							
	24:12	36:24	48:36	60:48	72:60	84:72	96:84	ULT:96
2 year avg.	1.560	1.273	1.154	1.079	1.055	1.044	1.037	1.153
5 year avg.	1.540	1.270	1.137	1.076	1.048	1.029	1.024	1.127
Selected **	1.540	1.270	1.137	1.076	1.048	1.029	1.024	1.080
Factor to Ultimate	2.856	1.855	1.460	1.284	1.193	1.138	1.106	1.080

* Statewide industry loss development data. Based on NYCIRB rate filing effective 10/1/99.

** See discussion in text of this report.

OHI Workers' Compensation Trust
2000 Fund Year Rate Page

(1)	(2)	(3)	(4)
Class Code	NYCIRB Rates Eff. 10/1/99	OHIWCT Proposed 2000 Fund Year Rates	
		New Members	Renewal
3737	\$6.25	\$4.25	\$4.19
5183	8.51	5.79	5.70
5193	12.03	8.18	8.06
5213	22.08	15.01	14.79
5645	14.10	9.59	9.45
7219	10.73	7.30	7.19
7998	3.05	2.07	2.04
8006	2.92	1.99	1.96
8232	8.69	5.91	5.82
8350	7.03	4.78	4.71
8353	7.68	5.22	5.15
8381	3.34	2.27	2.24
8391	5.01	3.41	3.36
8742	0.71	0.48	0.48
8751	7.66	5.21	5.13
8809	0.43	0.29	0.29
8810	0.40	0.27	0.27
9519	4.27	2.90	2.86

Notes

- (2) NYCIRB rates per \$100 of payroll, from NYCIRB rate filing effective 10/1/98. The approved NYCIRB rate change effective 10/1/99 is 0%.
- (3) Proposed OHIWCT rates per \$100 of payroll for new members. Equal to column (2), reduced by 32%.
- (4) Proposed OHIWCT rates per \$100 of payroll for members renewing 1/1/2000. Equal to column (2) reduced by 33% to reflect an additional 1% renewal rate credit.