

**PRICING ANALYSIS
FOR THE OHI WORKERS
COMPENSATION TRUST
FOR FUND YEAR
EFFECTIVE JANUARY 1, 2001**

RECEIVED
WORKERS' COMPENSATION
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SELF INSURANCE OFFICE

Prepared for:

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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, 2000

Mr. David I. Harvey, Ph.D.
President
Cody Management Services, Inc.
357 Bay Road, Suite 4
Queensbury, NY 12804

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 fourth 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 fourth fund year effective January 1, 2001. 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 \$224,000 and a per occurrence retention of \$200,000, we estimate that there is a 63% confidence level that the fourth 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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TABLE OF CONTENTS

	<u>Page</u>
Introduction and Background	1
Conclusions.....	1
Data	2
Approach	3
Explanation of Exhibits.....	3
Potential Areas of Uncertainty in Our Analysis.....	7
Confidence Level.....	8
Limitations.....	9
Distribution and Use.....	9

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 2001 rates for OHIWCT members would be equal to the current 2000 rates. Members that renew effective January 1, 2001 will continue to receive a 1% rate reduction. Also, members that post financial security will continue to receive a 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 10/1/00-12/31/00 period as well. CMS determined that these rates are 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 2001. 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 2001 will be 44.0% 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 6%.

Assuming a total premium of \$224,000 and a per occurrence retention of \$200,000, we estimate that at a 63% confidence level, the fourth fund year will not produce an underwriting loss. A 0% underwriting loss (i.e., combined ratio equal to 100%) equates to a 44.0% loss and ALAE ratio. This should be interpreted to mean that, based on rates that are 32.0% below the NYCIRB rates effective October 1, 1999, it can be expected that the loss and ALAE ratio will be 44.0% or less 63% of the time. Conversely, there is a 37% chance that actual results will exceed a 44.0% 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		
	\$224,000	\$300,000	\$400,000
\$200,000	63%	70%	76%

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, 1998, and 1999 by employer and by classification code and initial estimates of total 2000 payroll underlying OHIWCT's 2000 premium calculations for current members.
- (3) NYCIRB rates effective October 1, 1999
- (4) Incurred loss development factors for New York from the 2000 edition of the NCCI Annual Statistical Bulletin and the NYCIRB rate filing effective October 1, 2000.
- (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 2001 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, 1999 and 2000 for the OHIWCT members, we estimated the loss and ALAE ratio for fund year 2001. The following adjustments were made to the historical data in order to estimate the fund year 2001 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 2001 cost levels.
3. Premiums at the proposed OHIWCT rates were trended to 2001 wage levels.

Our estimate of fund year 2001 ultimate loss and ALAE costs as a percent of our estimate of fund year 2001 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 and 1998 through 2000 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 2001. 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 2001. 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 - 2000 at the proposed rates, projected 2001 wage levels and projected 2001 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 2001. 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 or 2000.

Column (11) shows OHIWCT's proposed rates for fund year 2001, 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 2001 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 that 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 2000 edition of the NCCI's Annual Statistical Bulletin and the NYCIRB rate filing effective October 1, 2000. (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 2001 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, 2000 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, 2001. 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 2001 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 seven years, this factor has ranged from 1.096 to 1.180 for indemnity and from 1.060 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 \$224,000 and a per occurrence retention of \$200,000, is 63%. As stated earlier, this suggests that while our expected loss and ALAE ratio is 44.0%, the actual loss and ALAE ratio should be 44.0% or less (i.e. no underwriting loss) approximately 63% 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 2001

(1) Policy Year	(2) Premium at Proposed Rates	(3) Annual Wage Trend Factor	(4) Trend Period in Years	(5) Premium at Proposed Rates and 2001 Wage Level
1994	\$360,449	1.030	7	\$443,307
1995	384,782	1.030	6	459,450
1996	384,149	1.030	5	445,334
1997	NA	1.030	4	NA
1998	184,021	1.030	3	201,085
1999	262,323	1.030	2	278,298
2000	278,225	1.030	1	286,572
TOTAL	\$1,853,949			\$2,114,046

(1) Policy Year	(6) Case Incurred Loss & ALAE	(7) Ultimate Incurred Loss & ALAE	(8) Annual Loss Trend Factor	(9) Ultimate Incurred Loss & ALAE at 2001 Cost Level
1994	\$63,904	\$88,233	1.050	\$124,153
1995	134,972	223,684	1.050	299,758
1996	73,062	197,285	1.050	251,792
1997	NA	NA	1.050	NA
1998	81,641	105,391	1.050	122,003
1999	57,939	83,370	1.050	91,915
2000	36,354	89,692	1.050	94,176
TOTAL	\$447,872	\$787,655		\$983,797

(1) Policy Year	(10) Loss & ALAE Ratio at 2001 Level	(11) Weights	(12) Selected Loss & ALAE Ratio
1994	28%	0.17	
1995	65%	0.17	
1996	57%	0.17	
1997	NA	NA	
1998	61%	0.17	
1999	33%	0.17	
2000	33%	0.17	
TOTAL	47%	41%	44%

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 2001
- (5) $= (2) \times [(3)^{(4)}]$
- (6) 1994-1996 are from Exhibit 3, Sheets 1 through 3, Column (7). 1998-2000 are from Exhibit 1, Sheet 3.
- (7) 1994-1996 are from Exhibit 3, Sheets 1 through 3, Column (12). 1998-2000 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	2000
<u>Expected Loss Ratio (ELR)</u>			
) Indemnity	0.24	0.24	0.24
) <u>Medical</u>	<u>0.12</u>	<u>0.12</u>	<u>0.12</u>
) Total ELR	0.36	0.36	0.36
 Earned Premium	 224,158	 224,007	 224,000
<u>Loss Development Factor</u>			
) Indemnity	1.5098	1.9746	3.5753
) <u>Medical</u>	<u>1.2620</u>	<u>1.4159</u>	<u>2.1915</u>
<u>Estimate IBNR Loss & ALAE</u>			
) Indemnity = 1A *(2) *(1-(1/(3A)))	18,164	26,535	38,724
) <u>Medical = 1B *(2) *(1-(1/(3B)))</u>	<u>5,585</u>	<u>7,895</u>	<u>14,614</u>
) Total	23,750	34,431	53,338
 Case Incurred Loss & ALAE as of 9/30/00	 81,641	 57,939	 36,354
 Indicated Ultimate Loss & ALAE = (4C) +(5)	 105,391	 92,370	 89,692
 Selected Ultimate Loss & ALAE	 94,146	 83,370	 89,692
 Ultimate Loss & ALAE Ratio = (7) / (2)	 42%	 37%	 40%

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
- (7) Selected judgmentally based on line (6)

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

Class Code	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
	Actual Payroll							Adjusted Payroll							Proposed OHIWCT Rate
	2000	1999	1998	1997	1996	1995	1994	2000	1999	1998	1997	1996	1995	1994	
3724	\$43,400	\$0	\$0	NA	\$0	\$0	\$0	\$43,400	\$0	\$0	NA	\$0	\$0	\$0	\$6.60
3737	23,549	0	0	NA	32,163	55,244	45,980	23,549	0	0	NA	32,004	54,864	45,777	4.25
5183	63,000	0	0	NA	68,310	87,645	82,488	63,000	0	0	NA	67,973	87,043	82,124	5.79
5193	1,304,701	1,596,048	1,114,455	NA	1,938,692	2,137,847	1,850,332	1,304,701	1,596,048	1,114,455	NA	1,929,129	2,123,154	1,842,169	8.18
5213	0	0	0	NA	0	0	0	0	0	0	NA	0	0	0	15.01
5645	0	0	158	NA	11,800	887	11,804	0	0	158	NA	11,742	881	11,752	9.59
7219	118,500	53,603	0	NA	32,760	31,200	31,200	118,500	53,603	0	NA	32,598	30,986	31,062	7.30
7998	21,900	21,200	20,800	NA	0	0	0	21,900	21,200	20,800	NA	0	0	0	2.07
8006	256,804	170,359	35,431	NA	803,400	785,134	770,252	256,804	170,359	35,431	NA	799,437	779,738	766,854	1.99
8232	0	0	0	NA	51,310	48,850	31,025	0	0	0	NA	51,057	48,514	30,888	5.91
8350	1,629,577	1,440,419	1,072,654	NA	2,085,314	1,839,238	1,967,915	1,629,577	1,440,419	1,072,654	NA	2,075,028	1,826,598	1,959,234	4.78
8353	621,600	703,350	494,558	NA	878,785	822,466	730,644	621,600	703,350	494,558	NA	874,450	816,813	727,421	5.22
8381	244,200	66,471	15,761	NA	70,133	73,639	117,486	244,200	66,471	15,761	NA	69,787	73,133	116,968	2.27
8391	507,178	270,427	258,569	NA	1,161,586	1,134,637	1,064,602	507,178	270,427	258,569	NA	1,155,856	1,126,839	1,059,905	3.41
8742	166,450	277,231	69,342	NA	334,484	283,929	384,394	166,450	277,231	69,342	NA	332,834	281,978	382,698	0.48
8751	0	0	0	NA	44,890	41,702	21,818	0	0	0	NA	44,669	41,415	21,722	5.21
8809	1,394,821	1,063,588	891,978	NA	1,171,030	1,378,390	1,347,369	1,394,821	1,063,588	891,978	NA	1,165,254	1,368,917	1,341,425	0.29
8810	1,247,932	1,226,590	935,051	NA	2,040,638	2,047,657	1,971,292	1,247,932	1,226,590	935,051	NA	2,030,572	2,033,584	1,962,596	0.27
9519	0	0	0	NA	0	0	0	0	0	0	NA	0	0	0	2.90
5536	61,656	0	0	NA	0	0	0	61,656	0	0	NA	0	0	0	6.07
5221	46,200	0	0	NA	0	0	0	46,200	0	0	NA	0	0	0	10.04
Total	\$7,708,068	\$6,889,286	\$4,908,757	NA	\$10,725,295	\$10,768,465	\$10,428,601	\$7,708,068	\$6,889,286	\$4,908,757	NA	\$10,672,390	\$10,694,457	\$10,382,595	
								(16)	(17)	(18)	(19)	(20)	(21)	(22)	
Class Code	Premium at Proposed Rates														
	2000	1999	1998	1997	1996	1995	1994								
3724	\$2,864	\$0	\$0	NA	\$0	\$0	\$0								
3737	1,001	0	0	NA	1,360	2,332	1,946								
5183	3,648	0	0	NA	3,936	5,040	4,755								
5193	106,725	130,557	91,162	NA	157,803	\$173,674	150,689								
5213	0	0	0	NA	0	0	0								
5645	0	0	15	NA	1,126	84	1,127								
7219	8,651	3,913	0	NA	2,380	2,262	2,268								
7998	453	439	431	NA	0	0	0								
8006	5,110	3,390	705	NA	15,909	15,517	15,260								
8232	0	0	0	NA	3,017	2,867	1,825								
8350	77,894	68,852	51,273	NA	99,186	87,311	93,651								
8353	32,448	36,715	25,816	NA	45,646	42,638	37,971								
8381	5,543	1,509	358	NA	1,584	1,660	2,655								
8391	17,295	9,222	8,817	NA	39,415	38,425	36,143								
8742	799	1,331	333	NA	1,598	1,353	1,837								
8751	0	0	0	NA	2,327	2,158	1,132								
8809	4,045	3,084	2,587	NA	3,379	3,970	3,890								
8810	3,369	3,312	2,525	NA	5,483	5,491	5,299								
9519	0	0	0	NA	0	0	0								
5536	3,743	0	0	NA	0	0	0								
5221	4,638	0	0	NA	0	0	0								
Total	\$278,225	\$262,323	\$184,021	NA	\$384,149	\$384,782	\$360,449								

(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	1.324	75.5%		
5	94	Sep-94	6,265	0.88	5,513	100	0	100	10/01/97	37	1.357	73.7%		
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	1.273	78.5%		
10	94	Mar-94	31,007	0.95	29,457	43	0	43	10/10/97	43	1.293	77.3%		
11	94	Sep-94	22,034	1.35	29,746	293	207	500	04/29/97	31	1.468	68.1%		
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	1.293	77.3%		
14	94	Mar-94	27,885	0.87	24,260	534	0	534	04/30/97	37	1.357	73.7%		
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	1.468	68.1%		
21	94	Mar-94	69,632	1.05	73,114	253	0	253	03/11/96	24	1.635	61.2%		
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	1.727	57.9%		
24	94	Jan-94	55,042	0.81	44,584	26,355	3,964	30,319	10/01/97	45	1.273	78.5%		
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			1.381	72.4%	\$88,233	12.7%

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	1.887	53.0%		
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	1.535	65.1%		
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	1.535	65.1%		
9	95	Jan-95	28,894	0.83	23,982	1,235	0	1,235	10/01/97	33	1.427	70.1%		
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	1.887	53.0%		
12	95	Mar-95	8,683	1.13	9,812	18,203	5,797	24,000	10/10/97	31	1.468	68.1%		
13	95	Mar-95	170,365	0.89	151,625	9,352	0	9,352	10/14/97	31	1.468	68.1%		
14	95	Mar-95	47,577	0.88	41,868	4,229	517	4,746	04/30/97	25	1.609	62.1%		
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	1.887	53.0%		
21	95	Mar-95	64,989	1.05	68,238	20,639	6,142	26,781	03/11/96	12	2.407	41.5%		
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	1.427	70.1%		
25	95	Apr-95	12,680	0.84	10,651	2,027	0	2,027	04/22/97	24	1.635	61.2%		
26	95	Nov-95	14,836	0.90	13,352	4,648	12,706	17,354	07/01/97	20	1.831	54.6%		
27	95	Dec-95	66,771	0.90	60,094	3,086	0	3,086	09/17/97	21	1.778	56.3%		
SUBTOTAL					\$742,462	\$89,106	\$45,866	\$134,972			1.657	60.3%	\$223,684	30.1%

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	2.080	48.1%		
5	96	Sep-96	6,598	0.88	5,806	74	0	74	10/01/97	13	2.316	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	1.778	56.3%		
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	4.127	24.2%		
12	96	Mar-96	9,303	0.83	7,721	8,583	1,280	9,863	10/10/97	19	1.887	53.0%		
13	96	Mar-96	140,961	0.74	104,311	1,217	0	1,217	10/14/97	19	1.887	53.0%		
14	96	Mar-96	27,213	0.77	20,954	7,743	0	7,743	04/30/97	13	2.316	43.2%		
15	96	Aug-96	9,040	0.90	8,136	950	0	950	10/07/97	14	2.232	44.8%		
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	3.210	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	4.127	24.2%		
21	96	Mar-96	56,842	1.13	64,231	1,618	1,710	3,328	03/11/96	0	28.888	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	1.887	53.0%		
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	3.210	31.2%		
SUBTOTAL					\$563,991	\$58,737	\$14,325	\$73,062			2.700	37.0%	\$197,285	35.0%
TOTAL					\$2,002,653	\$205,639	\$66,299	\$271,938					\$509,203	25.4%

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								
1986								1.091
1987							1.016	1.231
1988						1.021	1.002	1.129
1989					1.008	0.989	1.013	1.187
1990				1.013	1.016	1.013	1.009	1.143
1991			1.030	1.023	1.019	1.017	1.003	1.212
1992	1.258	1.071	1.063	0.995	1.019	1.016	1.052	1.133
1993	1.343	1.054	1.029	1.041	1.018	1.035	1.010	
1994	1.217	1.075	1.062	1.019	1.050	1.006		
1995	1.449	1.113	1.070	1.020	1.011			
1996	1.449	1.121	1.030	1.030				
1997	1.303	1.098	1.033					
1998	1.415	1.045						
	1.368							
	24:12	36:24	48:36	60:48	72:60	84:72	96:84	ULT:96
year avg.	1.392	1.072	1.032	1.025	1.031	1.021	1.031	1.173
year avg.	1.350	1.090	1.045	1.021	1.023	1.017	1.017	1.161
Selected **	1.350	1.090	1.045	1.021	1.023	1.017	1.017	1.100
Factor to Ultimate	1.830	1.355	1.243	1.190	1.165	1.139	1.119	1.100

* Statewide industry loss development data. Based on NYCIRB rate filing effective 10/1/00.

** 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				1.067	1.040	1.015	1.024	1.100
1991			1.093	1.078	1.037	1.024	1.021	1.120
1992	1.597	1.229	1.121	1.060	1.054	1.050	1.053	1.060
1993	1.547	1.265	1.101	1.086	1.052	1.038	1.017	
1994	1.441	1.234	1.157	1.088	1.057	1.023		
1995	1.441	1.306	1.167	1.069	1.034			
1996	1.592	1.309	1.140	1.044				
1997	1.482	1.237	1.096					
1998	1.637	1.238						
1998	1.685							
	24:12	36:24	48:36	60:48	72:60	84:72	96:84	ULT:96
year avg.	1.661	1.238	1.118	1.057	1.046	1.031	1.035	1.090
year avg.	1.567	1.265	1.132	1.069	1.047	1.030	1.027	1.103
Selected **	1.567	1.265	1.132	1.069	1.047	1.030	1.027	1.075
Factor to Ultimate	2.858	1.823	1.442	1.273	1.191	1.137	1.104	1.075

* Statewide industry loss development data. Based on NYCIRB rate filing effective 10/1/00.

** See discussion in text of this report.

OHI Workers Compensation Trust
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.	1.830	54.6%	2.858	35.0%	41.5%	2.407
24-to-ult.	1.355	73.8%	1.823	54.8%	61.2%	1.635
36-to-ult.	1.243	80.4%	1.442	69.4%	73.1%	1.369
48-to-ult.	1.190	84.1%	1.273	78.5%	80.4%	1.244
60-to-ult.	1.165	85.8%	1.191	84.0%	84.6%	1.182
72-to-ult.	1.139	87.8%	1.137	87.9%	87.9%	1.138
84-to-ult.	1.119	89.4%	1.104	90.6%	90.2%	1.109
96-to-ult.	1.100	90.9%	1.075	93.0%	92.3%	1.083
	Weight:	33.33%	Weight:	66.67%		

* From Exhibit 4, Sheet 1

** From Exhibit 4, Sheet 2

OHI Workers' Compensation Trust
2001 Fund Year Rate Page

(1)	(2)	(3)	(4)
Class Code	NYCIRB Rates Eff. 10/1/99	<u>OHIWCT Proposed 2001 Fund Year Rates</u>	
		<u>New Members</u>	<u>Renewal</u>
3724	\$9.71	\$6.60	\$6.51
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
5536	8.92	6.07	5.98
5221	14.77	10.04	9.90

Notes

- (2) NYCIRB rates per \$100 of payroll, from NYCIRB rate filing effective 10/1/99.
- (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 1/1/2001. Equal to column (2) reduced by 33% to reflect an additional 1% renewal rate credit.