

**PRICING ANALYSIS
FOR THE OHI WORKERS
COMPENSATION TRUST
FOR FUND YEAR
EFFECTIVE JANUARY 1, 2002**

Prepared for:

OHIWCT in care of
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October 22, 2001

Mr. David I. Harvey, Ph.D.
President
Cody Management Services, Inc.
357 Bay Road, Suite 4
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Board of Trustees
OHI Workers' Compensation Trust

Dear David and Board Members:

Milliman USA, Inc. has completed its work related to the adequacy of the proposed premium funding levels for the fifth 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 summary, we believe the proposed rate structure produces an expected loss and allocated loss expense ratio of 40.0% for the fifth fund year effective January 1, 2002. Based on an expected expense ratio (including excess insurance costs) of 53.0%, the expected combined ratio is 93.0%. Further, based on a total premium of \$600,000 and a per occurrence retention of \$250,000, we estimate that there is a 74% confidence level that the fifth 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 2002 rates for OHIWCT members would be equal to 103% of the current 2001 rates. Members that renew effective January 1, 2002 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. OHIWCT debits/credits of up to 15% may be applied to both existing and new accounts. Except for Founding and Charter Members whose original debits may exceed 15% and which may or may not be retained at their original levels, increased or decreased as may be determined from an underwriting perspective, CMS determined that these rates are achieved by the following two-step process.

1. The New York Compensation Insurance Rating Board (NYCIRB) rates effective October 1, 1999 are reduced by 32%
2. The rates from 1. are multiplied by 103% (and produce proposed rates approximately 30% below NYCIRB rates effective October 1, 1999)

Given the relative short history of the program, while new experience modifications shall be calculated reflecting each member's loss history, it is our understanding OHIWCT intends to utilize debit/credit caps to achieve either an aggregate revenue-neutral outcome or a revenue-enhancing outcome arising from the new experience modifiers.

Milliman USA was retained by CMS on behalf of OHIWCT to analyze the adequacy of the rates OHIWCT has proposed to charge during 2002. 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 2002 will be 40.0% based on rates that are approximately 30.0% below the October 1, 1999 NYCIRB rates. Based on an expected expense ratio of 53.0%, 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 7%.

Assuming a total premium of \$600,000 and a per occurrence retention of \$250,000, we estimate that at a 74% confidence level, the fifth fund year will not produce an underwriting loss. A 0% underwriting loss (i.e., combined ratio equal to 100%) equates to a 40.0% loss and ALAE ratio. This should be interpreted to mean that, based on rates that are 30.0% below the NYCIRB rates effective October 1, 1999, it can be expected that the loss and ALAE ratio will be 40.0% or less 74% of the time. Conversely, there is a 26% chance that actual results will exceed a 40.0% 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 \$250,000 per occurrence retention.

Confidence Level of a 100% Combined Ratio or Less

Retention	Premium		
	\$400,000	\$500,000	\$600,000
\$250,000	70%	74%	74%

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 1994-1996 and 1998-2000 by employer and by classification code and initial estimates of total 2000 payroll underlying OHIWCT's 2001 premium calculations for current members.
- (3) NYCIRB rates effective October 1, 1999 and rate change assumptions provided by CMS.

- (4) Incurred loss development factors for New York from the 2001 edition of the NCCI Annual Statistical Bulletin and the NYCIRB rate filing effective October 1, 2001.
- (5) Average annual trend in New York wages from the 1999 edition of the United States Statistical Abstract and from the October 1, 2001 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 30.0% below the October 1, 1999 NYCIRB rates will be adequate to fund the expected loss costs and administrative costs for OHIWCT's 2002 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 1998-2001 for the OHIWCT members, we estimated the loss and ALAE ratio for fund year 2002. The following adjustments were made to the historical data in order to estimate the fund year 2002 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 2002 cost levels.
3. Premiums at the proposed OHIWCT rates were trended to 2002 wage levels.

Our estimate of fund year 2002 ultimate loss and ALAE costs as a percent of our estimate of fund year 2002 premium is 40%, i.e. a 40% loss and ALAE ratio.

Explanation of Exhibits

Exhibit 1

This exhibit summarizes our estimate of the 40% 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 2001 if the proposed rates (30.0% 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 2002. 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, 2001 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 2002. 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 - 2001 at the proposed rates, projected 2002 wage levels and projected 2002 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 2002. 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) - (13) 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 (12) - (16) represent adjusted payroll amounts. The payroll amounts shown in columns (14) - (16) 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 1999-2001.

Column (17) shows OHIWCT's proposed rates for fund year 2002, which are equal to approximately 70% of the NYCIRB rates effective October 1, 1999.

Columns (18) – (25) show the products of the adjusted payrolls by classification in columns (6) – (16) and the proposed rates in column (17). These products represent historical premium amounts adjusted to the proposed 2002 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 2001 edition of the NCCI's Annual Statistical Bulletin and the NYCIRB rate filing effective October 1, 2001. (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 medical 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 2002 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), multiplied by 1.03.

Column (4) shows the proposed OHIWCT rate per \$100 of payroll for current members that renew effective January 1, 2002. 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 2002 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 eight years, this factor has ranged from 1.056 to 1.180 for indemnity and from 1.091 to 1.251 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 \$600,000 and a per occurrence retention of \$250,000, is 74%. As stated earlier, this suggests that while our expected loss and ALAE ratio is 40.0%, the actual loss and ALAE ratio should be 40.0% or less (i.e. no underwriting loss) approximately 74% 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 USA.

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 USA. 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.

OHI Workers' Compensation Trust
Loss Ratio Projection for Fund Year 2002

(1) Policy Year	(2) Premium at Proposed Rates	(3) Annual Wage Trend Factor	(4) Trend Period in Years	(5) Premium at Proposed Rates and 2002 Wage Level
1994	\$377,545	1.030	8	\$478,262
1995	393,796	1.030	7	484,319
1996	390,384	1.030	6	466,138
1997	NA	1.030	5	NA
1998	186,725	1.030	4	210,160
1999	266,660	1.030	3	291,386
2000	280,559	1.030	2	297,645
2001	458,538	1.030	1	472,294
TOTAL	\$2,354,205			\$2,700,205

(1) Policy Year	(6) Case Incurred Loss & ALAE	(7) Ultimate Incurred Loss & ALAE	(8) Annual Loss Trend Factor	(9) Ultimate Incurred Loss & ALAE at 2002 Cost Level
1994	\$63,904	\$88,938	1.050	\$131,402
1995	134,972	226,579	1.050	318,819
1996	73,062	201,860	1.050	270,511
1997	NA	NA	1.050	NA
1998	63,159	80,661	1.050	98,044
1999	45,760	60,760	1.050	70,337
2000	82,955	118,455	1.050	130,596
2001	22,601	121,875	1.050	127,969
TOTAL	\$486,413	\$899,127		\$1,147,679

(1) Policy Year	(10) Loss & ALAE Ratio at 2002 Level	(11) Weights	(12) Selected Loss & ALAE Ratio
1994	27%	0.025	
1995	66%	0.050	
1996	58%	0.075	
1997	NA	NA	
1998	47%	0.150	
1999	24%	0.150	
2000	44%	0.200	
2001	27%	0.350	
TOTAL	43%	37%	40%

OHI Workers' Compensation Trust
Loss Ratio Projection for Fund Year 2002

FOOTNOTES:

- (2) From Exhibit 2
- (3) Selected by Milliman USA
- (4) Number of years to Fund Year 2002
- (5) $= (2) \times [(3)^{(4)}]$
- (6) 1994-1996 are from Exhibit 3, Sheets 1 through 3, Column (7). 1998-2001 are from Exhibit 1, Sheet 3.
- (7) 1994-1996 are from Exhibit 3, Sheets 1 through 3, Column (12). 1998-2001 are from Exhibit 1, Sheet 3.
- (8) Selected by Milliman USA
- (9) $= (7) \times [(8)^{(4)}]$
- (10) $= (9) / (5)$
- (11) Selected by Milliman USA
- (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	2001
<u>Expected Loss Ratio (ELR)</u>				
1A) Indemnity	0.24	0.24	0.24	0.24
1B) <u>Medical</u>	<u>0.12</u>	<u>0.12</u>	<u>0.12</u>	<u>0.12</u>
1C) Total ELR	0.36	0.36	0.36	0.36
2) Earned Premium	224,158	231,245	266,944	400,000
<u>Loss Development Factor</u>				
3A) Indemnity	1.3124	1.5198	1.9983	3.7508
3B) Medical	1.2115	1.2762	1.4373	2.2715
<u>Estimated IBNR Loss & ALAE</u>				
4A) Indemnity = 1A *(2) *(1-(1/(3A)))	12,805	18,983	32,005	70,405
4B) <u>Medical = 1B *(2) *(1-(1/(3B)))</u>	<u>4,697</u>	<u>6,006</u>	<u>9,745</u>	<u>26,869</u>
4C) Total	17,502	24,989	41,751	97,274
5) Case Incurred Loss & ALAE as of 9/30/01	63,159	45,760	82,955	22,601
6) Indicated Ultimate Loss & ALAE = (4C) + (5)	80,661	70,749	124,705	119,875
7) Selected Ultimate Loss & ALAE	65,159	60,760	118,455	121,875
8) Ultimate Loss & ALAE Ratio = (7) / (2)	29%	26%	44%	30%

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 Bomhuetter-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)	(16)	(17)
	2001	2000	1999	1998	1997	1996	1995	1994	2001	2000	1999	1998	1997	1996	1995	1994	Proposed JHIWCT Rate
3724	\$106,000	\$43,400	\$0	\$0	NA	\$0	\$0	\$0	\$106,000	\$43,400	\$0	\$0	NA	\$0	\$0	\$0	\$6.69
3737	25,000	23,549	0	0	NA	32,163	55,244	45,980	25,000	23,549	0	0	NA	32,004	54,864	47,152	4.31
5183	462,130	63,000	0	0	NA	68,310	87,645	82,488	462,130	63,000	0	0	NA	67,973	87,043	84,591	5.95
5193	1,677,731	1,304,701	1,596,048	1,114,455	NA	1,938,692	2,137,847	1,850,332	1,677,731	1,304,701	1,596,048	1,114,455	NA	1,929,129	2,123,154	1,897,503	8.94
5213	0	0	0	0	NA	0	0	0	0	0	0	0	NA	0	0	0	15.44
5645	0	0	0	158	NA	11,800	887	11,804	0	0	0	158	NA	11,742	881	12,105	10.43
7219	749,757	118,500	53,603	0	NA	32,760	31,200	31,200	749,757	118,500	53,603	0	NA	32,598	30,986	31,995	7.61
7998	23,000	21,900	21,200	20,800	NA	0	0	0	23,000	21,900	21,200	20,800	NA	0	0	0	2.02
8006	290,000	256,804	170,359	35,431	NA	803,400	785,134	770,252	290,000	256,804	170,359	35,431	NA	799,437	779,738	789,888	2.05
8232	40,755	0	0	0	NA	51,310	48,850	31,025	40,755	0	0	0	NA	51,057	48,514	31,816	6.44
8350	1,705,081	1,629,577	1,440,419	1,072,654	NA	2,085,314	1,839,238	1,967,915	1,705,081	1,629,577	1,440,419	1,072,654	NA	2,075,028	1,826,598	2,018,083	4.26
8353	892,679	621,600	703,350	494,558	NA	878,785	822,466	730,644	892,679	621,600	703,350	494,558	NA	874,450	816,813	749,270	5.01
8381	230,000	244,200	66,471	15,761	NA	70,133	73,639	117,486	230,000	244,200	66,471	15,761	NA	69,787	73,133	120,481	2.19
8391	847,704	507,178	270,427	258,569	NA	1,161,586	1,134,637	1,064,602	847,704	507,178	270,427	258,569	NA	1,155,856	1,126,839	1,091,742	3.63
8742	313,600	166,450	277,231	69,342	NA	334,484	283,929	384,394	313,600	166,450	277,231	69,342	NA	332,834	281,978	394,193	0.50
8751	0	0	0	0	NA	44,890	41,702	21,818	0	0	0	0	NA	44,669	41,415	22,374	5.70
8809	1,558,078	1,394,821	1,063,588	891,978	NA	1,171,030	1,378,390	1,347,369	1,558,078	1,394,821	1,063,588	891,978	NA	1,165,254	1,368,917	1,381,718	0.32
8810	1,871,462	1,247,932	1,226,590	935,051	NA	2,040,638	2,047,657	1,971,292	1,871,462	1,247,932	1,226,590	935,051	NA	2,030,572	2,033,584	2,021,546	0.27
9519	0	0	0	0	NA	0	0	0	0	0	0	0	NA	0	0	0	2.70
5536	553,199	61,656	0	0	NA	0	0	0	553,199	61,656	0	0	NA	0	0	0	5.91
5221	49,000	46,200	0	0	NA	0	0	0	49,000	46,200	0	0	NA	0	0	0	10.60
6217	58,430	0	0	0	NA	0	0	0	58,430	0	0	0	NA	0	0	0	6.13
0006	15,834	0	0	0	NA	0	0	0	15,834	0	0	0	NA	0	0	0	5.03
8017	113,804	0	0	0	NA	0	0	0	113,804	0	0	0	NA	0	0	0	1.52
8043	28,452	0	0	0	NA	0	0	0	28,452	0	0	0	NA	0	0	0	1.32
9079	34,000	0	0	0	NA	0	0	0	34,000	0	0	0	NA	0	0	0	2.09
Total	\$11,489,696	\$7,708,068	\$6,889,286	\$4,908,757	NA	\$10,725,295	\$10,768,465	\$10,428,601	\$11,489,696	\$7,708,068	\$6,889,286	*****	NA	\$10,672,390	\$10,694,457	\$10,694,458	

Class Code	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)
	2001	2000	1999	1998	1997	1996	1995	1994
3724	\$7,091	\$2,903	\$0	\$0	NA	\$0	\$0	\$0
3737	1,078	1,015	0	0	NA	1,379	2,365	2,032
5183	27,497	3,749	0	0	NA	4,044	5,179	5,033
5193	149,989	116,640	142,687	99,632	NA	172,464	\$189,810	169,637
5213	0	0	0	0	NA	0	0	0
5645	0	0	0	16	NA	1,225	92	1,263
7219	57,057	9,018	4,079	0	NA	2,481	2,358	2,435
7998	465	442	428	420	NA	0	0	0
8006	5,945	5,264	3,492	726	NA	16,388	15,985	16,193
8232	2,625	0	0	0	NA	3,288	3,124	2,049
8350	72,636	69,420	61,362	45,695	NA	88,396	77,813	85,970
8353	44,723	31,142	35,238	24,777	NA	43,810	40,922	37,538
8381	5,037	5,348	1,456	345	NA	1,528	1,602	2,639
8391	30,772	18,411	9,817	9,386	NA	41,958	40,904	39,630
8742	1,568	832	1,386	347	NA	1,664	1,410	1,971
8751	0	0	0	0	NA	2,546	2,361	1,275
8809	4,986	4,463	3,403	2,854	NA	3,729	4,381	4,421
8810	5,053	3,369	3,312	2,525	NA	5,483	5,491	5,458
9519	0	0	0	0	NA	0	0	0
5536	32,694	3,644	0	0	NA	0	0	0
5221	5,194	4,897	0	0	NA	0	0	0
6217	517	0	0	0	NA	0	0	0
0006	796	0	0	0	NA	0	0	0
8017	1,730	0	0	0	NA	0	0	0
8043	376	0	0	0	NA	0	0	0
9079	711	0	0	0	NA	0	0	0
Total	\$458,538	\$280,559	\$266,660	\$186,725	NA	\$390,384	\$393,796	\$377,545

(1) - (13) Provided by CMS
 (14) - (16) Adjusted for incomplete data
 (17) Rate per \$100 payroll, based on NYCIRB rates effective 10/1/99 -- reduced by 32%, then increased by 3%
 (18) - (28) = payroll [from columns (9) through (16)] x (17) / 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	04/24/1997					
2	94	Jul-94	18,533	0.84	15,568	0	0	0	10/07/1997					
3	94	Mar-94	9,267	1.00	9,267	0	0	0	10/14/1997					
4	94	Jun-94	23,810	0.86	20,477	529	0	529	10/10/1997	40	1.335	74.9%		
5	94	Sep-94	6,265	0.88	5,513	100	0	100	10/01/1997	37	1.369	73.1%		
6	94	Aug-94	6,777	0.85	5,760	0	0	0	11/20/1996					
7	94	Jan-94	31,182	0.79	24,634	0	0	0	06/28/1997					
8	94	Jun-94	11,849	0.85	10,072	0	0	0	10/14/1997					
9	94	Jan-94	30,121	0.81	24,398	182	0	182	10/01/1997	45	1.282	78.0%		
10	94	Mar-94	31,007	0.95	29,457	43	0	43	10/10/1997	43	1.303	76.8%		
11	94	Sep-94	22,034	1.35	29,746	293	207	500	04/29/1997	31	1.481	67.5%		
12	94	Mar-94	10,902	1.16	12,646	0	0	0	10/10/1997					
13	94	Mar-94	175,902	0.80	140,722	12,085	1,899	13,984	10/14/1997	43	1.303	76.8%		
14	94	Mar-94	27,885	0.87	24,260	534	0	534	04/30/1997	37	1.369	73.1%		
15	94	Aug-94	10,300	0.83	8,549	0	0	0	10/07/1997					
16	94	Nov-94	10,752	0.86	9,247	0	0	0	10/15/1997					
17	94	Mar-94	27,854	0.86	23,954	0	0	0	12/03/1996					
18	94	Sep-94	22,806	0.79	18,017	0	0	0	10/14/1997					
19	94	Apr-94	14,629	0.81	11,849	0	0	0	03/20/1996					
20	94	Mar-94	45,922	0.77	35,360	546	0	546	10/26/1996	31	1.481	67.5%		
21	94	Mar-94	69,632	1.05	73,114	253	0	253	03/11/1996	24	1.650	60.6%		
22	94	Jul-94	1,765	1.00	1,765	0	0	0	10/15/1997					
23	94	May-94	15,722	1.10	17,294	16,876	38	16,914	03/15/1996	22	1.749	57.2%		
24	94	Jan-94	55,042	0.81	44,584	26,355	3,964	30,319	10/01/1997	45	1.282	78.0%		
25	94	Apr-94	11,748	1.06	12,453	0	0	0	04/22/1997					
26	94	Nov-94	16,607	0.90	14,946	0	0	0	07/01/1997					
27	94	Dec-94	51,284	0.98	50,258	0	0	0	09/17/1997					
SUBTOTAL					\$696,200	\$57,796	\$6,108	\$63,904			1.392	71.9%	\$88,938	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	04/24/1997	19	1.921	52.1%		
2	95	Jul-95	19,631	0.87	17,079	0	0	0	10/07/1997					
3	95	Mar-95	10,693	1.00	10,693	0	0	0	10/14/1997					
4	95	Jun-95	22,816	0.94	21,447	1,716	0	1,716	10/10/1997	28	1.549	64.6%		
5	95	Sep-95	9,703	0.87	8,442	0	0	0	10/01/1997					
6	95	Aug-95	8,320	0.87	7,238	0	0	0	11/20/1996					
7	95	Jan-95	34,891	0.81	28,262	0	0	0	06/28/1997					
8	95	Jun-95	11,701	0.87	10,180	8,218	20,704	28,922	10/14/1997	28	1.549	64.6%		
9	95	Jan-95	28,894	0.83	23,982	1,235	0	1,235	10/01/1997	33	1.439	69.5%		
10	95	Mar-95	31,182	0.81	25,257	0	0	0	10/10/1997					
11	95	Sep-95	25,730	1.06	27,274	683	0	683	04/29/1997	19	1.921	52.1%		
12	95	Mar-95	8,683	1.13	9,812	18,203	5,797	24,000	10/10/1997	31	1.481	67.5%		
13	95	Mar-95	170,365	0.89	151,625	9,352	0	9,352	10/14/1997	31	1.481	67.5%		
14	95	Mar-95	47,577	0.88	41,868	4,229	517	4,746	04/30/1997	25	1.624	61.6%		
15	95	Aug-95	10,770	0.85	9,155	0	0	0	10/07/1997					
16	95	Nov-95	12,610	0.86	10,845	0	0	0	10/15/1997					
17	95	Mar-95	25,398	0.92	23,366	0	0	0	12/03/1996					
18	95	Sep-95	29,277	0.81	23,714	0	0	0	10/14/1997					
19	95	Apr-95	16,467	0.85	13,997	0	0	0	03/20/1996					
20	95	Mar-95	29,063	0.77	22,379	14,548	0	14,548	10/26/1996	19	1.921	52.1%		
21	95	Mar-95	64,989	1.05	68,238	20,639	6,142	26,781	03/11/1996	12	2.494	40.1%		
22	95	Jul-95	1,918	1.00	1,918	0	0	0	10/15/1997					
23	95	May-95	17,395	1.11	19,308	0	0	0	03/15/1996					
24	95	Jan-95	60,114	0.83	49,895	221	0	221	10/01/1997	33	1.439	69.5%		
25	95	Apr-95	12,680	0.84	10,651	2,027	0	2,027	04/22/1997	24	1.650	60.6%		
26	95	Nov-95	14,836	0.90	13,352	4,648	12,706	17,354	07/01/1997	20	1.860	53.8%		
27	95	Dec-95	66,771	0.90	60,094	3,086	0	3,086	09/17/1997	21	1.803	55.5%		
SUBTOTAL.					\$742,462	\$89,106	\$45,866	\$134,972			1.679	59.6%	\$226,579	30.5%

Footnotes :

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- (15) = Total (14) / Total (6)

MILLIMAN USA

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	04/24/1997					
2	96	Jul-96	18,615	0.85	15,823	0	0	0	10/07/1997					
3	96	Mar-96	9,367	1.00	9,367	0	0	0	10/14/1997					
4	96	Jun-96	18,916	0.82	15,511	2,622	77	2,699	10/10/1997	16	2.131	46.9%		
5	96	Sep-96	6,598	0.88	5,806	74	0	74	10/01/1997	13	2.392	41.8%		
6	96	Aug-96	6,913	0.87	6,014	0	0	0	11/18/1996					
7	96	Jan-96	27,428	0.77	21,120	0	0	0	06/28/1997					
8	96	Jun-96	11,202	0.84	9,410	0	0	0	10/14/1997					
9	96	Jan-96	19,141	0.81	15,504	146	0	146	10/01/1997	21	1.803	55.5%		
10	96	Mar-96	27,010	0.77	20,798	0	0	0	10/10/1997					
11	96	Sep-96	21,181	1.18	24,994	32	418	450	04/29/1997	7	4.275	23.4%		
12	96	Mar-96	9,303	0.83	7,721	8,583	1,280	9,863	10/10/1997	19	1.921	52.1%		
13	96	Mar-96	140,961	0.74	104,311	1,217	0	1,217	10/14/1997	19	1.921	52.1%		
14	96	Mar-96	27,213	0.77	20,954	7,743	0	7,743	04/30/1997	13	2.392	41.8%		
15	96	Aug-96	9,040	0.90	8,136	950	0	950	10/07/1997	14	2.298	43.5%		
16	96	Nov-96	5,767	0.86	4,960	0	0	0	10/15/1997					
17	96	Mar-96	23,400	0.88	20,592	450	31	481	12/03/1996	9	3.325	30.1%		
18	96	Sep-96	23,844	0.79	18,837	0	0	0	10/14/1997					
19	96	Apr-96	15,225	0.84	12,789	0	0	0	03/20/1996					
20	96	Mar-96	27,717	0.92	25,500	24,987	0	24,987	10/26/1996	7	4.275	23.4%		
21	96	Mar-96	56,842	1.13	64,231	1,618	1,710	3,328	03/11/1996	0		3.3%		
22	96	Jul-96	1,722	1.00	1,722	0	0	0	10/15/1997					
23	96	May-96	14,473	0.98	14,184	0	0	0	10/15/1997					
24	96	Jan-96	49,766	0.79	39,315	4,299	9,608	13,907	08/31/1997	19	1.921	52.1%		
25	96	Apr-96	15,276	0.88	13,443	0	0	0	04/22/1997					
26	96	Nov-96	6,448	0.86	5,545	0	0	0	07/01/1997					
27	96	Dec-96	42,944	0.74	31,779	6,016	1,201	7,217	09/17/1997	9	3.325	30.1%		
SUBTOTAL					\$563,991	\$58,737	\$14,325	\$73,062			2.763	36.2%	\$201,860	35.8%
TOTAL					\$2,002,653	\$205,639	\$66,299	\$271,938					\$517,376	25.8%

Footnotes:

- (1) - (10) Provided by CMS
- (11) Difference in months between columns (3) and (10)
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- (14) = Subtotal (9) / Subtotal (13)
- (15) = Total (14) / Total (6)

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	1.187
1989				1.013	1.016	1.013	1.009	1.143
1990			1.030	1.023	1.019	1.017	1.003	1.251
1991		1.071	1.063	0.995	1.019	1.016	1.052	1.168
1992	1.258	1.054	1.029	1.041	1.018	1.035	1.010	1.101
1993	1.343	1.075	1.062	1.019	1.050	1.006	1.009	
1994	1.217	1.113	1.070	1.020	1.011	1.013		
1995	1.449	1.121	1.030	1.030	1.032			
1996	1.303	1.098	1.033	1.032				
1997	1.415	1.045	1.039					
1998	1.368	1.083						
1999	1.339							
	24:12	36:24	48:36	60:48	72:60	84:72	96:84	ULT:96
2 year avg.	1.354	1.064	1.036	1.031	1.022	1.010	1.010	1.135
5 year avg.	1.375	1.092	1.047	1.028	1.026	1.017	1.017	1.170
Selected **	1.375	1.092	1.047	1.028	1.026	1.017	1.017	1.100
Factor to Ultimate	1.887	1.372	1.257	1.200	1.167	1.138	1.118	1.100

* Statewide industry loss development data. Based on NYCIRB rate filing effective 10/1/01.

** 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	1.114
1989				1.067	1.040	1.015	1.024	1.100
1990			1.093	1.078	1.037	1.024	1.021	1.111
1991		1.229	1.121	1.060	1.054	1.050	1.053	1.056
1992	1.597	1.265	1.101	1.086	1.052	1.038	1.017	1.085
1993	1.547	1.234	1.157	1.088	1.057	1.023	1.021	
1994	1.441	1.306	1.167	1.069	1.034	1.024		
1995	1.592	1.309	1.140	1.044	1.045			
1996	1.482	1.237	1.096	1.071				
1997	1.637	1.238	1.111					
1998	1.685	1.233						
1999	1.697							
	24:12	36:24	48:36	60:48	72:60	84:72	96:84	ULT:96
2 year avg.	1.691	1.236	1.104	1.058	1.040	1.024	1.019	1.071
5 year avg.	1.619	1.265	1.134	1.072	1.048	1.032	1.027	1.093
Selected **	1.619	1.265	1.134	1.072	1.048	1.032	1.027	1.075
Factor to Ultimate	2.972	1.836	1.452	1.280	1.194	1.139	1.104	1.075

* Statewide industry loss development data. Based on NYCIRB rate filing effective 10/1/01.

** 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.	1.887	53.0%	2.972	33.7%	40.1%	2.494
24-to-ult.	1.372	72.9%	1.836	54.5%	60.6%	1.650
36-to-ult.	1.257	79.6%	1.452	68.9%	72.4%	1.380
48-to-ult.	1.200	83.3%	1.280	78.1%	79.8%	1.252
60-to-ult.	1.167	85.7%	1.194	83.7%	84.4%	1.185
72-to-ult.	1.138	87.9%	1.139	87.8%	87.8%	1.139
84-to-ult.	1.118	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:	33.3%	Weight:	66.7%		

* From Exhibit 4, Sheet 1

** From Exhibit 4, Sheet 2

OHI Workers' Compensation Trust
2002 Fund Year Rate Page

(1)	(2)	(3)	(4)
Class Code	NYCIRB Rates Eff. 10/1/99	OHIWCT Proposed 2002 Fund Year Rates New Members	Renewal
3724	\$9.55	\$6.69	\$6.59
3737	6.15	4.31	4.24
5183	8.49	5.95	5.86
5193	12.76	8.94	8.81
5213	22.04	15.44	15.21
5645	14.89	10.43	10.28
7219	10.87	7.61	7.50
7998	2.88	2.02	1.99
8006	2.92	2.05	2.02
8232	9.19	6.44	6.34
8350	6.08	4.26	4.20
8353	7.16	5.01	4.94
8381	3.13	2.19	2.16
8391	5.18	3.63	3.57
8742	0.71	0.50	0.49
8751	8.14	5.70	5.62
8809	0.45	0.32	0.31
8810	0.39	0.27	0.27
9519	3.85	2.70	2.66
5536	8.44	5.91	5.82
5221	15.14	10.60	10.45
6217	8.75	6.13	6.04
0006	7.18	5.03	4.95
8017	2.17	1.52	1.50
8043	1.89	1.32	1.30
9079	2.98	2.09	2.06

- (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% then increased by 3%.
- (4) Proposed OHIWCT rates per \$100 of payroll for members renewing 1/1/2002. Equal to by 3%.