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**PRICING ANALYSIS
FOR THE OHI WORKERS'
COMPENSATION TRUST
FOR FUND YEAR
EFFECTIVE JANUARY 1, 2003**

Prepared for:

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

Prepared by:

Robert J. Meyer, FCAS
Derek A. Jones, ACAS
Milliman USA

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Milliman USA
Consultants and Actuaries

One Pennsylvania Plaza, 38th Floor
New York, NY 10119
Tel +1 212 279.7166
Fax +1 212 629.9873
www.milliman.com

October 30, 2002

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 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 33.0% for the fifth fund year effective January 1, 2003. Based on an expected expense ratio (including excess insurance costs) of 59.3%, the expected combined ratio is 92.3%. Further, based on a total premium of \$700,000 and a per occurrence retention of \$350,000, we estimate that there is a 76% confidence level that the sixth 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 OHI Workers' Compensation Trust is comprised of employers in the heat, petroleum, gasoline, plumbing, auto and home supply and related industries. These businesses service both residential and commercial clientele.

In response to the increasing cost of workers' compensation insurance, the OHI Workers' Compensation Trust (OHIWCT) was formed 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 2003 rates for OHIWCT members would be equal to 111% of the current 2002 rates. Members that renew effective January 1, 2003 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 114% (and produce proposed rates approximately 22% 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 2003. 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 2003 will be 33% based on rates that are approximately 22% below the October 1, 1999 NYCIRB rates. Based on an expected expense ratio of 59%, 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 8%.

Assuming a total premium of \$700,000 and a per occurrence retention of \$350,000, we estimate that at a 76% confidence level, the sixth fund year will not produce an underwriting loss. A 0% underwriting loss (i.e., combined ratio equal to 100%) equates to a 41% loss and ALAE ratio. This should be interpreted to mean that, based on rates that are 22% below the NYCIRB rates effective October 1, 1999, it can be expected that the loss and ALAE ratio will be 41% or less 76% of the time. Conversely, there is a 24% chance that actual results will exceed a 41% 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 \$350,000 per occurrence retention. (We note that a \$400,000 retention per occurrence applies to less than 1% of the total payroll.)

Confidence Level of a 100% Combined Ratio or Less

Retention	Premium		
	\$600,000	\$700,000	\$800,000
\$350,000	75%	76%	79%

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 1998-2001 by employer and by classification code and initial estimates of total 2001 payroll underlying OHIWCT's 2002 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 2002 edition of the NCCI Annual Statistical Bulletin and the NYCIRB rate filing effective October 1, 2002.
- (5) Average annual trend in New York wages from the 2001 edition of the United States Statistical Abstract and from the October 1, 2002 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 22% below the October 1, 1999 NYCIRB rates will be adequate to fund the expected loss costs and administrative costs for OHIWCT's 2003 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 1998-2002 for the OHIWCT members, we estimated the loss and ALAE ratio for fund year 2003. The following adjustments were made to the historical data in order to estimate the fund year 2003 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 2003 cost levels.
3. Premiums at the proposed OHIWCT rates were trended to 2003 wage levels.

Our estimate of fund year 2003 ultimate loss and ALAE costs as a percent of our estimate of fund year 2003 premium is 33%, i.e., a 33% loss and ALAE ratio.

Explanation of Exhibits

Exhibit 1

This exhibit summarizes our estimate of the 33% 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 2002 if the proposed rates (22% 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 2003. 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, 2002 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 2003. 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 - 2002 at the proposed rates, projected 2003 wage levels and projected 2003 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 2003. 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 1999-2002.

Column (17) shows OHIWCT's proposed rates for fund year 2003, which are equal to approximately 78% 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 2003 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 2002 edition of the NCCI's Annual Statistical Bulletin and the NYCIRB rate filing effective October 1, 2002. (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 ages 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 2003 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 1.14.

Column (4) shows the proposed OHIWCT rate per \$100 of payroll for current members that renew effective January 1, 2003. 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 2003 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 nine years, this factor has ranged from 1.052 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 (approximately 3% 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 \$350,000. Loss development factors from incurred loss data which had individual claim amounts capped at \$350,000 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 \$700,000 and a per occurrence retention of \$350,000, is 76%. As stated earlier, this suggests that while our expected loss and ALAE ratio is 33%, the actual loss and ALAE ratio should be 41% or less (i.e. no underwriting loss) approximately 76% 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.

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OHI Workers' Compensation Trust
Loss Ratio Projection for Fund Year 2003

(1) Policy Year	(2) Premium at Proposed Rates	(3) Annual Wage Trend Factor	(4) Trend Period in Years	(5) Premium at Proposed Rates and 2003 Wage Level
1994	\$417,622	1.030	9	\$544,901
1995	435,613	1.030	8	551,821
1996	451,842	1.030	7	531,111
1997	NA	1.030	6	NA
1998	206,558	1.030	5	239,458
1999	294,984	1.030	4	332,007
2000	310,369	1.030	3	339,148
2001	563,209	1.030	2	597,508
2002	694,150	1.030	1	714,974
TOTAL	\$3,354,345			\$3,850,929

(1) Policy Year	(6) Case Incurred Loss & ALAE	(7) Ultimate Incurred Loss & ALAE	(8) Annual Loss Trend Factor	(9) Ultimate Incurred Loss & ALAE at 2003 Cost Level
1994	\$63,904	\$91,155	1.050	\$141,411
1995	134,972	235,112	1.050	347,367
1996	73,062	211,431	1.050	297,505
1997	NA	NA	1.050	NA
1998	63,159	63,159	1.050	80,609
1999	79,462	79,462	1.050	96,587
2000	119,624	109,624	1.050	126,904
2001	94,632	132,726	1.050	146,330
2002	63,161	185,771	1.050	195,059
TOTAL	\$691,977	\$1,108,440		\$1,431,772

(1) Policy Year	(10) Loss & ALAE Ratio at 2003 Level	(11) Weights	(12) Selected Loss & ALAE Ratio
1994	26%	0.000	
1995	63%	0.000	
1996	56%	0.000	
1997	NA	NA	
1998	34%	0.200	
1999	29%	0.200	
2000	37%	0.200	
2001	24%	0.200	
2002	27%	0.200	
TOTAL	37%	30%	33%

OHI Workers' Compensation Trust
Loss Ratio Projection for Fund Year 2003

FOOTNOTES:

- (2) From Exhibit 2
- (3) Selected by Milliman USA
- (4) Number of years to Fund Year 2003
- (5) $= (2) \times [(3)^{(4)}]$
- (6) 1994-1996 are from Exhibit 3, Sheets 1 through 3, Column (7). 1998-2002 are from Exhibit 1, Sheet 3.
- (7) 1994-1996 are from Exhibit 3, Sheets 1 through 3, Column (12). 1998-2002 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	2002
<u>Expected Loss Ratio (ELR)</u>					
1A) Indemnity	0.24	0.24	0.24	0.24	0.24
1B) Medical	<u>0.12</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	0.36
2) Earned Premium	224,158	231,245	266,944	442,419	615,000
<u>Loss Development Factor</u>					
3A) Indemnity	1.2247	1.3410	1.5697	2.1088	4.0613
3B) Medical	1.1768	1.2219	1.3077	1.4822	2.3211
<u>Estimated IBNR Loss & ALAE</u>					
4A) Indemnity = 1A *(2) *(1-(1/(3A)))	9,872	14,111	23,252	55,830	111,257
4B) Medical = 1B *(2) *(1-(1/(3B)))	<u>4,042</u>	<u>5,040</u>	<u>7,537</u>	<u>17,273</u>	<u>42,005</u>
4C) Total	13,914	19,152	30,790	73,103	153,262
5) Case Incurred Loss & ALAE as of 9/30/02	63,159	79,462	119,624	94,632	63,161
6) Indicated Ultimate Loss & ALAE = (4C) + (5)	77,073	98,614	150,414	167,735	216,423
7) Selected Ultimate Loss & ALAE	63,159	79,462	109,624	132,726	185,771
8) Ultimate Loss & ALAE Ratio = (7) / (2)	28%	34%	41%	30%	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 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	Actual Payroll															Adjusted Payroll		Proposed OHIWCT Rate	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)		
	2002	2001	2000	1999	1998	1997	1996	1995	1994	2002	2001	2000	1999	1998	1997	1996	1995	1994	
3724	\$158,310	\$158,311	\$43,400	\$0	\$0	NA	\$0	\$0	\$0	\$158,310	\$158,311	\$43,400	\$0	\$0	NA	\$0	\$0	\$0	\$7.41
3737	59,500	279,352	23,549	0	0	NA	32,163	55,244	45,900	59,500	279,352	23,549	0	0	NA	32,004	54,864	47,152	4.77
5183	1,015,186	276,815	63,000	0	0	NA	68,310	87,645	82,488	1,015,186	276,815	63,000	0	0	NA	67,973	87,043	84,591	6.58
5193	1,570,869	2,177,468	1,304,701	1,546,048	1,114,455	NA	1,938,692	2,137,847	1,850,332	1,570,869	2,177,468	1,304,701	1,546,048	1,114,455	NA	1,929,129	2,123,154	1,897,503	9.89
5213	0	0	0	0	0	NA	0	0	0	0	0	0	0	0	NA	0	0	0	17.09
5645	0	0	0	0	0	NA	0	0	0	0	0	0	0	0	NA	0	0	0	11.54
7219	1,226,292	1,008,450	118,510	53,603	0	NA	32,760	31,200	31,200	1,226,292	1,008,450	118,510	53,603	0	NA	32,598	30,986	31,995	8.43
7998	144,560	25,100	21,900	21,200	20,800	NA	0	0	0	144,560	25,100	21,900	21,200	20,800	NA	0	0	0	2.23
8006	369,360	278,241	256,804	170,359	35,431	NA	803,400	785,134	770,252	369,360	278,241	256,804	170,359	35,431	NA	799,437	779,738	789,888	2.26
8232	141,800	101,405	0	0	0	NA	51,310	48,850	31,025	141,800	101,405	0	0	0	NA	51,057	48,514	31,816	7.12
8350	2,442,958	1,992,602	1,629,577	1,440,419	1,072,654	NA	2,105,314	1,839,238	1,967,915	2,442,958	1,992,602	1,629,577	1,440,419	1,072,654	NA	2,075,028	1,826,598	2,018,183	4.71
8353	1,414,465	732,306	621,600	703,350	494,558	NA	878,785	822,466	730,644	1,414,465	732,306	621,600	703,350	494,558	NA	874,450	816,813	749,270	5.55
8381	127,948	70,579	244,200	66,471	15,761	NA	70,133	73,639	117,486	127,948	70,579	244,200	66,471	15,761	NA	69,787	73,133	120,481	2.43
8391	851,744	276,343	507,178	270,427	258,569	NA	1,161,586	1,134,637	1,064,602	851,744	276,343	507,178	270,427	258,569	NA	1,155,856	1,126,839	1,091,742	4.02
8742	599,474	359,565	166,450	277,231	69,342	NA	34,484	283,929	384,394	599,474	359,565	166,450	277,231	69,342	NA	332,834	281,978	394,193	0.55
8751	0	0	0	0	0	NA	44,890	41,702	21,818	0	0	0	0	0	NA	44,669	41,415	22,374	6.31
8809	2,193,892	1,895,631	1,394,821	1,063,588	891,978	NA	1,171,030	1,378,390	1,347,369	2,193,892	1,895,631	1,394,821	1,063,588	891,978	NA	1,165,254	1,368,917	1,381,718	11.35
8810	2,692,178	1,979,585	1,247,932	1,226,590	935,051	NA	2,140,638	2,047,657	1,971,292	2,692,178	1,979,585	1,247,932	1,226,590	935,051	NA	2,030,572	2,033,584	2,021,546	0.30
9519	0	0	0	0	0	NA	0	0	0	0	0	0	0	0	NA	0	0	0	2.98
5536	1,045,489	576,343	61,656	0	0	NA	0	0	0	1,045,489	576,343	61,656	0	0	NA	0	0	0	6.54
5221	16,500	0	46,200	0	0	NA	0	0	0	16,500	0	46,200	0	0	NA	0	0	0	11.74
6217	\$17,900	\$19,489	0	0	0	NA	0	0	0	17,900	19,489	0	0	0	NA	0	0	0	6.78
0006	22,000	18,760	0	0	0	NA	0	0	0	22,000	18,760	0	0	0	NA	0	0	0	5.57
8017	131,000	99,135	0	0	0	NA	0	0	0	131,000	99,135	0	0	0	NA	0	0	0	1.68
8043	44,400	31,433	0	0	0	NA	0	0	0	44,400	31,433	0	0	0	NA	0	0	0	1.47
9079	132,750	63,460	0	0	0	NA	0	0	0	132,750	63,460	0	0	0	NA	0	0	0	2.31
8292	53,054	0	0	0	0	NA	0	0	0	53,054	0	0	0	0	NA	0	0	0	5.98
8111	13,872	0	0	0	0	NA	0	0	0	13,872	0	0	0	0	NA	0	0	0	4.21
Total	\$16,485,491	\$17,420,373	\$7,751,468	\$6,889,286	\$4,908,757	NA	\$10,225,795	\$10,768,465	\$10,428,601	\$16,485,491	\$17,420,373	\$7,751,468	\$6,889,286	\$4,908,757	NA	\$10,672,390	\$10,694,457	\$10,694,458	

Class Code	Premium at Proposed Rates						
	(18)	(19)	(20)	(21)	(22)	(23)	(26)
	2002	2001	2000	1999	1998	1997	1994
3724	\$11,714	\$11,715	\$3,212	\$0	\$0	NA	\$0
3737	2,838	13,325	1,123	0	0	NA	1,527
5183	66,799	18,214	4,145	0	0	NA	4,473
5193	155,359	215,352	129,035	157,849	110,220	NA	190,791
5213	0	0	0	0	0	NA	0
5645	0	0	0	0	0	NA	1,355
7219	103,376	85,012	9,990	4,519	0	NA	2,748
7998	3,224	560	488	473	464	NA	0
8006	8,348	6,288	5,804	3,850	801	NA	18,067
8232	10,096	7,220	0	0	0	NA	3,635
8350	115,063	93,852	76,753	67,844	50,522	NA	97,734
8353	78,505	40,643	34,499	39,036	27,448	NA	48,532
8381	3,109	1,715	5,434	1,615	383	NA	1,696
8391	34,240	11,109	20,389	10,871	10,394	NA	46,465
8742	3,297	1,978	415	1,525	381	NA	1,831
8751	0	0	0	0	0	NA	2,819
8809	7,679	6,635	4,882	3,723	3,122	NA	4,078
8810	8,077	5,939	3,744	3,680	2,805	NA	6,092
9519	0	0	0	0	0	NA	0
5536	68,375	37,693	4,032	0	0	NA	0
5221	1,937	0	5,424	0	0	NA	0
6217	1,214	1,321	0	0	0	NA	0
0006	1,225	1,045	0	0	0	NA	0
8017	2,200	1,665	0	0	0	NA	0
8043	653	462	0	0	0	NA	0
9079	3,062	1,466	0	0	0	NA	0
8292	3,173	0	0	0	0	NA	0
8111	589	0	0	0	0	NA	0
Total	\$694,150	\$563,209	\$310,369	\$294,984	\$206,558	NA	\$431,842

(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 13%
 (18) - (28) = payroll [from columns (9) through (18)] * (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	04/24/97					
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	1.364	73.3%		
5	94	Sep-94	6,265	0.88	5,513	100	0	100	10/01/97	37	1.403	71.3%		
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	1.304	76.7%		
10	94	Mar-94	31,007	0.95	29,457	43	0	43	10/10/97	43	1.327	75.3%		
11	94	Sep-94	22,034	1.35	29,746	293	207	500	04/29/97	31	1.529	65.4%		
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	1.327	75.3%		
14	94	Mar-94	27,885	0.87	24,260	534	0	534	04/30/97	37	1.403	71.3%		
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	11,629	0.81	11,849	0	0	0	03/20/96					
20	94	Mar-94	15,922	0.77	35,360	546	0	546	10/26/96	31	1.529	65.4%		
21	94	Mar-94	69,632	1.05	73,114	251	0	253	03/11/96	24	1.719	58.2%		
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	1.824	54.8%		
24	94	Jan-94	55,042	0.81	44,581	26,155	1,964	30,319	10/01/97	45	1.304	76.7%		
25	94	Apr-94	11,748	1.06	12,353	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			1.426	70.1%	\$91,155	13.1%

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 (13) / 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	2.008	49.8%		
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	1.605	62.3%		
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	1.605	62.3%		
9	95	Jan-95	28,894	0.83	23,982	1,215	0	1,235	10/01/97	33	1.482	67.5%		
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	04/20/97	19	2.008	49.8%		
12	95	Mar-95	8,683	1.13	9,812	18,203	5,797	24,000	10/10/97	31	1.529	65.4%		
13	95	Mar-95	170,365	0.89	151,625	9,352	0	9,352	10/14/97	31	1.529	65.4%		
14	95	Mar-95	47,577	0.88	41,868	4,229	517	4,746	04/30/97	25	1.689	59.2%		
15	95	Aug-95	10,770	0.85	9,155	0	0	0	10/07/97					
16	95	Nov-95	12,610	0.86	10,815	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	29,003	0.77	22,379	11,518	0	11,518	10/26/96	19	2.008	49.8%		
21	95	Mar-95	61,989	1.05	68,238	20,049	6,112	26,781	03/11/96	12	2.624	38.1%		
22	95	Jul-95	1,918	1.00	1,918	0	0	0	10/15/97					
23	95	May-95	17,395	1.11	19,308	0	0	0	03/15/96					
24	95	Jan-95	60,144	0.83	49,895	221	0	221	10/01/97	33	1.482	67.5%		
25	95	Apr-95	12,680	0.81	10,651	2,027	0	2,027	04/22/97	24	1.719	58.2%		
26	95	Nov-95	14,876	0.90	13,352	3,018	12,796	17,354	07/01/97	20	1.943	51.5%		
27	95	Dec-95	66,771	0.90	60,094	3,086	0	3,086	09/17/97	21	1.882	53.1%		
SUBTOTAL					\$742,462	\$89,106	\$45,866	\$134,972			1.742	57.4%	\$235,112	31.7%

Footnotes

- (11) - (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	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	2.233	44.8%		
5	96	Sep-96	6,598	0.88	5,806	74	0	74	10/01/97	13	2.514	39.8%		
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	1.882	53.1%		
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	4.498	22.2%		
12	96	Mar-96	9,303	0.83	7,721	8,583	1,280	9,863	10/10/97	19	2.008	49.8%		
13	96	Mar-96	140,961	0.74	104,311	1,217	0	1,217	10/14/97	19	2.008	49.8%		
14	96	Mar-96	27,213	0.77	20,954	7,743	0	7,743	04/30/97	13	2.514	39.8%		
15	96	Aug-96	9,040	0.90	8,136	950	0	950	10/07/97	14	2.412	41.5%		
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	3.499	28.6%		
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	4.498	22.2%		
21	96	Mar-96	56,842	1.13	64,231	1,618	1,710	3,328	03/11/96	0	31.487	3.2%		
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	2.008	49.8%		
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	3.499	28.6%		
SUBTOTAL					\$563,991	\$58,737	\$14,325	\$73,062			2.894	34.6%	\$211,431	37.5%
TOTAL					\$2,002,653	\$205,639	\$66,299	\$271,938					\$537,698	26.8%

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
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	1.143
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	1.163
1992	1.258	1.054	1.029	1.041	1.018	1.035	1.010	1.121
1993	1.343	1.075	1.062	1.019	1.050	1.006	1.009	1.175
1994	1.217	1.113	1.070	1.020	1.011	1.013	1.000	
1995	1.449	1.121	1.030	1.030	1.032	1.002		
1996	1.303	1.098	1.033	1.032	1.048			
1997	1.415	1.045	1.039	1.063				
1998	1.368	1.083	1.148					
1999	1.339	1.164						
2000	1.401							
	24:12	36:24	48:36	60:48	72:60	84:72	96:84	ULT:96
2 year avg.	1.370	1.124	1.094	1.048	1.040	1.008	1.005	1.148
5 year avg.	1.365	1.102	1.064	1.033	1.032	1.014	1.015	1.171
Selected **	1.365	1.102	1.064	1.033	1.032	1.014	1.015	1.100
Factor to Ultimate	1.932	1.415	1.284	1.207	1.168	1.132	1.116	1.100

* Statewide industry loss development data. Based on NYCIRB rate filing effective 10/1/02.

** See discussion in text of this report.

OHI Workers Compensation Trust
Case Incurred Loss Development*
Indemnity

Accident Year	Evaluation Months							ULT:96
	24:12	36:24	48:36	60:48	72:60	84:72	96:84	
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	1.052
1992	1.597	1.265	1.101	1.086	1.052	1.038	1.017	1.080
1993	1.547	1.234	1.157	1.088	1.057	1.023	1.021	1.086
1994	1.441	1.306	1.167	1.069	1.034	1.024	1.019	
1995	1.592	1.309	1.140	1.044	1.045	1.038		
1996	1.482	1.237	1.096	1.071	1.065			
1997	1.637	1.238	1.111	1.145				
1998	1.685	1.233	1.207					
1999	1.697	1.434						
2000	1.794							
	24:12	36:24	48:36	60:48	72:60	84:72	96:84	ULT:96
2 year avg.	1.746	1.334	1.159	1.108	1.055	1.031	1.020	1.083
5 year avg.	1.659	1.290	1.144	1.083	1.051	1.035	1.026	1.086
Selected **	1.659	1.290	1.144	1.083	1.051	1.035	1.026	1.080
Factor to Ultimate	3.196	1.927	1.493	1.305	1.205	1.147	1.108	1.080

* Statewide industry loss development data. Based on NYCIRB rate filing effective 10/1/02.

** 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.	1.932	51.8%	3.196	31.3%	38.1%	2.624
24-to-ult.	1.415	70.7%	1.927	51.9%	58.2%	1.719
36-to-ult.	1.284	77.9%	1.493	67.0%	70.6%	1.416
48-to-ult.	1.207	82.9%	1.305	76.6%	78.7%	1.271
60-to-ult.	1.168	85.6%	1.205	83.0%	83.9%	1.192
72-to-ult.	1.132	88.3%	1.147	87.2%	87.6%	1.142
84-to-ult.	1.116	89.6%	1.108	90.2%	90.0%	1.111
96-to-ult.	1.100	90.9%	1.080	92.6%	92.0%	1.087
	Weight:	33.3%	Weight:	66.7%		

* From Exhibit 4, Sheet 1

** From Exhibit 4, Sheet 2

OHI Workers' Compensation Trust
2003 Fund Year Rate Page

(1)	(2)	(3)	(4)
Class Code	NYCIRB Rates Eff. 10/1/99	OHIWCT Proposed 2003 Fund Year Rates New Members	Renewal
3724	\$9.55	\$7.40	\$7.29
3737	6.15	4.77	4.70
5183	8.49	6.58	6.48
5193	12.76	9.89	9.75
5213	22.04	17.09	16.83
5645	14.89	11.54	11.37
7219	10.87	8.43	8.30
7998	2.88	2.23	2.20
8006	2.92	2.26	2.23
8232	9.19	7.12	7.02
8350	6.08	4.71	4.64
8353	7.16	5.55	5.47
8381	3.13	2.43	2.39
8391	5.18	4.02	3.96
8742	0.71	0.55	0.54
8751	8.14	6.31	6.22
8809	0.45	0.35	0.34
8810	0.39	0.30	0.30
9519	3.85	2.98	2.94
5536	8.44	6.54	6.45
5221	15.14	11.74	11.56
6217	8.75	6.78	6.68
0006	7.18	5.57	5.48
8017	2.17	1.68	1.66
8043	1.89	1.47	1.44
9079	2.98	2.31	2.28
8292	7.71	5.98	5.89
8111	5.43	4.21	4.15

- (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 14%.
- (4) Proposed OHIWCT rates per \$100 of payroll for members renewing 1/1/2003. Equal to column(2) reduced by 33% to reflect an additional 1% renewal rate credit, then increased by 14%.