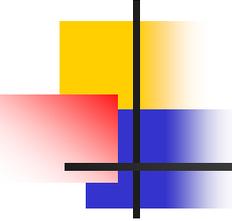


# OHI Workers' Compensation Trust

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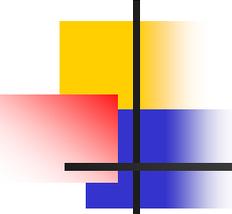
**July 14, 2011**



# Agenda

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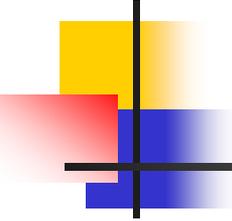
- Introductions
- Background / Trustee History
- Financial Summary / Timeline
- Claims Administration
- Next Steps
- Information Available via Web
- Questions
- Contact Information



# Background

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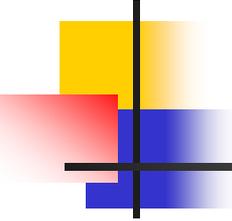
- Trust established: 1/1/1998 16 charter members.
- Last filing: 12/31/2009 Deficit - \$ 755,221 (GAAP);  
\$1,672,989 (Reg.)
- Termination Date: 12/31/09
- Membership as of 12/31/09 166 – Total (81 active; 85 inactive)
- Accounting firm:
  - Fuller & LaFiura CPA's PC Inception to 6/30/2011
- Actuary:
  - Milliman USA, Inc. Inception to 12/31/2010
- Administrator:
  - NCA Comp, Inc. (WCB contracted TPA) July 1, 2011 to runoff
  - Cody Management Services, Inc. Inception to June 30, 2011



# Trustee History

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Trustee Name	Member Name	Member Eff Date	Position Held	Term as a Group Trustee	
				From	To
Eldredge, Robert	J & R Eldredge, Inc.	01/01/98	Trustee	6/1/2001	6/30/2011
Hart, James	Hart's Fuel Service, Inc.	01/01/98	Vice Chair	6/1/1999	6/30/2011
Ottman, Robert	Ottman & Enders, Inc.	01/01/98	Chair	6/1/1999	6/30/2011
Persico, Donald	Persico Oil Co., Inc.	01/01/98	Trustee	10/27/1999	6/30/2011
Alonzo, Joseph Jr.	Wever Petroleum, Inc.	10/31/98	Trustee	10/25/2000	6/30/2011
Hastings, Joan	Hastings-Fisher Energy Co., Inc.	03/01/99	Treasurer	6/1/1999	6/30/2011
Benton, Jim	OHI of Eastern NY (Association)		Trustee	1/1/1998	6/1/2000

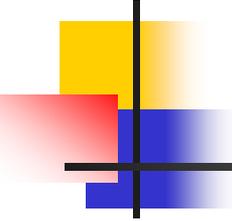


# Financial History

	<u>2001</u>		<u>2002</u>		<u>2003</u>		<u>2004</u>		<u>2005</u>	
	GAAP	Regulatory	GAAP	Regulatory	GAAP	Regulatory	GAAP	Regulatory	GAAP	Regulatory
<b>Total Assets</b>	\$581,421	\$476,883	\$613,873	\$399,160	\$826,602	\$708,570	\$945,008	\$698,204	\$1,353,711	\$1,165,100
<b>Total Liabilities</b>	\$387,935	\$387,935	\$413,201	\$445,643	\$511,452	\$587,855	\$626,499	\$626,499	\$1,046,015	\$1,046,015
<b>Surplus(Deficit)</b>	<b>193,486</b>	<b>88,948</b>	<b>200,672</b>	<b>(46,483)</b>	<b>315,150</b>	<b>120,715</b>	<b>318,509</b>	<b>71,705</b>	<b>307,696</b>	<b>119,085</b>
<b>Trust Equity</b>	149.88%	<b>122.93%</b>	148.57%	<b>89.57%</b>	161.62%	<b>120.53%</b>	150.84%	<b>111.45%</b>	129.42%	<b>111.38%</b>
<b>Contributions</b>	<b>\$442,419</b>		<b>\$611,727</b>		<b>\$813,783</b>		<b>\$1,236,118</b>		<b>\$1,652,958</b>	
<b>Total members:</b>	68		82		95		129		146	
<b>Active</b>	55		66		73		102		113	
<b>Inactive</b>	13		16		22		27		33	

# Financial History – cont.

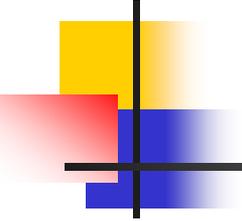
	<u>2006</u>		<u>2007</u>		<u>2008</u>		<u>2009</u>	
	GAAP	Regulatory	GAAP	Regulatory	GAAP	Regulatory	GAAP	Regulatory
Total Assets	\$1,979,749	\$1,686,814	\$2,761,432	\$2,444,988	\$2,678,677	\$2,382,434	\$1,973,166	\$1,524,301
Total Liabilities	\$2,261,130	\$2,141,324	\$3,006,934	\$3,281,584	\$3,493,915	\$3,340,326	\$2,728,387	\$3,197,290
Surplus(Deficit)	<b>(281,381)</b>	<b>(454,510)</b>	<b>(245,502)</b>	<b>(836,596)</b>	<b>(815,238)</b>	<b>(957,892)</b>	<b>(755,221)</b>	<b>(1,672,989)</b>
Trust Equity	87.56%	<b>78.77%</b>	91.84%	<b>74.51%</b>	76.67%	<b>71.32%</b>	72.32%	<b>47.67%</b>
Contributions	<b>\$1,825,957</b>		<b>\$2,220,079</b>		<b>\$2,158,766</b>		<b>\$1,737,388</b>	
Total members:	157		165		166		166	
Active	114		115		101		81	
Inactive	43		50		65		85	



# Financial Timeline

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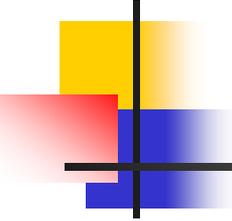
- First funding issues were identified in 2007 with the 2006 financial statement submission
- 8/17/2007 – Trustee meeting reviewed financial status of the Trust. Set framework for a consent agreement.
- 11/7/2007 – Consent agreement executed requiring quarterly reporting and attaining break-even for 2008.
- 2007 – Level 1 Review deemed Trust under-funded.
- 11/20/2008 – Trustee meeting reviewed financial status of the Trust. Set framework for an updated consent agreement.



# Financial Timeline – cont.

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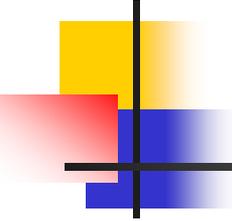
- 4/24/2009 – Consent agreement executed requiring in addition the above, the billing of members for any shortfall in the 2009 year to be billed by June 30, 2010 and collected no later than December 31, 2010. As well as any shortfalls identified for the 2007 and/or 2008, needed to be billed and collected in 2009.
- 2008 – Level 1 Review deemed Trust underfunded.
- 9/2/2009 – Trustee meeting reviewed financial status of the Trust. The Trust must present an aggressive plan to eliminate the remaining deficit by 2014 by November 1, 2009. The plan should include a proposed rate structure for the 2010 contribution year and projected budget.
- Trust decided to close effective 12/31/2009
- Trust issued member deficit bills of \$3.6 M in July 2010.



# Financial Timeline – cont.

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- 2010-2011 Trust makes efforts to collect from members and the WCB monitors the trust's ability to pay claimants
- 4/28/2011 – Trustees meet with WCB and notified the WCB that their letter of credit used as the required security deposit would not be renewed and a replacement would not be provided.
- 6/1/2011 – WCB sent letter to the members informing them that due to the Trust's inability to secure a replacement security deposit, the assets and liabilities of the Trust will transfer to a state contracted administrator effective July 1, 2011.

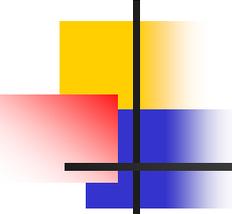


# Claims Administration

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**Upon transition to the WCB, the WCB contract administrator, NCAComp, will be responsible for:**

- Claims Handling of approximately 39 open claims
- Annual Financial/Actuarial Reports and tax filings
- Submission of Monthly Cash Flows to WCB
- Collection of prior issued assessments

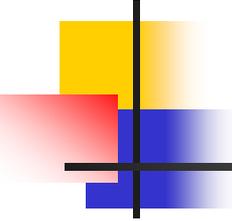


# Next Steps

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## Forensic Review

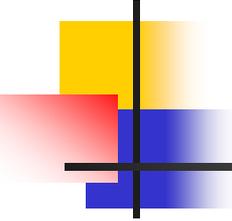
- The WCB procured Forensic Vendor, Lumsden and McCormick (Lumsden), will Conduct a Performance/Operational and Financial review of the Trust
- Lumsden will reconstruct the Trust from date of inception to date of termination
- Outcome:
  - Each year will be evaluated based on comparison of the contributions received to the claims and related expenses for that year
  - Shortfalls/Surpluses will be allocated only to the members that were actively participating in that year
  - Payments on past assessments will be factored in to any billing
  - Payment term options will be established
  - Conduct a forensic membership meeting to discuss findings



# Information Available via Web

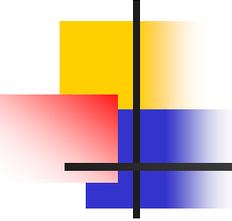
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- [http://www.wcb.state.ny.us/content/terminated-self-insured-trusts/DocumentsToPrint/OHI\\_Trust/OHI\\_Trust.jsp](http://www.wcb.state.ny.us/content/terminated-self-insured-trusts/DocumentsToPrint/OHI_Trust/OHI_Trust.jsp)
  
- Information that may be found at this web address includes;
  - ❑ All financial statements filed 1998-2010
  - ❑ All actuarial statements filed 1998-2010
  - ❑ Trust agreement & amendments
  - ❑ Trust By-Laws
  - ❑ Listing of Trustees (historical)
  - ❑ Membership Roster



# Questions??

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# Contact Information

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NCAComp, Inc.  
716-842-0045

NYS Workers' Compensation Board  
Self-Insurance Office  
518-402-0247