

ELITE CONTRACTORS TRUST OF NEW YORK WORKERS' COMPENSATION TRUST AGREEMENT AND DECLARATION

THIS AGREEMENT AND DECLARATION made the 27TH day of AUGUST, 1999 by and between R.W. PAINTING, INC. (hereinafter referred to as "Trustee"), such entities as may be eligible for and accepted for participation in the Trust Fund created (hereinafter referred to as the "Participating Members") and THE KEY BANK OF NEW YORK (hereinafter referred to as the "Financial Institution")

WHEREAS, pursuant to Section 50 of the New York State Workers' Compensation Law, the Board of Trustees has established a Workers' Compensation Group Insurance Fund (the "Fund"); and

WHEREAS, the Administrator has, pursuant to the terms and provisions hereof, agreed and consented to act as Administrator of the "Fund"; and

WHEREAS, pursuant to the provisions herein, the "Financial Institution" has consented to oversee the investment of the "Trusts Funds".

NOW, THEREFORE, in consideration of the mutual obligations, conditions and responsibilities herein, the participating members hereby declare and establish the Elite Contractors Trust of New York Workers' Compensation Trust and agree as follows:

SECTION I ESTABLISHMENT OF TRUST

For so long as a "Participating Member" participates in the "Fund", the Fund will remain liable to pay and administer all costs including but not limited to all claims incurred by said member, which are necessitated by the incurrence of liability resulting of injuries or disease, including death therefrom, while in the course of their employment with the employer under the New York State Workers' Compensation Law. The Trust shall be for the exclusive purpose of providing funds and maintaining adequate reserves to pay benefits necessitated by compliance with the Workers' Compensation Law, to pay the losses and costs incurred by the Participating Member, Administrator and Financial Institution and to pay all administrative and operating expenses as are allowed by the appropriate regulations.

The Trustee shall establish with the Financial Institution, a Trust Fund and shall have all rights, title and interest to said Fund. The assets of the Fund shall be invested, managed and controlled pursuant to the terms of this Agreement by the Trustees. The Financial Institution hereby accepts its appointment and said institution shall invest and reinvest the assets of the Fund pursuant to the terms of this Agreement.

SECTION II PARTICIPATING MEMBERS

Upon satisfaction of all membership qualifications, as set forth in Section 50 of the Workers' Compensation Law and upon execution of this Agreement and any indemnification or additional Agreement required by the Trustees (a copy of said

Indemnification Agreement is attached hereto as Exhibit "A"), an entity shall become a "Participating Member". The membership of the instant Trust shall be limited to those entities involved in the following business type. Each member of the Elite Contractors Trust is classified as one of the following SIC Index Major Construction Groups; 15, 16, or 17, unless otherwise approved by the New York WC Board.

An approved Participating Member executes this Agreement evidencing its intent to satisfy its obligations under New York State Workers' Compensation Law through a Group Self-Insurance Program and is bound by all terms, conditions and obligations contained herein.

A Participating Member shall make contributions to the Trust in cash and securities as is computed and required the Board of Trustees or Administrator sufficient to secure their liability to pay the compensation provided for in New York State Workers' Compensation Law. In addition, the Board of Trustees hereby agrees to maintain the security deposit as calculated by the Workers' Compensation Board of New York.

In the event a Trustee or Administrator's funding decision is disputed by a Participating Employer regarding payment decisions, contribution rates, distribution or declaration of dividends or rate discounts, the Participating Employer shall notify the Trustees in writing of the specific decision disputed and the Participating Employer's reasons for the dispute. Within 45 days of receipt of said written dispute, the Trustee or Board of Trustees, as may be applicable, shall respond to the Participating Member and in the event the Board of Trustees deems it necessary, a hearing shall be scheduled to resolve the issues disputed. Any and all decisions by the Board of Trustees at the conclusion of said hearing shall be binding on all Participating Employers and no right or de novo application or appeal is available. Any and all losses suffered by the Board of Trustees, individual Trustee, Financial Institution or Administrator caused by and resulting from the dispute or dispute resolution process shall be satisfied and indemnified by the Fund.

It is specifically understood and agreed that the Administrator or Financial Institution may hold and retain any Fund distribution which is the subject matter of the dispute until a final decision is made by the Board of Trustees. The Participating Employer must, however, continue to Fund at the stipulated contribution rate during the review process.

SECTION III TRUSTEE

It shall be the obligation of the Trustee herein to appoint a Board of Trustees, consisting of no more than seven individuals, each of which shall be an authorized employee of an active Participating Employer.

The Trustee shall also appoint the Financial Institution for the Trust Fund and appoint the Administrator of the Trust Fund.

Upon completion of the above three referenced appointments, including the organization of the Board of Trustees, the Trustee hereby delegates the remainder of its authority and responsibilities to the Board of Trustees and its designees. Thereafter, the Trustee shall have no liability for the Trust, the Fund or Board of Trustee actions.

SECTION IV BOARD OF TRUSTEES

All investment decisions made, pursuant to the terms of this Trust, shall be made by the Board of Trustees. The Board of Trustees shall have the authority to reasonably and prudently invest the assets of the Trust in any legally recognized investment vehicle, including, but not limited to stocks, bonds, notes, Certificates of Deposit, mutual funds, mortgages and insurance policies/annuities, provided however, that no such decision shall be in contrast to any policy of investment promulgated by the New York State Workers' Compensation Board.

Duties of Board of Trustees

The Board of Trustees shall have the discretion and authority to perform the following duties:

To hold regular meetings, the place and time of which shall be determined by the Board; notice of said meeting shall be by formal written notice or may be communicated at the time of any regularly scheduled meeting;

To collect and receive any and all money and other property due to the Trust Fund.

To call Special Meetings of the Administrator or Participating Employers;

To submit to Arbitration, settle or otherwise compromise any claim, debt or damages due or owing to or from the Trust (other than the claims which are the subject of the Trust);

To commence or defend litigation in the interest of the Trusts;

To perform all acts, whether or not expressly authorized, which are necessarily or deemed desirable for the purpose of protecting the Trust Fund. This discretion includes the authorization to appoint an individual or agents in the furtherance of Trustees' responsibilities and duties.

It is the intent of this Trust Agreement to specifically empower the Trustees to determine all questions, make all decisions and to prescribe changes to the operation of the Trust, provided that the same are done in accordance with the rules and regulations as promulgated by the Workers' Compensation Board.

At any duly called meeting of the Board of Trustees, a majority of the Trustees then in office shall constitute a quorum. The Trustees may elect one of its members to act as Chairman of the Board of Trustees. Any vote which is passed by the majority of the entire number of Trustees shall be necessary for the transaction of business.

SECTION V TRUST FUND PAYMENTS

It is the intention of the parties to this Agreement that the Trust Fund shall be used specifically for the purpose of paying the Workers' Compensation and Employer's Liability

Claims of employees of the Participating Employers and the payment of the expenses of the management and administration of the Trust and Trust Fund. Said payment shall be made from the assets of the Trust Fund and from such policies of insurance or reinsurance as may be purchased.

Payments made by the Trustee for the specified amount may be made at the last known address of the payee or if no address has been furnished, to the Fund Administrator for the benefit of the party entitled. Nothing herein shall prohibit the transfer of funds by bank wire or electronic transfer.

The Fund Administrator may direct the Board of Trustees to make payments for the purpose of Workers' Compensation claims only and only pursuant to the terms of the Agreement between the Trust and Fund Administrator.

The Board of Trustees may make payments to any agent, agents, or administrators which have been duly selected and who, pursuant to the terms of this or any other agreement entered into between the said agents or administrators, requires payment from time to time.

SECTION VI MISCELLANEOUS TRUSTEE PROVISIONS

The Trustee shall not be personally liable for the payment of any Workers' Compensation claim or expense of the Trust pursuant to the provisions of this Agreement or any applicable law. All Participating Employers and the Trust shall indemnify, defend and hold harmless each Member of the Board of Trustees in his or her capacity as a Trustee, the Financial Institution, the Administrator and the agents, officers, directors, and employees of the Trustee, the Financial Institution and Administrator from and against any and all damages, losses, injuries, claims, actions, suits, penalties or liabilities, direct and/or indirect, including, but not limited to attorneys' fees, arising out of or relating to the performance and obligations and responsibilities hereunder provided however, that the Trustee, members of the Board of Trustees, Financial Institution, Administrator and agents' actions are consistent with and in discharge of such obligations and responsibilities herein and provided that the aggrieved action is a discharge of the respective parties' duties hereunder and done with the requisite care, skill, prudence and diligence, under the circumstances then prevailing that a prudent person acting in a right capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims.

If in the sole discretion of the Board of Trustees, they deem it necessary to purchase a policy or policies of errors and omissions, fiduciary liability and other insurance for the acts and omissions of the Trustees they are authorized to purchase the same.

While the Trustees shall not receive compensation from the Fund, they shall, however, be reimbursed by the Fund for reasonable expenses relating to the fulfillment of their duties and obligations.

Any vacancy on the Board of Trustees shall be filled by a majority vote of the remaining Trustees, a quorum will be deemed the majority of the remaining Trustees.

A Trustee is deemed to have resigned his or her position if he/she is no longer

employed by a Participating Employer.

Each Trustee shall serve for a period of one year, or until a successor has been elected and qualified at the annual meeting of the Participating Members. If, prior to the expiration of a Trustee's term, three-quarters of all Participating Members, or a majority of the Trustees then in office, deem it to be in the best interest of the Fund to remove a particular Trustee, they may do so by formal vote at a regularly scheduled meeting or a special meeting called for this purpose.

The Board of Trustees may never delegate their authority to make investment decisions regarding the Trust Fund assets or the removal and/or appointment of the Financial Institution. With the exception of the above-referenced duties and responsibilities, the Board of Trustees may delegate to the Administrator, the powers and duties to manage the daily operations of the Trust Fund, as specifically set forth in the Administrative Service Agreement, attached hereto as Exhibit "B".

SECTION VII ADMINISTRATOR'S RESPONSIBILITIES

The Administrator shall be the corporate entity designated in Exhibit "B" attached hereto, i.e. Administrative Service Agreement. The authority and discretion of the Administrator shall be in accordance with the terms of Exhibit "B". The Administrator's responsibilities hereby delegated by the Board of Trustees shall include but not be limited to:

In accordance with the New York State Workers' Compensation Law and all appropriate regulations thereto, the Administrator shall make application and provide all documentation necessary such that the Trust may be approved by the Chairman of the New York State Workers' Compensation Board. All applications and responsibilities in furtherance of the application shall be made with due diligence for the purpose of obtaining and maintaining the Trust's approval. In the event that the Trust or any participating employee is required to provide reports, including but not limited to annual reporting, to the New York State Worker's Compensation Board as a condition of their self-insured status, then, in that event, all reports shall be gathered and submitted by the Administrator.

The Administrator's obligation to perform hereunder continues throughout the term of this Agreement and includes all submissions necessary in the event a renewal of the Trust acceptance is required.

Any and all forms for reports, documents or forms required to be submitted by the participating employee, pursuant to New York State Law, or the Trust Agreement, shall be provided to the participating employer by the Administrator.

The sole authority to accept or reject a participating employer's application for participation in the Trust shall be with the Administrator subject to the approval of the New York State WC Board. Every application for acceptance will be reviewed by the Administrator in furtherance of the underwriting guidelines contained within the

Trust Agreement. No application to the Trust can be accepted by the Administrator, if the applicant does not meet the minimum guidelines established unless said application is first approved by the Board of Trustees, in accordance with its voting requirements enumerated in the Trust Agreement.

Upon admission to the Trust, the Administrator, or Administrator's duly qualified sub-contractor, shall administer all Worker's Compensation claims and provide Risk Management Services on behalf of the participating employer.

In furtherance of the administrative claim services provided by the Administrator, the Administrator shall, upon notice of an injury to an employee of a participating employer, make a determination as to whether the employee's injury or illness is compensable pursuant to the terms of New York State Workers' Compensation Law and the Trust. Upon determining that said injury or illness is compensable, the Administrator must then determine the amount and duration of any benefit to be paid under the Trust. All reserves established and maintained must be done so by the Administrator and communicated immediately to the participating employee. All claims paid by the Trust will be documented by the Administrator who shall establish, document and file said claims pursuant to the rules and regulations of the New York State Workers' Compensation Board.

In addition to the forms, documents, claims and reports hereinabove referenced, the Administrator shall, on a monthly basis, provide to the Board of Trustees, a report, which indicates the number of claims and the amounts paid on each claim for the preceding month. The report shall also include a cumulative and monthly total of all amounts paid on each open claim and the outstanding reserves attributable to that claim. Finally, the report shall include a list of all claims closed during the preceding month.

During the life of any claim made against the Trust, the Administrator shall maintain a separate claim file. Upon the closure of any claim, the Administrator shall maintain a closed claim file for a period not less than forty-eight months.

Nothing herein is intended to limit the specificity of the Administrator's monthly reports, and the Administrator shall be obligated to provide to the Board of Trustees, in its monthly report, any and all information reasonably required by the Board for its review.

All files, reports and documentation generated by the Administrator in furtherance of its duties hereunder shall be the property of the Trust and shall be returned to the Board of Trustees upon the termination of this Agreement.

In addition to its services as Administrator of the Trust, the Administrator, or its duly licensed designee, shall act as broker of record for the purpose of procuring and maintaining excess insurance and a workers' compensation surety bond in amounts and forms required by the Trust Agreement. The procurement of the excess insurance shall be subject to the approval of the Board of Trustees. The cost of the excess insurance and the brokerage commissions payable to the Administrator for placing the same, shall be borne by the Trust. Upon the procurement of excess insurance coverage, it shall be the obligation and responsibility of the Administrator

the Administrator to comply with the excess insurance carrier's requirements and to make all claims against the excess insurance policy as is necessitated by the appropriate administration of the Trust.

The Administrator shall, on an annual basis at the Board of Trustee's request, employ the following professionals,

- a) A certified public accountant for the purpose of preparing and filing any required tax returns and preparing an audit of the Trust to insure proper accounting principles;
An independent actuary and claims auditor for the purposes of reviewing the Trust's outstanding liabilities and conducting a payroll audit of each participating employer.

The annual audit together with all reports filed by the independent audit firms shall immediately be forwarded to the Board of Trustees upon their receipt. Any recalculation of a participating employer's contributions necessitated by an audit shall be the obligation of the Administrator who shall notify the participating employer and the Board of Trustees of the change in contributions required.

The Administrator acknowledges that there are certain reports required to be filed with the New York State Board of Worker's Compensation pursuant to its rules and regulations. Generally, these reports deal with the operation of the Trust and the annual results of said operation. It shall be the sole responsibility of the Administrator to file the above-referenced reports with the New York State Worker's Compensation Board as well as the Board of Trustees.

The cost of any independent auditors, claims auditors or certified public accountants employed by the Administrator in furtherance of its reporting obligations shall be borne by the Trust.

SECTION VIII PARTICIPATING EMPLOYERS

A Participating Employers membership in the Trust Fund is deemed continuous unless resignation or termination is affected pursuant to the terms herein. A Participating Employer may not resign during the first three years of membership. Should a member terminate participation within the first three years the following penalties will apply:

During 1st Year	35% of annual contributions
At end of 1st year or during 2nd year:	25% of annual contributions
At end of 2nd year or during 3rd year:	15% of annual contributions

A member may terminate by providing 60 days notice to the trust by notifying the Administrator in writing. After three years a participating member's term will be renewed on an annual basis and cancellation during the term will also be subject to 60 days notice to the Administrator in writing.

The Administrator shall notify the Chairman of the Workers' Compensation Board of the termination or addition of a Participating Employer. New members added to the trust will be subject to the Workers' Compensation Board's approval. No termination or withdrawal shall be effective unless said notice of termination is filed in the Office of the Chairman of the Workers' Compensation Board and served by certified mail, return receipt requested, on the Participating Employer. Then, said withdrawal or termination shall only be effective thirty days after said filing.

The Board of Trustees, in its sole and absolute discretion, may terminate the membership of a Participating Employer, if any of the following events shall occur:

(a) The Joinder and Indemnification Agreement executed by the Participating Employer is terminated;

(b) The Participating Employer breaches any term of the Joinder and Indemnification Agreement or any rule, regulation, procedure, or policy pursuant thereto;

(c) Failure of the Participating Employer to cooperate and participate in the safety policies as promulgated by the Board of Trustees or to meet any criteria or supply information required including underwriting criteria to the Board of Trustees. In this regard, the Participating Employer agrees to keep true and accurate records of wages paid and the number of employees employed by the Participating Employer. Should the Board of Trustees require said records to be certified or "sworn to", then in that event, the Participating Employer agrees to do so.

(d) Voluntary or involuntary bankruptcy or dissolution of the Participating Employer's business or cessation of business activities. However, in this event, said bankruptcy or insolvency shall not relieve the Trust from any liability resulting from the injuries or death sustained by an employee of a Participating Employer during the time of his or her employment with the Participating Employer.

(e) A failure to cooperate in any claims investigation or with any claims agent or attorney representing the Trust by a Participating Employer.

Upon termination of a Participating Employer's membership, nothing herein shall be deemed to prohibit the Trust Fund from seeking civil remedies to collect any amounts due and owing the Trust by the Participating Employer. Likewise, upon termination of a Participating Employer by the Board of Trustees, the Participating Employer shall not be entitled to any refund of payments made.

Pursuant to the terms of the Joinder and Indemnification Agreement, each Participating Employer is obligated to execute, each Participating Employer is deemed to be jointly and severally liable for all Workers' Compensation and Employer Liability obligation which may be incurred by the Trust during the period of Participating Employer's membership. The Trust shall be bound by any and all decisions, awards, findings, orders and the like rendered against a Participating Employer for payment of compensation under the terms of the New York State Workers' Compensation Law. No Participating Employer shall be relieved from liability for compensation under the New York State Workers'

Compensation Law, unless said liability is satisfied by the Participating Employer itself, or payment thereof by the Trust. Any knowledge or notice that a Participating Employer has of an injury or occurrence shall be deemed knowledge or notice on the part of the Trust. In this regard, the Participating Employers represent and warrant that they shall immediately notify the Trust Administrator of any occurrence or injury which may give rise to liability under New York State Workers' Compensation Law.

SECTION IX FINANCIAL INSTITUTION

Pursuant to its authority, as delegated by the Board of Trustees, the Financial Institution shall, subject to the terms of this Agreement, manage and control the assets of the Trust Fund. The Financial Institution may not, without first obtaining approval from the Board of Trustees, invest any Trust assets in an investment vehicle not fully guaranteed by the FDIC, a United States government agency or the United States government itself.

The Financial Institution shall, upon direction from the Administrator, transfer funds from the Trust to a checking account established for the specific purpose of paying benefits, expenses and claims on account of the Trust and the specific directives of the Trust Agreement. The Financial Institution will have no liability for the validity of the Trust, the calculations or actuarial assumptions of the Administrator or the investment decisions made provided the same are made pursuant to the terms of this Agreement.

Compensation paid to the Financial Institution shall be pursuant to a separate written agreement between the Board of Trustees and said Financial Institution. The Financial Institution represents and warrants that it shall not have the right to resign or terminate its obligations under this Agreement unless it serves upon the Board of Trustees written notice of its intent to resign 90 days prior to the proposed resignation date. In the event of a resignation, the Administrator shall immediately notify the Chairman of the New York State Workers' Compensation Board, all Participating Employers and the Board of Trustees.

In the discretion of the Board of Trustees, the Financial Institution may be removed upon written notice served no less than 30 days from the removal date.

SECTION X AMENDMENT OF TRUST AGREEMENT

At any regular or special meeting of the Board of Trustees, the terms of this Trust Agreement may be amended by a two-thirds vote of all members of the Board of Trustees. In the event that said Amendment would jeopardize the self-insurance status of the Trust, or attempt to make the Trust liable for any obligation not directly related to Workers' Compensation liability, then, in that event, the Amendment shall not be effective and shall be deemed null and void.

Upon the passage of any Amendment to this Trust Agreement, the Board of Trustees shall immediately file with the Chairman of the New York State Workers' Compensation Board, a copy of said Amendment. The Chairman will receive a copy of all amendments to this agreement and any related agreements including but not limited to the; "Joinder and Indemnification Agreement", "Trust By-Laws" and the "Administrative Service Agreement".

The Board of Trustees shall not be authorized to amend the Administrative Service Agreement or any Agreement with the Financial Institution, unless such Amendment is agreed to in writing by the Administrator or Financial Institution.

SECTION XI TERMINATION OF FUND

This Trust Agreement and the Trust Fund created thereby may be terminated by the Chairman of the New York State Worker's Compensation Board or by the Board of Trustees of the Fund in the following manner:

(a) By the Chairman of the New York State Workers' Compensation Board if, in its discretion, the Fund has failed to comply with the provisions of the New York State Workers' Compensation Law or any rules promulgated thereunder, the Fund is determined to be insolvent or fails to pay any required assessments under the New York State Workers' Compensation Law.

(b) By the Board of Trustees if two-thirds of all Participating Employers deliver a written notice to terminate to the Board of Trustees, provided said notice of intent to terminate is served upon the Chairman of the New York State Workers' Compensation Board, to the Financial Institution and to the Administrator.

In the event that this Trust is terminated, or there has been a revocation of the self-insurance status of the Trust, then, in that event, the Trust Fund shall guarantee benefits as prescribed by the New York State Workers' Compensation Law to all member employees. Any alternative form of guarantee must be approved prior to implementing by the Workers' Compensation Board of New York. Said guarantee shall be through any legally recognized means, including insurance or reinsurance with any insurance company licensed to issue this class of insurance in the State of New York. All balances remaining in the Fund shall be utilized to fulfill the New York State Workers' Compensation Law obligation of the Participating Members for the fiscal year during which the Fund existed. Not until all claims for the fiscal year during which self-insurance applied are satisfied, may the remaining balance in the Trust be distributed to the Participating Employers by pro-rata fashion determined by the Administrator. Upon payment to the Participating Members of the remaining balance and after divesting itself of the assets of the Trust Fund, the Board of Trustees and Administrator shall be relieved from all further liability.

SECTION XII EXCESS COVERAGE

The Board of Trustees specifically authorizes the Administrator hereunder to purchase excess liability coverage on a per incident and group incident basis. Said excess coverage shall be purchased and maintained during the term of this Agreement. The policy limits of said coverage shall be at the very minimum those required by the New York State Workers' Compensation Board Rules and Regulations. Nothing herein shall be deemed to prohibit coverage in excess of the minimum amounts required.

SECTION XIII BY-LAWS

The Board of Trustees shall be authorized to pass by simple majority, By-Laws affecting the operation of the instant Trust. Said By-Laws shall regulate matters of administration of this Trust and shall be binding upon all Participating Employers.

**SECTION XIV
EXECUTION OF DOCUMENTS**

The Board of Trustees has the authority to execute any and all documents in furtherance of this Trust. The Board of Trustees may, pursuant to its powers, delegate to the Fund Administrator the authority to execute any and all documents necessary in the performance of the Administrator's duties. All parties, and any person claiming any interest under the terms of this Trust Agreement, agree to execute any and all documents and papers that are necessary to carry out the provisions of this Trust Agreement or any of its exhibits.

**SECTION XV
GOVERNING LAW**

This Agreement, and the Trust created thereby, shall be construed, regulated, enforced and interpreted by the Laws of the State of New York.

IN WITNESS WHEREOF, the undersigned do set their hands and seals as of the date written above.

KEY BANK OF NEW YORK

by: W E Boring, VT

R.W. PAINTING, INC.

by: R W

ROBERT WILLIAMS- PRESIDENT

Joyce M. Moore

JOYCE M. MOORE
Notary Public, State of New York
Qualified in Erie County
Commission Expires: 11-7-00

RETURNS OFFICE

NOV 10 11 1999

WORKERS COMPENSATION BOARD

RECEIVED

RECEIVED

WORKERS' COMPENSATION BOARD

DEC 10 1999

SELF INSURANCE OFFICE

**ELITE CONTRACTORS TRUST OF NEW YORK WORKERS' COMPENSATION TRUST
AMENDMENT #1**

To the Elite Contractors Trust of New York Workers' Compensation Trust by and between the Key Bank of New York ("Financial Institution") and The Board of Trustees of the Elite Contractors Trust of New York Workers' Compensation Trust, entered into on the 27th day of August, 1999:

1. The name of the trust is hereby amended to be:

"Elite Contractors Trust of New York"

2. Section 2.0 is hereby amended to read:

"Upon satisfaction of all membership qualifications, as set forth in Section 50 of the Workers' Compensation Law and upon execution of this Agreement and any indemnification or additional Agreement required by the Trustees (a copy of said Indemnification Agreement is attached hereto as Exhibit "A"), an entity shall become a "Participating member". The membership of the instant Trust shall be limited to those entities involved in the following business type. Each member of the Trust is classified as one of the following SIC Index Major Construction Groups ; 11, 12, 13, 15, 16, and 17."

Except as set forth herein, all other terms and conditions of this agreement shall remain in full force and effect.

In witness thereof, the parties have executed this amendment this 7th day of October, 1999.

THE KEY BANK OF NEW YORK

THE BOARD OF TRUSTEES



BY: WILLIAM BISHOP
TITLE: VICE PRESIDENT



BY: ROBERT WILLIAMS
TITLE: CHAIRMAN



4 Jefferson Plaza, Suite 201 • Poughkeepsie, NY 12601 • Telephone (845) 452-4100 • Fax (845) 483-3677

**ELITE CONTRACTORS TRUST OF NEW YORK
TRUST AGREEMENT
AMENDMENT #3**

As per the direction of the Board of Trustees effective January 1, 2002 it is hereby agreed to accept subsidiary or affiliate entities of approved members that do not meet the homogeneity of the trust. However, this will only be approved on an "incidental" basis, where the subsidiary or affiliate company's payroll represents a minor percentage of the total payroll for the approved member.

In Witness Whereof, the undersigned do set their hands to be effective as of the date written above.

A handwritten signature in cursive script that reads 'Paul Calogerakis'.

Paul Calogerakis
RELATIONSHIP MANAGER
KEYBANK

A handwritten signature in cursive script that reads 'Eugene Clark'.

Eugene Clark
CHAIRMAN
ELITE CONTRACTORS TRUST OF
NEW YORK

RECEIVED
WORKERS' COMPENSATION BOARD
MAR 22 2002
SELF INSURANCE OFFICE



112 Delafield Street • Poughkeepsie, NY 12601 • Telephone (845) 452-4100 • Fax (845) 483-3677

**ELITE CONTRACTORS TRUST OF NEW YORK
TRUST AGREEMENT
AMENDMENT #4**

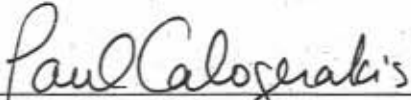
As per the direction of the Board of Trustees, the above referenced trust agreement shall be amended, effective immediately, such that the first paragraph of Section VIII shall read as follows:

A Participating Employer's membership in the Trust Fund is deemed continuous unless resignation or termination is affected pursuant to the terms herein. A Participating Employer may not resign during the first year of membership. Should a member terminate participation with the first year the following penalties will apply:

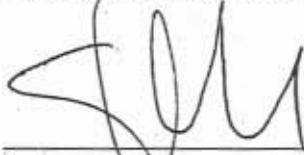
During 1st Year: 35% of annual contributions

All other sections contained within the trust agreement and any prior amendments shall remain in full force and effect.

In Witness Whereof, the undersigned do set their hands to be effective immediately.



 PAUL CALOGERAKIS, III
 SENIOR VICE PRESIDENT
 COMMERCIAL BANKING
 KEYBANK



 CHAIRMAN
 ELITE CONTRACTORS
 TRUST OF NEW YORK





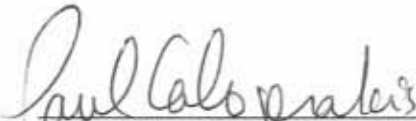
Compensation
Risk Managers
LLC

RECEIVED
WORKERS' COMPENSATION TRUST BOARD
JUN 09 2003
SELF INSURANCE OFFICE


ELITE CONTRACTORS WORKERS' COMPENSATION
TRUST OF NEW YORK
TRUST AGREEMENT
AMENDMENT #5

As per the direction of the Board of Trustees effective June 6, 2003 it is hereby agreed to allow SIC Industry Group 078 as an acceptable employment code for the program.

In Witness Whereof, the undersigned do set their hands to be effective as of the date written above.



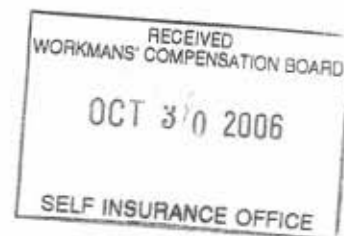
PAUL CALOGERAKIS, III
SENIOR VICE PRESIDENT
COMMERCIAL BANKING
KEYBANK



CHAIRMAN
ELITE CONTRACTORS
WORKERS' COMPENSATION TRUST
OF NEW YORK

**ELITE CONTRACTORS WORKERS'
COMPENSATION TRUST**

**TRUST AGREEMENT
AMENDMENT # 6**



As per the direction of the Board of Trustees, the above referenced trust agreement shall be amended, effective immediately, such that:

Loretta DeNardo, Compliance Manager for Compensation Risk Managers, LLC, Administrator of the Trust, will have the authority to execute the "Application for Participation in Group Self-Insurance Plan and Employer's Report of Payroll & Loss Experience" (commonly referred to as the State Application, Form GSI 1.1).

IN WITNESS WHEREOF, the undersigned do set their hands to be effective as of the date written above.

A handwritten signature in cursive script, appearing to read "Paul Calogierakis".

PAUL CALOGERAKIS
SENIOR VICE PRESIDENT
COMMERCIAL BANKING
KEY BANK

A handwritten signature in cursive script, appearing to read "Eugene Clark".

EUGENE CLARK
CHAIRMAN
ELITE CONTRACTORS
TRUST OF NEW YORK

JOINDER AND INDEMNIFICATION AGREEMENT

This Joinder and Indemnification Agreement made as of this day of August 27, 1999 by and among R.W. Painting Inc. (hereinafter referred to as the "Applicant" and the Elite Contractors Trust of New York (ECTNY) (hereinafter referred to as the "Fund").

INTRODUCTION

The Fund was established under a Trust Agreement dated August 27, 1999 by and among R.W. Painting Inc., as Trustee, Key Bank of New York as the Financial Institution, known as the Elite Contractors Trust of New York (ECTNY) Trust (the "Trust Agreement"), to enable the Participating Employer to self insure their workers' compensation liability exposure as provided for under Section 50 of the Workers' Compensation Laws of the State of New York.

The Trust Agreement was established to govern the plan of operation for the fund and act as a repository for the funds contributed by the Participating Employers. The terms of the Trust Agreement are hereby incorporated herein by reference and made a part of this Agreement.

The Trustee entered into a Trust Administrative Service Agreement with Compensation Risk Managers, LLC, as Administrator, thereby appointing the Administrator to manage the daily operation of the Trust and the self-insurance program.

The Trust Agreement provides that certain industry related employers may become Participating Employers of the Fund by

- (1) making application to the Fund through the Administrator on a form required by the Fund,
- (2) having the application approved by the Board of Trustees for the Fund and signed by the Administrator,
- (3) executing this Joinder and Indemnification Agreement, and
- (4) making the initial contribution to the Fund in the amount specified by the Administrator in the time prescribed

1. Application

The Applicant agrees to submit to the Administrator a fully completed application on the form prescribed by the Administrator, and approved by the Board of Trustees and to provide the Administrator with all requested information of a financial or other nature reasonably necessary to establish the Applicant's qualifications to be a Participating Employer in the Fund and to satisfy its financial obligations under the Trust Agreement or as otherwise required by the Chairman of the Workers' Compensation Board of the State of New York. This Application shall be considered a counterpart of the Trust Agreement and shall be incorporated therein by reference.

2. Execution of the Trust

Upon approval of the Applicant's application, the Applicant shall sign this Joinder and Indemnification Agreement as evidence of its acceptance of the Trust Agreement and agree to be bound by the terms of the Trust Agreement. Applicant hereby acknowledges that it has received a copy of the Trust Agreement attached as Exhibit "A" and incorporated herein by reference and has had the opportunity to review the provisions thereof with its attorney or insurance advisor.

3. Liability and Indemnification Provisions of Trust Agreement

The Applicant hereby expressly agrees that it will jointly and severally liable for the expenses and obligations of the Fund and for the workers' compensation liability of all Participating Employers incurred while the Applicant is a Participating Employer. Furthermore, the Applicant agrees to join in the indemnification provisions of the Trust Agreement. Finally, the Applicant agrees to be bound by the terms of the Trust Agreement on the same basis as if it were an original signatory thereto.

4. Administrative Services Agreement

The Applicant agrees to become bound by all the terms and conditions of Elite Contractors Trust of New York (ECTNY) dated August 27, 1999 and any subsequent amendments thereto as if acknowledges that it has received a copy of the Administrative Service Agreement attached as Exhibit "B" and incorporated herein by reference and had the opportunity to review the provisions thereof with its attorney or insurance advisor.

5. Effective Date of Participation

The Applicant agrees that its participation in the Fund shall not become effective until: (1) its application has been approved by the Administrator, (2) the Joinder and Indemnification Agreement is executed by the Administrator and the Applicant; and (3) the Applicant has made an initial contribution to the Trust Fund in the amount required by the Administrator and specified in Exhibit "A" attached hereto. Applicant further agrees to continue to make future contributions to the Trust Fund in accordance with the schedule set forth in Exhibit "B".

IN WITNESS WHEREOF, the Administrator of the fund has executed the Joinder and Indemnification Agreement thereby approved the Applicant's application as of the date first set forth above.

IN WITNESS WHEREOF, the Applicant hereby subscribes to and accepts the provisions of the Trust Agreement and of the Joinder and Indemnification Agreement.

Witness: Sue Hubbard by: [Signature]
R.W. Painting, Inc.

Witness: Sue Hubbard by: [Signature]
Compensation Risk Managers, LLC

ELITE CONTRACTORS TRUST OF NEW YORK SERVICE AGREEMENT

THIS AGREEMENT dated the 27 day of August, 1999 by and between Elite Contractors Trust of New York (referred to herein as the "Trust") and COMPENSATION RISK MANAGERS, LLC, a New York Limited Liability Company, with its principal place of business located at 19 Davis Avenue, Poughkeepsie, New York 12603 (referred to herein as the "Administrator")

WITNESSETH:

WHEREAS, on the 27th day of August, 1999, the Trustees of the Elite Contractors Trust of New York formed a Workers' Compensation Trust, pursuant to Section 60 of the New York State Workers' Compensation Law, for the purpose of compliance with each participating employer's Workers' Compensation obligations; and

WHEREAS, it is the intention of the governing body of said Trust to appoint, engage, and employ the Administrator for the purpose of administrating said Trust in accordance with the terms herein;

NOW, THEREFORE, in consideration of the mutual promises and agreements set forth herein, the parties agree as follows:

Trustee Responsibilities

Pursuant to the Elite Contractors Trust of New York Self-Insurance Trust Agreement dated the 27th day of August 1999, the Trustee or Board of Trustees, as the case may be, hereby appoints and engages Compensation Risk Managers, LLC as the Administrator of the Trust for the purpose of providing daily management of said Trust for the benefit of all participating employers.

Administrator's Responsibilities and Obligations

1. In accordance with the New York State Workers' Compensation Law and all appropriate regulations thereto, the Administrator shall make application and provide all documentation necessary such that the Trust may be approved by the Chairman of the New York State Workers' Compensation Board. All applications and responsibilities in furtherance of the application shall be made with due diligence for the purpose of obtaining and maintaining the Trust's approval. In the event that the Trust or any participating employee is required to provide reports to the New York State Worker's Compensation Board as a condition of their self-insured status, then, in that event, all reports shall be gathered and submitted by the Administrator.
2. The Administrator's obligation to perform hereunder continues throughout the term of this Agreement and includes all submissions necessary in the event a renewal of the Trust acceptance is required.

3. Any and all forms for reports, documents or forms required to be submitted by the participating employee, pursuant to New York State Law, or the Trust Agreement, shall be provided to the participating employer by the Administrator.
4. The sole authority to accept or reject a participating employer's application for participation in the Trust shall be with the Administrator. Every application for acceptance will be reviewed by the Administrator in furtherance of the underwriting guidelines contained within the Trust Agreement. No application to the Trust can be accepted by the Administrator, if the applicant does not meet the minimum guidelines established unless said application is first approved by the Board of Trustees, in accordance with its voting requirements enumerated in the Trust Agreement.
5. Upon admission to the Trust, the Administrator, or Administrator's duly qualified subcontractor, shall administer all Worker's Compensation claims and provide Risk Management Services on behalf of the participating employer.
6. In furtherance of the administrative claim services provided by the Administrator, the Administrator shall, upon notice of an injury to an employee of a participating employer, make a determination as to whether the employee's injury or illness is compensable pursuant to the terms of New York State Workers' Compensation Law and the Trust. Upon determining that said injury or illness is compensable, the Administrator must then determine the amount and duration of any benefit to be paid under the Trust. All reserves established and maintained must be done so by the Administrator and communicated immediately to the participating employee. All claims paid by the Trust will be documented by the Administrator who shall establish, document and file said claims pursuant to the rules and regulations of the New York State Workers' Compensation Board.
7. In addition to the forms, documents, claims and reports hereinabove referenced, the Administrator shall, on a monthly basis, provide to the Board of Trustees, a report, which indicates the number of claims and the amounts paid on each claim for the preceding month. The report shall also include a cumulative and monthly total of all amounts paid on each open claim and the outstanding reserves attributable to that claim. Finally, the report shall include a list of all claims closed during the preceding month.
8. During the life of any claim made against the Trust, the Administrator shall maintain a separate claim file. Upon the closure of any claim, the Administrator shall maintain a closed claim file for a period not less than forty-eight months.
9. Nothing herein is intended to limit the specificity of the Administrator's monthly reports, and the Administrator shall be obligated to provide to the Board of Trustees, in its monthly report, any and all information reasonably required by the Board for its review.

10. All files, reports and documentation generated by the Administrator in furtherance of its duties hereunder shall be the property of the Trust and shall be returned to the Board of Trustees upon the termination of this Agreement.
11. In addition to its services as Administrator of the Trust, the Administrator, or its duly licensed designee, shall act as broker of record for the purpose of procuring and maintaining excess insurance and a workers' compensation surety bond in amounts and forms required by the Trust Agreement. The procurement of the excess insurance shall be subject to the approval of the Board of Trustees. The cost of the excess insurance and the brokerage commissions payable to the Administrator for placing the same, shall be borne by the Trust. Upon the procurement of excess insurance coverage, it shall be the obligation and responsibility of the Administrator to comply with the excess insurance carrier's requirements and to make all claims against the excess insurance policy as is necessitated by the appropriate administration of the Trust.
12. The Administrator shall, on an annual basis, employ the following professionals:
 - a) A certified public accountant for the purpose of preparing and filing any required tax returns and preparing an audit of the Trust to insure proper accounting principles;
 - b) An independent actuary and claims auditor for the purposes of reviewing the Trust's outstanding liabilities and conducting a payroll audit of each participating employer.
13. The annual audit together with all reports filed by the independent audit firms shall immediately be forwarded to the Board of Trustees upon their receipt. Any recalculation of a participating employer's contributions necessitated by an audit, shall be the obligation of the Administrator who shall notify the participating employer and the Board of Trustees of the change in contributions required.
14. The Administrator acknowledges that there are certain reports required to be filed with the New York State Board of Worker's Compensation pursuant to its rules and regulations. Generally, these reports deal with the operation of the Trust and the annual results of said operation. It shall be the sole responsibility of the Administrator to file the above-referenced reports with the New York State Worker's Compensation Board as well as the Board of Trustees.
15. The cost of any independent auditors, claims auditors or certified public accountants employed by the Administrator in furtherance of its reporting obligations shall be borne by the Trust.

Consideration

1. In consideration for the services provided by Administrator, Administrator shall be compensated a fee of 15% of the state rated Manual Premium. The fee shall be paid on a monthly basis in advance based on said months projected Manual Premium.

Term of Agreement

1. The term of this Agreement shall commence upon the date affixed above and shall be for a period of five (5) years. Thereafter, this Agreement shall be renewed for successive five (5) year periods. Said renewals shall be automatic unless otherwise terminated pursuant to the terms contained herein.
2. At any time during the term of this Agreement, the Administrator may resign its position and terminate this Agreement upon ninety (90) days written to the Board of Trustees. Upon resignation and termination pursuant to this right, the Administrator will deliver to the Board of Trustees, all files, documentation, statements, reports and whatever other property the Administrator possesses, which property belongs to the Trust and was accumulated by the Administrator in furtherance of its duties.

During the term of this Agreement, the Board of Trustees may, by a duly authorized vote in accordance with the terms of the Trust Agreement, terminate this Service Agreement, based upon the expressed and specific events listed below

- a. The Trust Agreement is terminated in accordance with its terms and conditions;
 - b. The Administrator discontinues its business organization and files for bankruptcy protection under Chapter 7 of the United States Bankruptcy Code;
 - c. The Administrator is disallowed, by operation of law, administrative act or regulation, from fulfilling the terms of this Agreement;
 - d. The Administrator is convicted in a criminal court of a criminal act directly related to its administration of the Trust.
3. In the event that the Board of Trustees terminate this Agreement for cause as expressly limited above, they shall notify the Administrator in writing of the vote and the termination shall become effective ninety (90) days from the date of said notification. If allowed by applicable statute, regulation or act, the Administrator shall perform its duties and obligations during the ninety (90) day period and

shall be compensated pursuant to the terms of this Agreement. Upon the expiration of ninety (90) days, this Agreement shall terminate and all obligation and responsibilities of the parties to each other shall be ended.

4. Upon termination pursuant to this right, the Administrator will deliver to the Boa of Trustees, all files, documentation, statements, reports and whatever other property the Administrator possesses, which property belongs to the Trust and was accumulated by the Administrator in furtherance of it's duties.
5. Any notice required by and between the Board of Trustees and the Administrator pursuant to the terms of this Agreement relating to term and termination shall be by certified mail, return receipt and requested.

Miscellaneous Provisions

1. Agreement and all terms thereunder, shall be governed by the laws of the State of New York
2. In the event that any clause of this Agreement shall be deemed unenforceable by a Court of competent jurisdiction, administrative agency or by the rules and regulations of the New York State Worker's Compensation Board, then that clause shall be deemed severable and the remaining terms and conditions of this Agreement shall remain unaffected and binding.
3. This Agreement shall not be amended or modified orally. Any said amendment or modification must be done in writing and executed by the parties hereto.

IN WITNESS WHEREOF, the undersigned do set their hands and seals as of the date written above.

COMPENSATION RISK MANAGERS, LLC

by: 

MARTIN D. RAKOFF
CHIEF EXECUTIVE OFFICER

R. W. PAINTING, INC.

by: 

Robert Williams, President



4 Jefferson Plaza, Suite 201 • Poughkeepsie, NY 12601 • Telephone (845) 452-4100 • Fax (845) 483-3677

**ELITE CONTRACTORS TRUST OF NEW YORK
BALLOT FOR ADDITIONAL 2% OF MANUAL PREMIUM FOR
ADMINISTRATION/MARKETING MOTION**

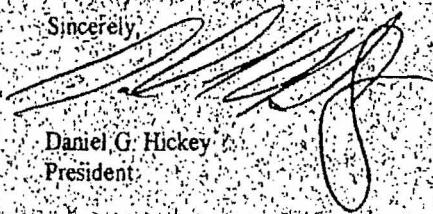
Dear ECTNY Board Member

At our last Board meeting on October 16th, it was discussed and a motion was made to increase the Administrative/Marketing fee an additional 2% of Manual Premium. It was presented by CRM and The Vanner Agency as a crucial factor to accommodate additional growth to ECTNY. It was discussed, that the marketplace was driving a higher commission be paid to independent agents and that it was the independent agent system that was going to ensure the long-term viability and growth of ECTNY. Coupling this with the strong financial position of ECTNY after two years it was strongly agreed by all parties that this made sense. Although we had a unanimous agreement of the four board members present we did not officially vote and pass this increase.

Please indicate below by signature your approval/disapproval of this motion and return to CRM to my attention in the enclosed return envelope.

Once again thank you for your time and effort as a board member of ECTNY and I look forward to continued success for the program.

Sincerely,


Daniel G. Hickey
President


NAME Eugene Cerase
DATE 2/26/01

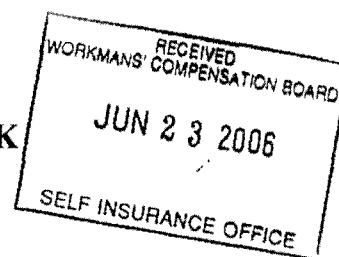
I APPROVE

NAME
DATE

I DISAPPROVE

RECEIVED
WORKERS COMPENSATION
FEB 14 2008
SELF INSURANCE OFFICE

**AMENDMENT TO
ELITE CONTRACTORS TRUST OF NEW YORK
SERVICE AGREEMENT**



THIS AGREEMENT dated the 21st day of June, 2006 is entered into by and between **ELITE CONTRACTORS TRUST OF NEW YORK** (referred to herein as the "Trust") and **COMPENSATION RISK MANAGERS, LLC** (referred to herein as "Administrator"). This Agreement is entered into with reference to the following:

W I T N E S S E T H :

WHEREAS, on the 27th day of August, 1999, the Trustees of the Elite Contractors Trust of New York formed a Workers' Compensation Trust pursuant to Section 50 of the New York State Workers' Compensation Law for the purpose of compliance with each participating employer's Workers' Compensation obligations; and

WHEREAS, the governing body of said Trust appointed, engaged, and employed the Administrator for the purpose of administrating said Trust in accordance with the terms of the Elite Contractors Trust of New York Service Agreement dated August 27, 1999 ("Service Agreement"); and

WHEREAS, the Trust and Administrator have amended the Service Agreement to reflect an administrative service fee of 17% of manual premium effective November 1, 2001; and

WHEREAS, the Trust and Administrator are desirous of further amending the service fee portion of the Service Agreement.

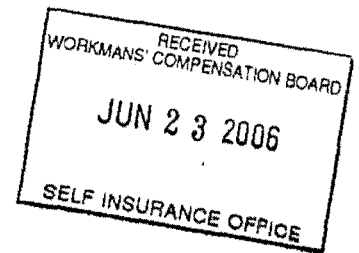
NOW, THEREFORE, in consideration of the mutual promises and covenants set forth herein, the parties agree as follows:

1. In consideration for the services provided by Administrator, Administrator shall be compensated a fee of 21% of the state rated Manual Premium on NEW business only effective immediately.
2. All other provisions contained within the Service Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, this Agreement is executed effective as of the date first written above.

**COMPENSATION RISK MANAGERS, LLC
(ADMINISTRATOR)**

By: _____
Name:
Title:



ELITE CONTRACTORS TRUST OF NEW YORK (TRUST)

By: _____
Eugene Clarke
Chairman

**AMENDMENT TO
ELITE CONTRACTORS TRUST OF NEW YORK
SERVICE AGREEMENT**

THIS AGREEMENT dated the 27th day of December, 2007 is entered into by and between **ELITE CONTRACTORS TRUST OF NEW YORK** (referred to herein as the "Trust") and **COMPENSATION RISK MANAGERS, LLC** (referred to herein as "Administrator"). This Agreement is entered into with reference to the following:

WITNESSETH:

WHEREAS, on the 27th day of August, 1999, the Trustees of the Elite Contractors Trust of New York formed a Workers' Compensation Trust pursuant to Section 50 of the New York State Workers' Compensation Law for the purpose of compliance with each participating employer's Workers' Compensation obligations; and

WHEREAS, the governing body of said Trust appointed, engaged, and employed the Administrator for the purpose of administering said Trust in accordance with the terms of the Elite Contractors Trust of New York Service Agreement dated August 27, 1999 ("Service Agreement"); and

WHEREAS, the Trust and Administrator have amended the Service Agreement to reflect an administrative service fee of 17% of manual premium effective November 1, 2001; and

WHEREAS, the Trust and Administrator entered into an Agreement dated June 21, 2006, Amendment to Elite Contractors Trust of New York Service Agreement, wherein the administrative service fee was increased to 21% of the State rated Manual Premium on NEW business only, effective as of June 21, 2006.

WHEREAS, the Trust and Administrator are desirous of further amending certain portions of the Service Agreement.

THIS DOCUMENT IS DEEMED CONFIDENTIAL

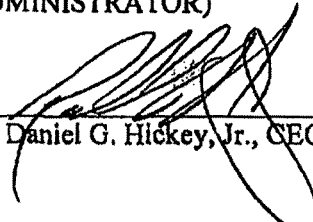
NOW, THEREFORE, in consideration of the mutual promises and covenants set forth herein, the parties agree as follows:

2/6 22.5/6

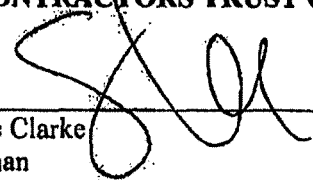
1. In consideration for the services provided by Administrator, Administrator shall be compensated a fee of 18.5% of the state rated manual Premium for renewal business and ~~23.5%~~ 22.5% of the state rated manual Premium for new business during the next five (5) years commencing January 1, 2008.
2. Claims administration shall be "cradle to grave," i.e., Administrator shall adjust any and all claims which occur during the time frame wherein Compensation Risk Managers, LLC is/was performing administrative claim services until said claims are closed.
3. All other provisions contained within the Service Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, this Agreement is executed effective as of the date first written above.

**COMPENSATION RISK MANAGERS, LLC
(ADMINISTRATOR)**

By: 
Daniel G. Hickey, Jr., CEO

ELITE CONTRACTORS TRUST OF NEW YORK (TRUST)

By: 
Eugene Clarke
Chairman

BYLAWS OF THE *Sample Trust*

ARTICLE I - NAME OF TRUST

The name of this trust shall be the *Sample Trust*, hereinafter referred to as the "Trust".

ARTICLE II - TRUST PURPOSE

The Trust is a workers' compensation group self-insurance trust established under the applicable rules and regulations of the State of New York as permitted under section 50 of the New York State Workers' Compensation Law, and regulations promulgated thereunder. The Trust shall be for the exclusive purpose of providing funds and maintaining adequate reserves to pay benefits necessitated by compliance with the Workers' Compensation Law, to pay the losses and costs incurred by the Participating Member, Administrator and Financial Institution and to pay all administrative and operating expenses as are allowed by the appropriate regulations.

ARTICLE III - POWERS AND RESPONSIBILITIES

SECTION 1 - POWERS: The Trust shall exercise such powers and perform such functions and duties as are necessary and appropriate to fulfill its mission, subject to, and in accordance with the requirements and limitations imposed upon the Trust pursuant to section 50 of the New York State Workers' Compensation Law, and the regulations thereunder.

The Trust shall have the authority to (inclusive and not exhaustive):

1. Collect and receive any and all money and other property due to the Trust;
2. Call Special Meetings of the Administrator or Participating Employers;
3. Commence or defend litigation in the interest of the Trusts, to submit to arbitration, settle or otherwise compromise any claim, debt or damages due or owing to or from the Trust (other than the claims which are the subject of the Trust);
4. Perform all acts, whether or not expressly authorized, which are necessarily or deemed desirable for the purpose of protecting the Trust Fund, including the authorization to appoint an individual or agents in the furtherance of Trustees' responsibilities and duties;
5. Invest and reinvest Trust assets;
6. Appoint and/or remove the Financial Institution;

7. Terminate the membership of a Participating Employer; and,
8. Amend and/or modify the Trust Agreement the Joinder and Indemnification Agreement and the Bylaws.

ARTICLE IV - MEMBERSHIP IN THE TRUST

SECTION 1 - MEMBERSHIP: The Trust shall consist of Participating Employers that contractually agree, in accordance with section 50 of the Workers' Compensation Law, to assume the workers' compensation liabilities of each associated member.

SECTION 2 - QUALIFICATIONS: Membership shall be limited to employers performing related activities in a given industry, who meet the requirements set forth in section 50 of the Workers' Compensation Law, and whose applications have been duly approved for membership by the Administrator.

ARTICLE V - BOARD OF TRUSTEES

SECTION 1 - POWERS: The Board of Trustees shall administer the business and affairs of the Trust. The within bylaws and any Trust agreement entered into in furtherance of the Trust shall specifically empower the Trustees to determine all questions, make all decisions and to prescribe changes to the operation of the Trust, provided that the same are done in accordance with the rules and regulations as promulgated by the Workers' Compensation Board.

SECTION 2 - DELEGATION: As defined and set forth in the Administrative Service Agreement, the Administrator shall have the authority and responsibility to act for the Board and to coordinate and manage the day to day business affairs of the Trust, subject to applicable regulations relating to group self insurance trusts.

SECTION 3 - RESERVED AUTHORITY: Notwithstanding the foregoing, the Board shall retain the responsibility for investment and reinvestment of Trust assets and for the appointment and/or removal the financial Institution, subject to their right to delegate the same by separate written agreement.

SECTION 4 - COMPOSITION OF THE BOARD: The Board shall be composed of no more than seven (7) members all of whom must be Participating Employers. The employer must nominate a representative to appear at board meetings and conduct Trust business.

SECTION 5 - QUALIFICATION OF TRUSTEE: A Trustee is deemed, without further action, to have resigned if it is no longer a Participating Employer.

SECTION 6 - TERM, RESIGNATION AND REMOVAL: Each Trustee shall serve for an unlimited period of time. A Trustee may resign at any time upon 60 days prior written notification. If, during a Trustee's term, a majority of the Trustees then in office, deem it to be in the best interest of the Fund to remove a particular Trustee, they may do so by formal vote at a regularly scheduled meeting or a special meeting called for this purpose.

SECTION 7 - VACANCY: Vacancies on the Board of Trustees shall be filled by a majority vote of the remaining Trustees from candidates nominated by the Administrator. A quorum will be deemed the majority of the remaining Trustees.

ARTICLE VI - OFFICERS

SECTION 1 - OFFICERS: The Officers of the Board of Trustees shall be a Chairman and a Secretary-Treasurer.

The Chairman shall be charged with organizing and running the Board meetings, choosing to delegate to the Administrator the roles the Chairman sees fit.

The Secretary-Treasurer shall maintain the official roll of Trustees; record all votes and the minutes of all proceedings of the Board in a book to be kept for that purpose; ensure that notices of meetings are given in accordance with law and these Bylaws; have the custody of the corporate records and make them available upon request to Trustees. The Secretary-Treasurer may delegate to the Administrator any of the above roles deemed appropriate.

ARTICLE VII - BOARD OF TRUSTEES MEETINGS

SECTION 1 - FREQUENCY: The Board shall meet at least twice each calendar year. The final regular meeting of each calendar year shall serve as the Annual Meeting of the Trust at which time the Officers shall be elected for the following year.

SECTION 2 - PROCEDURES FOR SCHEDULING MEETINGS: Trustees will be afforded a minimum of one month written notice prior to Board meetings. Dates, times, locations and agendas of meetings shall be determined by Administrator, or by the Chair in the event of a Special Meeting, and will be included in the meeting notice; provided that items not included in an agenda shall not for that reason alone be excluded from consideration at a meeting. Trustees are expected to give three (3) weeks advance notice if they are unable to attend any Board meeting.

SECTION 3 - QUORUM: A majority of the Trustees then in office must be assembled in order to transact business requiring a vote. Minutes will be maintained of all Board meetings.

SECTION 4 - SPECIAL BOARD MEETINGS: Board meetings may be called by the Chair or by a majority of the Trustees then in office, who must indicate the reason for calling a Special Meeting. The Chair shall call a Special Meeting within thirty (30) days after receipt of such a request.

SECTION 5 - ACTION WITHOUT A MEETING: To the extent permitted by applicable laws, any action required or permitted to be taken at a meeting of the Trustees may be taken without a meeting if a majority of the current named Trustees agree that emergency or immediate action must be taken and if thereafter all the Trustees entitled to vote are polled by the Chair or her/his designee by telephone or other such means. Every reasonable attempt must be made to contact all Trustees then in office. Upon achieving a majority vote of the entire Board the

action taken shall be valid. Any action so taken without a meeting shall be communicated in writing to all Trustees within ten (10) days thereof along with a list by name of all Trustees, vote taken, and certification of reasonable attempt to reach each one. It shall not be necessary for Trustees to consent in writing to action taken without a meeting; however, action so taken shall be reported at the next Board meeting.

ARTICLE VIII - VOTING

SECTION 1 - BOARD VOTING: Upon appointment each voting Trustee shall be entitled to cast one (1) vote on each issue presented for Board action; provided that the Chair may vote only to make or break a tie vote. Disputes over the voting authority of any Trustee shall be resolved by the Chair.

Only those Trustees in attendance at a Board meeting may vote, although an alternate representative may appear and vote, if authorized by the Trustee/Participating Employer. Proxies shall not be permitted. Trustees shall abstain from discussing or voting on any matter before the Board in which the Trustee has an actual or potential conflict of interest.

Except when a supermajority is required by law or these Bylaws, a majority vote of those in attendance at a meeting will prevail. Voting shall normally occur by voice vote- provided that any Trustee may request voting by a show of hands, by roll call, or by ballot, which request shall be honored and the resulting vote recorded in official Board Minutes.

ARTICLE IX - COMPENSATION

SECTION 1 - EXPENSE REIMBURSEMENT: Trustees shall not receive compensation from the Fund, but may be entitled to reimbursement for reasonable expenses directly related to the fulfillment of their duties and obligations, as authorized and approved from time to time by the Administrator.

ARTICLE X - INDEMNIFICATION

SECTION 1 - RIGHTS TO INDEMNIFICATION: The Trust shall, to the extent permitted by law, indemnify, defend and save harmless its Trustees and other agents from any and all claims arising out of their Board membership, and activities on behalf of the Trust.

SECTION 2 - INDEMNIFICATION NOT EXCLUSIVE: The foregoing indemnification shall not bar any other right or remedy claimable by a party in any lawsuit either in his or her official capacity or otherwise.

SECTION 3 - INSURANCE AND OTHER INDEMNIFICATION: The Board of Trustees shall have the power to purchase insurance covering its Officers, Trustees, staff and others to the extent that the power to do so has been granted by law, and to give other indemnification to the extent not prohibited by law.

ARTICLE XI - CONFLICT OF INTEREST

No Trustee shall vote, attempt to influence Board action or be present during any Board discussion concerning any matter which is likely to result in direct financial benefit to that Trustee, her/his immediate family or any organization with which the Trustee is affiliated (other than a Participating Employer). Each Trustee will fully disclose in writing to the Board the underlying facts of each situation in which the Trustee's participation in Board actions is or in the future may be limited by this restriction.

Furthermore, no Trustee shall use information or knowledge not readily available to Participating Employers for the financial benefit of the Trustee, her/his immediate family or any entity with which that Trustee is affiliated. Each Trustee, her/his immediate family and any entity with which a Trustee is affiliated shall also be prohibited from entering into any contractual relationship with or receiving any remuneration directly from the trust, accepting only reimbursement of expenses as otherwise provided herein.

The provisions of this article are further subject to any additional requirements that may be imposed by any other applicable statute, rule or regulation.

ARTICLE XII - DISSOLUTION OF THE TRUST

The Trust shall continue for such time as may be necessary to accomplish the purpose for which it was created, and so long as all applicable legal requirements to maintain authorization continue to be met. The Trust may be dissolved by the board of Trustees in accordance with the Trust Agreement and the Administration service Agreement executed at inception to govern the Trust. Should all termination requirements of the Trust and Service agreements be met, the Board of Trustees will serve upon the Chairman of the New York State Workers' Compensation Board, to the Financial Institution and to the Administrator notification of said termination.

Upon termination of the Trust's status as a group self-insurer, the Trust will continue to administer the workers' compensation liabilities incurred by the group in accordance with all applicable legal requirements.

ARTICLE XIII - FILINGS WITH THE WORKERS' COMPENSATION BOARD

In accordance with applicable regulations, the Trust shall file certain reports with the Workers' Compensation Board and shall also notify the Board of certain actions. Filings include, but are not limited to, amendments and/or modifications of the Trust Agreement, the Joinder and Indemnification Agreement, the Trust Agreement, Administrative Service Agreement and the Bylaws. The Trust shall also provide notice to Workers' Compensation Board of the election, resignation or removal of any Trustee and the joining or termination of a Participating Employer.

ARTICLE XIV - PARLIAMENTARY AUTHORITY

The rules contained in "Robert's Rules of Order Revised" shall govern this organization in all cases to which they are applicable and not inconsistent with these Bylaws or applicable laws and regulations.

ARTICLE XV - ADOPTION AND AMENDMENT TO THE BY-LAWS

These Bylaws may be amended upon written submission of the amendment by a majority of the Trustees then in office, whereupon the proposal shall be distributed to all Trustees ten (10) days prior to the meeting at which it is to be considered for adoption. An affirmative majority vote of the Trustees then in office shall be required to amend these Bylaws. A Trustee may vote on a Bylaws amendment by written ballot submitted to the Chair prior to the meeting scheduled for such action.

APPROVED & ADOPTED by the Board of Trustees, effective _____, 2002

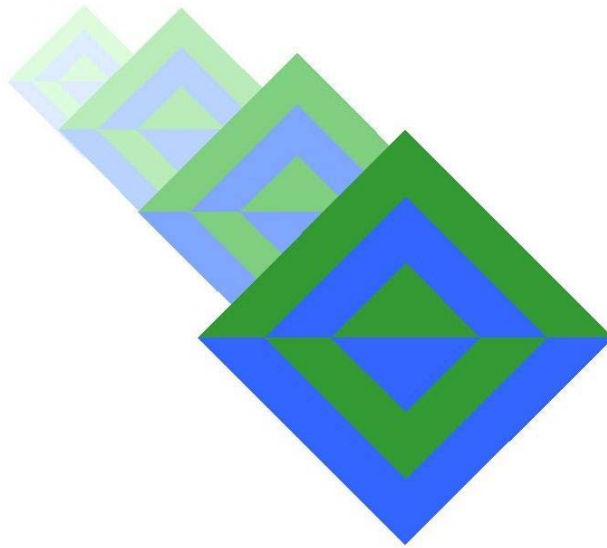
ATTEST:

CHAIR

SECRETARY/TREASURER

RECEIVED
WORKERS' COMPENSATION BOARD
JUL 15 2002
SELF INSURANCE OFFICE

ELITE CONTRACTORS TRUST OF NEW YORK



QUALITY ASSURANCE CLAIM AUDIT

August 2010

Prepared by

KBM MANAGEMENT, INC.

5860 Heritage Landing Drive
East Syracuse, NY 13057

TABLE OF CONTENTS

<u>AUDIT OVERVIEW</u>	2
<u>CLAIM FILING TIMELINES</u>	3
<u>STOP-LOSS INSURANCE</u>	5
<u>INDEPENDENT MEDICAL EXAMS (IME)</u>	5
<u>SECOND INJURY FUND OPPORTUNITIES</u>	6
<u>CLAIM DETAIL</u>	
Open Claims.....	7
Closed Claims.....	17
<u>CONCLUSION ON RESERVES</u>	26
<u>OTHER CONCLUSIONS</u>	27
<u>ACRONYMS & DEFINITIONS</u>	27



AUDIT OVERVIEW

KBM Management, Inc. audited Compensation claims processed on behalf of Elite Contractors Trust of New York (ELITE) dating back to the origin of the Trust. Claims were processed by Compensation Risk Managers (CRM) from the inception of the Trust, 8/27/99 until the time they were transferred to FCS Administrators, Inc (FCS). FCS processed the claims from 9/1/08 through 3/31/10 when they were transferred to NCAComp, Inc. (NCA) where the audit field work was performed. The claim audit priorities were to evaluate and express opinions on the performance of the first two (CRM and FCS) Trust Claim Administrators.

The audit examination includes a sample of claimants' files processed while under the authority of CRM and FCS.

The transfer of claim information from the prior Administrator's to NCAComp, Inc created many unforeseen challenges. Claim files were generally unorganized and incomplete. A significant amount of time was spent attempting to locate the file data and match bills to checks.

Forty open and forty closed files were originally selected for audit, but due to budget constraints, only thirteen open files and eighteen closed files were audited. The claims represented \$6,976,738.34 in payment/reserves during the audit period. Even this limited file selection provided great insight into both CRM's and FCS's transaction processing and reserving techniques and revealed the findings detailed throughout this audit report.

This audit report provides a description of the significant areas of concern and details of the claims that were audited. All written or

Elite Contractors Trust of New York

Administrator: NCAComp, Inc.

FCS Administrators, Inc

Compensation Risk Managers

04/01/10 thru Present

09/01/08 to 3/31/10

08/27/99 to 08/31/08

Page 2



verbal discussions of the files are referenced by the audit sequence number to maintain the confidentiality of the claimant.

CLAIM FILING TIMELINES

The New York State Workers' Compensation Board (WCB) publishes the following explanation of the Workers' Compensation system. The Administrators' practices and policies have been compared to this information with any inconsistencies being noted within this report.

Immediate: The worker obtains the necessary medical treatment and notifies his/her supervisor about the accident and how it occurred. The employee notifies the employer of the accident in writing, as soon as possible, but within 30 days. The employee who has lost time from work files a claim with the WCB on Form C-3 by mailing the form to the appropriate Workers' Compensation District Office. This must be done within two years of the accident or within two years after the employee knew or should have known that the injury was related to employment.

Within 48 hours of the accident: The doctor completes a preliminary medical report on Form C-4 and mails it to the appropriate Workers' Compensation District Office. Copies must also be sent to the employer or its insurance carrier, the injured worker, and his/her representative, if any.

Within 10 days of notification of the accident: The employer reports the injury to the WCB and the insurance company on Form C-2.

Within 14 days of receipt of Form C-2: The insurer provides the injured worker with a written statement of his/her rights under the law using Form C-430S. This must be done within 14 days after receipt of the C-2 from the employer or with the first check, whichever is earlier.

Elite Contractors Trust of New York

Administrator: NCAComp, Inc.

FCS Administrators, Inc

Compensation Risk Managers

04/01/10 thru Present

09/01/08 to 3/31/10

08/27/99 to 08/31/08

Page 3



Within 15 days of initial treatment: The doctor completes a 15-day report of the injury and treatment on Form C-4 and mails it to the Workers' Compensation District Office.

Within 18 days of receipt of Form C-2: The insurer begins the payment of benefits if lost time exceeds seven days. If the claim is being disputed, the insurer must inform the WCB (and the claimant and his/her representative, if any). If payment is not being made for specific reasons stated on the notice, (e.g. that there is no lost time or that the duration of the disability is less than the 7-day waiting period), the insurer must also notify all the parties.

The insurer files Form C-6, C-7, or C-9 with the WCB indicating either that payment has begun or the reasons why payments are not being made. If the employee does not notify the employer timely, this notice may be filed within 10 days of learning of the accident.

Every 2 weeks: The insurer continues to make payments of benefits to the injured employee (if the case is not being disputed). The carrier must notify the WCB on Form C-8 when compensation is stopped or modified.

Every 45 days: The doctor submits progress reports on Form C-4 to the WCB.

After 8 weeks: The insurer considers the necessity of rehabilitation treatment for the injured employee.

STOP-LOSS INSURANCE

Employers who choose to self-fund their Workers' Compensation insurance are able to limit the potential risk through the purchase of stop-loss insurance. Stop-loss insurance is defined as a contract established between a self-insured group and an insurance carrier providing coverage when claims (specific and/or aggregate) exceed a specified dollar amount over a specified period of time.

Elite Contractors Trust of New York

Administrator: NCAComp, Inc.

FCS Administrators, Inc

Compensation Risk Managers

04/01/10 thru Present

09/01/08 to 3/31/10

08/27/99 to 08/31/08

Page 4



“Specific” stop-loss insurance limits an employer’s risk on individual catastrophic claims by establishing a maximum liability for covered employees/retirees. The employer is only responsible for the payment of individual’s claims up to the Specific stop-loss attachment point or deductible (SIR). In general, these deductibles range from \$200,000 to \$500,000 for a medium-sized employer. Once claims cost have exceeded this deductible, the carrier will reimburse the employer for all additional claims cost.

During the period audited, Elite had Specific stop-loss coverage with deductibles of \$300,000 to \$500,000. The stop-loss insurance carrier required notification of potential claims for specific diagnoses or once reserves were established that would exceed the deductible. Failure to notify the stop-loss carrier could potentially result in denial of the claim.

INDEPENDENT MEDICAL EXAMS (IME)

An important tool in the administration of Workers’ Compensation cases is the independent medical exam (IME). The IME is initially requested by the administrator to establish or refute causal relationship, degree of disability and necessary medical treatment of an injury or illness. Subsequent periodic IME’s may be ordered to determine if a worker has reached maximum medical improvement from treatment or if an injury will result in a schedule loss of use or a permanent disability (partial or total).

The files reviewed contained data indicating many IME’s were provided by a company related to CRM through common ownership known as “Eimar”. In many cases, the documentation of disability and treatment contained in the files did not warrant this action. The

Elite Contractors Trust of New York

Administrator: NCAComp, Inc.

FCS Administrators, Inc

Compensation Risk Managers

04/01/10 thru Present

09/01/08 to 3/31/10

08/27/99 to 08/31/08

Page 5



frequency of IME's appeared high relative to the conditions of the claimants. It was also noted that many of the results of the IME simply parroted the findings of the attending physician. In our opinion, the repeated use of Eimar raises two potential issues. First, excessive usage of IME's can be considered harassment of the claimant. Secondly, the fact that we believe many of these were unnecessary and performed by a related party of CRM provides an appearance of malfeasance. In addition, we also noted that many of the Eimar bills contained extra charges for CRM compliance fees (\$25), administration fees (\$10) and certified mailing fees (\$40) not normally found on other IME provider bills. There is at least an appearance of a conflict of interest when an administrator owns service providers to whom they refer business. These types of services are normally purchased based on their potential to reduce claim costs; however, their abuse will simply increase overall costs as a function of higher Loss Adjustment Expenses.

A report we obtained by NCA indicates the total paid to Eimar over the entire active life of Elite was \$2,231,098.99.

SECOND INJURY FUND OPPORTUNITIES

Prior to recent changes in the NYSWCL's (indicated below) if an injured worker had suffered previous injuries or illnesses that resulted in a permanent impairment the carrier/self-insured employer could file a C-250 seeking financial relief through the Special Disability Fund, Section 15-(8)(d) of the NYSWCL. This form cites the prior impairments and must be filed within 104 weeks of death or disability or within 52 weeks of the filing of a claim. NYSWCL Section 15-(8)(f) extends this time in cases that are reopened after being closed without a finding of permanency. Under this clause, a C-250 is timely if filed before a finding of permanency has been made. If after filing the C-250, along

Elite Contractors Trust of New York

Administrator: NCAComp, Inc.

FCS Administrators, Inc

Compensation Risk Managers

04/01/10 thru Present

09/01/08 to 3/31/10

08/27/99 to 08/31/08

Page 6



with the medical records to substantiate the claim, Special Funds accepts the case and the claimant is found to have a permanent partial disability (PPD) it limits the present employer's liability to the first 260 weeks of indemnity and medical payments. If the claimant is found to have a permanent total disability (PTD) there is no relief under this section of the law.

As a result of a change to NYSWCL, no carrier or employer may file a claim for reimbursement from the Second Injury Fund, for an injury or illness with a date of accident or date of disablement on or after July 1, 2007. Carrier's and employer's have been precluded from filing claims for reimbursement from the Special Disability Fund subsequent to July 1, 2010 and in addition no written submissions or evidence in support of such a claim may be submitted after that date.

Two of the files audited (LO4 & LO18) had an initial C-250 filed but did not have the necessary follow up completed to obtain a concession from Special Funds. The potential loss to the Trust on file LO4 could be as high as \$300,000 as the largest expenses on that file did not occur until after the 260 week retention period. The potential loss could have been even higher if the excess carrier had denied the case and they were unable to obtain reimbursement from them. The second file has yet to exceed the retention period therefore, we cannot estimate a potential loss to the Trust at this time.

CLAIM DETAIL

Open Claims

File #LO1	Date of injury: 6/29/00	Amount Reserved: \$ 50,734.10
		Amount Paid: \$169,618.45

➤ ANCR: back sprain/strain

Elite Contractors Trust of New York

Administrator: NCAComp, Inc.

FCS Administrators, Inc

Compensation Risk Managers

04/01/10 thru Present

09/01/08 to 3/31/10

08/27/99 to 08/31/08

Page 7



penalty was paid, albeit late, as a check was issued to the claimant on 10/15/02 for \$1,132.00 under the expense reserve (this is very odd since they paid the claimant's attorney his fee on the award on 8/19/02). The WCB sent a 2nd notice to CRM in October 2002 indicting they still had not received the C-8/8.6 and advised them that if they did not receive it within 20 days of that notice that they would be subject to an additional penalty of \$50; however, it appears the WCB did not follow through on this threat and CRM never filed the form.

- There was extensive litigation on this file on the issue of degree of disability and voluntary removal from the workforce. CRM did not obtain a timely IME to fight the issue of degree of disability; therefore, the attorney representing the Trust did not have a lot of "ammunition" to support the Trust's case. In addition, the employer was uncooperative and would not supply any witnesses to testify.
- Total paid to Eimar on this file \$1,095.00.
- Twenty two checks could not be matched to a bill.
- There were two bills located in the file that could not be matched to a check.
- Fifteen bills did not contain a received date; therefore, it could not be determined if they were paid within forty five days of the dates received.
- Eleven bills were paid by CRM and six bills were paid by FCS within forty five days of the dates received.
- One bill was paid by FCS in excess of forty five days of the date received.

File #LO4	Date of injury: 3/19/01	Amount Reserved: \$573,050.37
		Amount Paid: \$564,742.35

- ANCR: right ribs and back
- The reserves on this file appear to be high as they the stop-loss deductible has been met and reimbursement has been requested from the insurance company.
- Step-reserving was performed on this file by CRM.
- There is a very large overpayment on this file (\$7,581.35 as of 7/27/10) due to CRM paying the wrong rate between 8/23/07-5/14/08. This should have been addressed in the stipulated agreement that was entered into on 7/19/10.
- A C-250 was filed on this case; however, it does not appear that the claimant's prior medical records were pursued and it was not amended as new information was obtained. The IME's completed indicate that the claimant had a prior knee surgery, but this was not listed on the C-250 and the conditions that

Elite Contractors Trust of New York

Administrator: NCAComp, Inc.

FCS Administrators, Inc

Compensation Risk Managers

04/01/10 thru Present

09/01/08 to 3/31/10

08/27/99 to 08/31/08

Page 9



were listed on the C-250 are not mentioned in the medical records or IME's as prior medical conditions.

- There were several penalties assessed by the WCB against CRM on this file. Two \$50.00 penalties were assessed that do not appear to have ever been paid (6/13/02 – failure to file C-240 & 9/16/02 – award paid late). Also assessed was \$2,529.99 payable to the claimant; however, CRM was allowed to recoup an overpayment in lieu of paying this penalty (the penalty stood, they just didn't have to issue a check). There was also a penalty of \$242.24 payable to the claimant and \$50.00 payable to the WCB for late payment of an award.
- There was one penalty assessed against FCS; \$75.00 payable to the claimant and \$25.00 payable to the WCB, because FCS caused an unnecessary adjournment (they failed to show up for the hearing).
- Total paid to Eimar on this file \$14,955.72 (\$9,900.72 was for one medical bill review which appears very excessive).
- They paid \$50.00 to Eimar for an IME addendum on an issue requested initially; as a result the \$50 should not have been charged.
- Total paid to FCS on this file \$97.50.
- The 5/22/08 surgeon's bill (Buffalo Neurosurgery Group) was overpaid by \$674.07. This bill was paid in full on 8/26/08 (\$6,685.18). In October 2008, the doctor's office sent the bill back in for reconsideration as if two of the procedure codes had not been paid and FCS reprocessed them and sent additional funds. This should have been caught by the processor as a duplicate payment.
- One hundred thirty eight checks could not be matched to a bill.
- There were thirteen bills located in the file that could not be matched to a check.
- Eighty eight bills did not contain a received date; therefore, it could not be determined if they were paid within forty five days of the dates received.
- Sixty seven bills were paid by CRM and thirty one bills were paid by FCS within forty five days of the dates received.
- Thirty eight bills were paid by CRM and sixteen bills were paid by FCS in excess of forty five days of the dates received.

File #LO7	Date of Injury: 1/1/03	Amount Reserved: \$185,142.10
		Amount Paid: \$ 24,857.90

- ANCR: non-Hodgkin's Lymphoma due to Benzene exposure

Elite Contractors Trust of New York

Administrator: NCAComp, Inc.

FCS Administrators, Inc

Compensation Risk Managers

04/01/10 thru Present

09/01/08 to 3/31/10

08/27/99 to 08/31/08

Page 10



- Based upon the cost estimates for this type of illness completed by a nurse assigned to the file, the reserves appear adequate for the exposure.
- 82% apportionment was found against this file based on length of employment with this employer. All awards on this case are paid initially by State Insurance Fund with appropriate reimbursement from Elite at a later date.
- An indemnity check issued on this file should have been made out to the State Insurance Fund but it was issued to NYS Child Support by FCS in error. This does not appear to have been corrected.
- This file is missing information. We did not have access to e-case as NCA is not listed as a party of interest and, as a result, was unable to provide us access to the file.
- Two bills did not contain a received date; therefore, it could not be determined if they were paid within forty five days of the dates received.
- Seven bills were paid by FCS within forty five days of the date they were received.

File #LO9	Date of Injury: 8/12/03	Amount Reserved: \$891,204.45
		Amount Paid: \$413,536.19

- ANCR: neck
- The reserves on this file appear high as this file is only \$26,200 away from reaching the self-insured retention of \$400,000 (when including only indemnity & medical payments). Therefore, they would only need to have approximately 12 months of indemnity and medical payments reserved to continue payments while awaiting reimbursement from the excess carrier.
- A 3rd party lawsuit has been filed on this case under the employer liability statute as the claimant's attorney's contends that he suffered a grave injury in the accident. If he wins, it is anticipated that the settlement will be quite large and the Trust will be reimbursed for most, if not all, of what has been paid on the claim. The claimant fell from scaffolding with no guardrails attached to it.
- There are four letters in the file from Third Party Solutions indicating there are refunds due this file totaling \$423.47; all four letters are dated 12/20/04. It does not appear that CRM ever formally requested the refunds.
- There were several pharmacy bills from Third Party Solutions that were reduced with no explanation.

Elite Contractors Trust of New York

Administrator: NCAComp, Inc.

FCS Administrators, Inc

Compensation Risk Managers

04/01/10 thru Present

09/01/08 to 3/31/10

08/27/99 to 08/31/08

Page 11



and the appeal is lost then interest would be owed on any unpaid portion of the award. However, since CRM continued to pay the claimant during the appeal process, no unpaid amount accrued and no interest should have been due. When CRM received the notice from the WCB indicating interest was due it should have provided it a copy of the payment history to the claimant.

- FCS performed admirably by disputing medical bills and ongoing medical treatment due to claimant's refusal to attend IME's. By doing so it was able to have future treatment suspended pending the claimant's compliance with carrier IME's.
- Total paid to Eimar on this file \$2,145.00
- Total paid to FCS on this file \$292.50.
- Twenty four checks could not be matched to a bill.
- There were six bills located in the file that could not be matched to a check.
- Twenty eight bills did not contain a received date; therefore, it could not be determined if they were paid within forty five days of the dates received.
- Thirty five bills were paid by CRM and ten bills were paid by FCS within forty five days of the dates received.
- Ten bills were paid by CRM and thirteen were paid by FCS in excess of forty five days of the dates received.

File #RO14	Date of Injury: 3/6/06	Amount Reserved: \$ 481.25
		Amount Paid: \$49,444.69

- ANCR: pelvis, left foot and facial fractures
- This file should be closed as all issues have been resolved including the third party case. The Trust received reimbursement of \$30,199.08 and has an ongoing credit related to the claimant's net proceeds of \$230,493.95.
- Step-reserving was performed on this file by FCS.
- Eight checks could not be matched to a bill.
- Fifteen bills did not contain a received date; therefore, it could not be determined if they were paid within forty five days of the dates received.
- Sixteen bills were paid by CRM and four were paid by FCS within forty five days of the dates received.
- Four bills were paid by CRM and one was paid by FCS in excess of forty five days of the dates received.

File #RO18	Date of Injury: 4/16/07	Amount Reserved: \$35,564.20
		Amount Paid: \$ 4,395.80

Elite Contractors Trust of New York

Administrator: NCAComp, Inc.

FCS Administrators, Inc

Compensation Risk Managers

04/01/10 thru Present

09/01/08 to 3/31/10

08/27/99 to 08/31/08

Page 16



- ANCR: shoulders
- The reserves on this file appear sufficient at this time.
- This is a controverted claim that is still in litigation on the issue of employer/employee relationship. If it is determined that the claimant worked for a subcontractor who was hired by a Trust Member then the Trust would be liable under Section 56 of the Workers' Compensation law.
- CRM denied a medical bill for a MRI due to no authorization being on file. This was not a valid objection as no authorization is needed for procedures valued under \$1000.00. The denial should have been due to the file being controverted.
- There were ninety four bills located in the file that did not have C-8.1's filed for them. Under NYSWCL, all medical bills have to either be paid within forty five days or denied within thirty days of receipt.
- Twelve bills did not contain a received date; therefore, it could not be determined if they were paid within forty five days of the dates received.
- One bill was paid by CRM, three were paid by FCS and one was paid by NCA within forty five days of the dates received.

File #RO20	Date of Injury: 3/28/08	Amount Reserved: \$20,006.25
		Amount Paid: \$25,196.16

- ANCR: legs
- The indemnity reserve is sufficient for a SLU award; however, there are no funds remaining in the medical reserve. If the claimant should return to his/her doctor for a permanency opinion there would be no funds to cover the bill.
- Step-reserving was performed on this file by FCS.
- There has been no medical treatment performed on the claimant since April 2009 at which time there was no disability and no permanency noted. At this time, NCA should either seek a SLU opinion or close the file.
- Total paid to Eimar on this file \$435.00.
- Total paid to FCS on this file \$113.75.
- Seven checks could not be matched to a bill.
- Seven bills did not contain a received date; therefore, it could not be determined if they were paid within forty five days of the dates received.
- Seventeen bills were paid by CRM within forty five days of the dates received.
- Seven bills were paid by CRM and two were paid by FCS in excess of forty five days of the dates received.



Closed Claims

File #LC01 Date of Injury: 8/19/00 Amount Reserved: \$.00
Amount Paid: \$353,197.32

- ANCR: back and knee
- Step-reserving was performed on this file by CRM.
- This file closed with a third party settlement of \$5.6 million. The claimant's net amount was \$3,705,774.04 and they agreed to reduce the offset/holiday to \$3,455,744.04 (in lieu of paying attorneys fees).
- The last Notice of Decision on this case indicates the carrier is to produce a payment ledger and C-8 to claimant's attorney within 30 days (dated 10/3/05). Possible carrier penalties are being held in abeyance. It appears CRM never filed the C-8 or produced the payment ledger; this has left the Trust open to potential penalties for failure to timely file a required form.
- CRM overpaid the claimant's attorney \$40.00 (they actually overpaid him \$80.00 but he returned one of the \$40.00 checks).
- CRM overpaid the claimant \$24.04 on a mileage & transportation reimbursement, he requested \$825.96, they paid him \$850.00.
- Two Hundred twenty four checks could not be matched to a bill.
- There were twelve bills located in the file that could not be matched to a check.
- Forty four bills did not contain a received date; therefore, it could not be determined if they were paid within forty five days of the dates received.
- Twenty four bills were paid by CRM within forty five days of the dates received.
- Three bills were paid by CRM in excess of forty five days of the dates received.

File #LC02 Date of Injury: 10/20/00 Amount Reserved: \$.00
Amount Paid: \$163,583.02

- ANCR: back
- Step-reserving was performed on this file by CRM.
- CRM denied medical treatment based on the fact that the claimant's indemnity was stopped due to voluntary removal from the labor market. We believe this action was not in compliance with NYSWCL. Medical treatment cannot be denied for this reason; it can only be denied based upon another



medical opinion. CRM was later ordered to pay for the denied treatment.

- A bill for Injured Workers Pharmacy was paid twice – overpayment \$644.37.
- Payments to RS Medical for durable medical goods (TENS unit rental and supplies) were inconsistent. Some bills were paid in full and others were reduced. RS Medical is a DME vendor; therefore, all prices should have been pre-negotiated.
- Total paid to Eimar \$5,490.00.
- One Hundred thirty seven checks could not be matched to a bill.
- Twenty nine bills did not contain a received date; therefore, it could not be determined if they were paid within forty five days of the dates received.
- Nine bills were paid by CRM within forty five days of the dates received.
- Five bills were paid by CRM in excess of forty five days of the dates received.

File #LC06	Date of Injury: 4/8/02	Amount Reserved: \$.00
		Amount Paid:	\$223,287.64

- ANCR: neck
- This file closed with a Section 32 settlement (by CRM) which when divided by the weekly rate at the time of settlement equaled 7.5 years of benefits. This appears high considering the fact that the claimant was working full time and was being paid reduced earnings at the time the settlement was negotiated.
- Total paid to Eimar on this file \$3,795.00.
- Twenty one checks could not be matched to a bill.
- There were two bills located in the file that could not be matched to a check.
- Twenty six bills did not contain a received date; therefore, it could not be determined if they were paid within forty five days of the dates received.
- Fourteen bills were paid by CRM within forty five days of the dates received.
- Thirteen bills were paid by CRM in excess of forty five days of the dates received.

File #LC13	Date of Injury: 10/16/04	Amount Reserved: \$.00
		Amount Paid:	\$311,174.72

- ANCR: back
- This file closed with a Section 32 settlement (by FCS) in the amount of \$124,800.00 which when divided out by the weekly

Elite Contractors Trust of New York

Administrator: NCAComp, Inc.

FCS Administrators, Inc

Compensation Risk Managers

04/01/10 thru Present

09/01/08 to 3/31/10

08/27/99 to 08/31/08

Page 19



rate at the time of settlement equaled 8 years of benefits. In our opinion, this settlement was too high as the claimant was not classified with a permanent partial disability.

- The claimant was receiving treatment from both a chiropractor and a physical therapist (on the same days and locations); this should have been denied as concurrent treatment.
- It appears a \$150.00 appeal assessment was never paid to the WCB (Notice of Decision was filed on 9/8/06).
- \$2,750.00 was paid to the WCB for penalties associated with HP-2's (\$50.00 for each form) for late payment of medical bills. \$400.00 of this was mistakenly paid under the medical reserve. All of these penalties should have been the responsibility of CRM.
- An Eimar bill was found in the file for an IME addendum for \$125.00 (\$100.00 for the addendum and \$25.00 for a compliance fee); however, there was no addendum report located in the file or in the e-case file.
- Total paid to Eimar on this file \$4,146.00.
- \$145.00 overpayment to Weiss, Wexler & Wornow for date of service 3/26/09.
- Two hundred eighty five checks could not be matched to a bill.
- There were two hundred thirty three bills located in the file that could not be matched to a check.
- Four hundred three bills did not contain a received date; therefore, it could not be determined if they were paid within forty five days of the dates received.
- One hundred seventy one bills were paid by CRM and eleven bills were paid by FCS within forty five days of the dates received.
- Ninety three bills were paid by CRM and thirty bills were paid in excess of forty five days of the dates received.

File #LC16	Date of Injury: 2/27/06	Amount Reserved: \$.00
		Amount Paid:	\$233,201.65

- ANCR: back
- This file closed with a Section 32 settlement (by FCS) for \$145,000.00 which equals approximately 9.30 years of benefits at his current rate of \$300.00/week. We believe this settlement was very high as the claimant was not yet classified with a permanent partial disability.
- CRM filed a C-669 on 4/28/06 accepting this case but noted that there was no medical evidence indicating a disability of over 7 days. On 5/9/06; they filed a C-7 Notice of Controversy indicating they were denying the case based on "no prima facie

Elite Contractors Trust of New York

Administrator: NCAComp, Inc.

FCS Administrators, Inc

Compensation Risk Managers

04/01/10 thru Present

09/01/08 to 3/31/10

08/27/99 to 08/31/08

Page 20



medical evidence and question of pre-existing and unrelated condition." NYSWCL does not allow a carrier to controvert a previously accepted case.

- A bill for \$145.00, date of service 11/26/08 for Weiss, Wexler & Wornow was paid twice.
- Total paid to Eimar on this file \$2,215.00.
- Thirty seven checks could not be matched to a bill.
- There were seven bills located in the file that could not be matched to a check.
- Thirty eight bills did not contain a received date; therefore, it could not be determined if they were paid within forty five days of the dates received.
- Sixty nine bills were paid by CRM and ten were paid by FCS within forty five days of the dates received.
- Nine bills were paid by CRM and fifteen were paid by FCS in excess of forty five days of the dates received.

File #LC19	Date of Injury: 6/4/07	Amount Reserved: \$.00
		Amount Paid:	\$346,672.54

- ANCR: fatality
- This file closed with a payment into the Aggregate Trust Fund with all future payments to the claimant's widow and son being made by the State Insurance Fund.
- One check could not be matched to a bill.
- Five bills did not contain a received date; therefore, it could not be determined if they were paid within forty five days of the dates received.
- One bill was paid by CRM within forty five days of the date received.

File #LC20	Date of Injury: 3/3/08	Amount Reserved: \$.00
		Amount Paid:	\$239,317.47

- ANCR: back
- This file closed with a Section 32 settlement in the amount of \$175,000.00 which was equal to 7.5 years based on his rate at the time of settlement. We believe the settlement (by FCS) was for a reasonable amount given the facts and the circumstances of the accident.
- There were 3-HP-2's located in the file. Only two of the \$50.00 penalties were paid, one of these was mistakenly paid under the medical reserve.
- Total paid to Eimar on this file \$850.00.
- Twenty checks could not be matched to a bill.

Elite Contractors Trust of New York

Administrator: NCAComp, Inc.

FCS Administrators, Inc

Compensation Risk Managers

04/01/10 thru Present

09/01/08 to 3/31/10

08/27/99 to 08/31/08

Page 21



- There were twelve bills located in the file that could not be matched to a check.
- Twenty nine bills did not contain a received date; therefore, it could not be determined if they were paid within forty five days of the dates received.
- Seventeen bills were paid by CRM and fourteen were paid by FCS within forty five days of the dates received.
- Twenty three bills were paid by FCS in excess of forty five days of the dates received.

File #RC01 Date of Injury: 2/23/00 Amount Reserved: \$.00
Amount Paid: \$18,138.88

- ANCR: neck, back both wrists and left knee
- The last hearing on this file was held on 8/22/05 at which time this case was just "traveling" with an AIG case for possible apportionment. The judge authorized testing and took the cases off the calendar pending the production of those reports. This is the last entry in the file. The notes prior to this allude to a possible Section 32 settlement with the attorney representing the Trust advising CRM to be sure it followed up with the AIG adjuster to ensure this file was included in the settlement agreement to protect the Trust against any future claims. It does not appear that CRM instituted this recommendation.
- A NOD was located in this file showing a \$100.00 penalty for failure to file forms timely; it appears this penalty was not paid. However, it is not clear if this was truly owed as the WCB had opened a duplicate file and the penalty was assessed against the duplicate case that was later closed.
- Total paid to Eimar on this file \$1,600.00.
- Forty eight checks could not be matched to a bill.
- There were seven bills located in the file that could not be matched to a check.
- Sixteen bills did not contain a received date; therefore, it could not be determined if they were paid within forty five days of the dates received.
- Two bills were paid by CRM within forty five days of the dates received.
- Six bills were paid by CRM in excess of forty five days of the dates received.

File #RC03 Date of Injury: 6/19/01 Amount Reserved: \$.00
Amount Paid: \$112,846.35

Elite Contractors Trust of New York

Administrator: NCAComp, Inc.

FCS Administrators, Inc

Compensation Risk Managers

04/01/10 thru Present

09/01/08 to 3/31/10

08/27/99 to 08/31/08

Page 22



- Twenty eight checks could not be matched to a bill.
- There were three bills located in the file that could not be matched to a check.

File #RC09 Date of Injury: 9/17/04 Amount Reserved: \$.00
Amount Paid: \$143,729.02

- ANCR: fatality
- This file was for the employer liability/grave injury action. Only legal fees were paid on this file. Once the case was settled, the Trust was reimbursed \$48,682.21 for legal fees.
- Twenty two checks could not be matched to a bill.
- Nine bills did not contain a received date therefore it could not be determined if they were paid within forty five days of the date they were received.
- Twelve bills were paid by FCS within forty five days of the dates received.
- One bill was paid by FCS in excess of forty five days of the date received.

File #RC10 Date of Injury: 10/7/04 Amount Reserved: \$.00
Amount Paid: \$10,000.00

- ANCR: wrist and hip
- This was a medical only file where the claimant never sought treatment. The \$10,000.00 paid on this file was part of a Section 32 settlement (by CRM) for another case in which this file was included to preclude the claimant from the ability to reopen and seek benefits under this claim. Although it is common to include other claims in settlements, \$10,000 seems like a high amount to pay on a claim with no prior disbursement activity and had never even been indexed by the WCB.

File #RC11 Date of Injury: 11/9/04 Amount Reserved: \$.00
Amount Paid: \$65,970.24

- ANCR: back
- This file closed with a Section 32 settlement in the amount of \$50,556.22 with a \$9,500.00 reimbursement from Special Funds under Section 15-8. We believe this was a very good settlement by CRM as it saved legal costs related to the testimony of several doctors that would have been necessary had they not settled the case.
- The Trust received \$38,613.10 from the claimant's third party settlement.

Elite Contractors Trust of New York

Administrator: NCAComp, Inc.

FCS Administrators, Inc

Compensation Risk Managers

04/01/10 thru Present

09/01/08 to 3/31/10

08/27/99 to 08/31/08

Page 24



providers bill them directly. It appears the employer reimbursed the Trust more than what they paid on the claim which is why the amount paid is negative.

File #RC16 Date of Injury: 8/28/06 Amount Reserved: \$.00
Amount Paid: \$145.00

- ANCR: facial
- This was a controverted claim. The claimant had a seizure disorder and suffered a seizure while at work. A hearing was held for which the claimant did not appear, the case was closed.

File #RC20 Date of Injury: 1/28/08 Amount Reserved: \$.00
Amount Paid: \$78,811.44

- ANCR: knee
- This file closed with a SLU award of 32.5% plus 7.4 weeks of protracted healing.
- Step-reserving was performed on this file by FCS.
- Total paid to Eimar on this file \$460.00.
- Nineteen checks could not be matched to a bill.
- There were three bills located in the file that could not be matched to a check.
- Thirteen bills did not contain a received date; therefore, it could not be determined if they were paid within forty five days of the dates received.
- Six bills were paid by CRM within forty five days of the dates received; twenty two were paid timely by FCS.
- Five bills were paid by CRM in excess of forty five days of the dates received; eighteen by FCS.

CONCLUSION ON RESERVES

Our audit included an evaluation of the reserves on all thirteen open files for the known exposure. It is very important for accounting and other reporting purposes to continually update reserves to reflect the most current information available.

Step-reserving was performed on numerous filed by both CRM and FCS.

Of the thirteen open claims reviewed, it was determined that seven of the files had sufficient reserves for the known exposure (LO2, LO7,

Elite Contractors Trust of New York

Administrator: NCAComp, Inc.

FCS Administrators, Inc

Compensation Risk Managers

04/01/10 thru Present

09/01/08 to 3/31/10

08/27/99 to 08/31/08

Page 26



LO10, LO18, RO9, RO18 & RO20). Of the remaining six open files, two files had high reserves (LO4 & LO9); one file we consider low for the known exposure (LO1); and three files (RO7, RO12 & RO14) should be closed as it appears that all issues had been resolved.

OTHER CONCLUSIONS

Based on the audited claims, the first two Administrators failed to provide a minimum level of claims processing service on behalf of the Elite Contractors Trust of New York. Industry averages require 99% financial accuracy and 95% procedural accuracy. The deficiencies described in this report involve overall claim management, undocumented payments, late payments, poor transfer of information and an abuse related to unnecessary IME's.

Due to our limited file sample, we are unable to project an estimated loss under the first two Administrators; however, of the thirty one (31) claims reviewed, eight (8) contained several financial errors and five (5) contained penalties suggesting significant reduction in Trust expense had it been properly administered.

During our audit, NCA informed us that twelve (12) files had employer liability claims for grave injuries where it believes no grave injury exists! NCA is contesting these employer liability claims to have them dropped. There are an additional five cases where NCA believes the injuries are borderline grave injury (two of these cases were reviewed under this audit LO9 & LO18) with only one classified by NCA as being a definite grave injury case. All of these cases were started under CRM's watch and continued under FCS. We believe these actions by NCA have the potential of saving the Trust hundreds of thousands of dollars.

Access to eCase, the WCB's online claim monitoring system, allowed further access to the claims being audited. There were several files we were unable to gain access to as NCA was not listed as a party of interest and was unable to grant KBM access. Utilizing eCase allowed for quicker review of all Notices of Decision as well as the ability to look for specific medical reports and other New York State forms.

Elite Contractors Trust of New York

Administrator: NCAComp, Inc.

FCS Administrators, Inc

Compensation Risk Managers

04/01/10 thru Present

09/01/08 to 3/31/10

08/27/99 to 08/31/08

Page 27



ACRONYMS AND DEFINITIONS:

Alive & well check – this is typically done annually on files that are receiving reimbursements from Special Funds. It is simply a face-to-face meeting to confirm the claimant is alive and receiving their checks timely.

ANCR – accident, notice, causal relationship

AWW – average weekly wage

C-4 – attending doctor’s report and carrier/employer billing form

C-669 - Notice to Chair of Carrier's Action on Claim for Benefits –when this form should be filed:

IF PAYMENT HAS BEGUN: on or before 18th day after disability, or within 10 days after employer first had knowledge of injury, whichever is greater.

IF PAYMENT HAS NOT BEGUN: no later than 25 days after the Board has mailed a Notice of Indexing.

C-8.1 – Notice of Treatment Issue/Disputed Bill – this form is used when disputing ongoing treatment or a specific medical bill.

CCP – carrier continue payments

CMS – Center for Medicare Services

DOI – date of injury

DOS – date of service

DRG – inpatient hospital billing

EC-84 – Notice of Indexing – when the WCB is advised of a new claim either by the carrier or claimant, it will request forms that have not been filed yet. If these are not filed timely, the carrier is potentially subjected to penalties.

EE – employee

Elite Contractors Trust of New York

Administrator: NCAComp, Inc.

FCS Administrators, Inc

Compensation Risk Managers

04/01/10 thru Present

09/01/08 to 3/31/10

08/27/99 to 08/31/08

Page 28



Employer liability / grave injury – An employer shall not be liable for contribution or indemnity to any third person based upon liability for injuries sustained by an employee acting within the scope of his or her employment for such employer unless such third person proves through competent medical evidence that such employee has sustained a “grave injury” which shall mean only one or more of the following: death, permanent and total loss of use or amputation of an arm, leg, and/or foot, losses of multiple fingers, loss of multiple toes, paraplegia or quadriplegia, total and permanent blindness, total and permanent deafness, loss of nose, loss of ear, permanent and severe facial disfigurement, loss of an index finger or an acquired injury to the brain caused by an external physical force resulting in permanent total disability.

Employer Request for Reimbursement – some employers continue to pay their employee’s wages for a certain time period when they have been injured on the job. When this occurs, they should file a form with the WCB for reimbursement so, if and when, a judge issues an award to the claimant, the employer can be reimbursed.

Grave injury – see employer liability/grave injury

HP-1 – This form is filed by the doctor alleging a medical bill has not been paid timely or at all.

HP-2 – Health Provider Administration: Notice of Decision and Administrative Award under Section 13-4, 13-k, 13-I or 13-m. This form results from a doctor filing an HP-1 advising the WCB that their bill has not been paid or has not been paid timely. The carrier has the right to argue and present evidence that they have paid the bill. If they have not paid it, it is fined \$50 and directed to pay the bill plus interest.

IME – Independent Medical Examination

M & S Statement – this statement is usually given by an IME physician, and usually states that due to a prior injury, the current injury/condition is materially and substantially greater than it would have been “but for” the prior medical condition/injury.



MSA – Medicare set-aside – when settling a claim, provisions must also be made for ongoing care as Medicare has stated they will no longer pay for medical treatment for a work related injury after settlement.

MVA – motor vehicle accident

NCLT – no compensable lost time

NYSWCL – New York State Workers’ Compensation Law

NOD – Notice of Decision

OOW – out of work

PFME – prima facie medical evidence

PPD – permanent partial disability

RFA-1 – Claimant’s Request for Further Action – this form is filed by the claimant or the claimant’s attorney to request a hearing when they have an issue they believe needs to be addressed by a judge (such as wages not being paid or not being paid properly, authorization for treatment etc).

RTW – return to work

SFCC – Special Funds Conservation Committee

SIR – self insured retention – the deductible on a stop-loss policy

SLU – schedule loss of use

TPD – temporary partial disability

TTD – temporary total disability

WCB – New York State Workers’ Compensation Board

“ADMINISTRATIVE DECISION”:

Elite Contractors Trust of New York

Administrator: NCAComp, Inc.

FCS Administrators, Inc

Compensation Risk Managers

04/01/10 thru Present

09/01/08 to 3/31/10

08/27/99 to 08/31/08

Page 30



To provide a fair, timely, and efficient mechanism for processing uncontroverted claims involving minor injuries, uncontested issues within a claim, and certain penalties.

If the board determines that a case is suitable for administrative determination processing, a proposed decision shall be prepared and transmitted to the claimant, employer or its carrier, and any other party in interest. The proposed decision shall be dated the date it is transmitted. The parties shall also be informed of the date that the proposed decision becomes final, which shall be at least 30 days after the date it was transmitted by the board.

Any party in interest may object to the proposed decision within 30 days of the date the proposed decision is transmitted by the board. Any objection must state the reason for the objection and identify the issues to be resolved. If an objection is received by the Board within such 30-day period, the proposed decision will not be made final and the case will be scheduled for conciliation processing or a hearing before a Workers' Compensation Law Judge, or may be modified, as may be appropriate.

"STEP RESERVING":

This is the practice of setting reserves a little bit at a time rather than reserving for "the most probable outcome".

This is not an issue at the beginning of the claim as the adjuster may not have all the facts; therefore, will set a reserve for 6-12 weeks and once they have the medical reports they can set the reserve properly.

This practice becomes an issue when the facts are known and the adjuster still does not reserve for the most probable outcome. A common example of this would be having an employee with an injury such as a fracture of an arm or leg. This type of injury would almost always result in a schedule loss of use award (SLU). Step reserving would result if the Administrator set an indemnity reserve in this case for just 8 weeks of lost time rather than reserving the entire schedule loss of use award (a 10% SLU of an arm would be 31.2 weeks).

Elite Contractors Trust of New York

Administrator: NCAComp, Inc.

FCS Administrators, Inc

Compensation Risk Managers

04/01/10 thru Present

09/01/08 to 3/31/10

08/27/99 to 08/31/08

Page 31



Another example would be when an employee's injury is deemed permanent and classified by the WCB with a permanent partial disability. If the claimant indicates they have no interest in settling their case, then the adjuster should reserve the file for the life of the claimant.

"PROTRACTED HEALING":

Protracted temporary total disability in connection with permanent partial disability (in this instance this would refer to SLU). In the case of a temporary total disability and permanent partial disability both resulting from the same injury if the TTD continues for a longer period than the number of weeks set forth in the schedule, the period of TTD in excess of such number of weeks shall be added to the compensation period. Example: an injury to the arm is given 32 weeks to recuperate, if the number of TTD weeks is 40 then an additional 8 weeks is added to the SLU award, 10% SLU of the arm is 31.2 weeks + 8 weeks of protracted healing, the total award would be 39.2 weeks.

"STIPULATED AGREEMENT"

This form is most often used to close a case with a schedule loss of use percentage that has been agreed to by all parties. By using this form the closing of the file can be expedited and funds can be provided to the claimant quicker.

SECTION 14-6 – CONCURRENT WAGE REIMBURSEMENT"

NYSWCL provides that when an individual is concurrently employed and loses time and wages from both of said employments, that the individual is entitled to an increase in the average weekly wage that would equate to the total of all wages from all (covered) employments, from which he or she lost wages. Essentially, the Workers' Compensation insurance carrier is required to pay the additional lost wages pursuant to the total average weekly wage, and then seek reimbursement from Special Funds.

"Section 15-3(v)"

Elite Contractors Trust of New York

Administrator: NCAComp, Inc.

FCS Administrators, Inc

Compensation Risk Managers

04/01/10 thru Present

09/01/08 to 3/31/10

08/27/99 to 08/31/08

Page 32



Section 15-3(v) allows a claimant with a greater than 50% SLU of a major member i.e. hand, arm, leg or foot to continue to receive benefits until he is "entitled to receive social security old age benefits". The claimant must also be enrolled in a rehabilitation program or there must be a finding that rehabilitation is not feasible. The main issue is whether the claimant is entitled to continue to receive benefits until age 65, or whether payments could be suspended when the claimant first became eligible for social security old age benefits at a reduced rate at age 62.

"SECTION 25-a"

NYSWCL Section 25-a essentially provides that the Special Funds will undertake the administration and responsibility for the Workers' Compensation claims where

1. More than seven years has elapsed from the date of the injury or death and;
2. No more than three years have elapsed after the last payment of compensation, and;
3. In circumstances where the case has been "truly closed".



Underwriting Guidelines
ELITE CONTRACTORS TRUST OF NEW YORK
DECEMBER 1, 2003 – DECEMBER 1, 2004

Page 1 of 3

Underwriting Guidelines – You will underwrite your applicants according to the following criteria. We may change these guidelines from time to time. You will gather and retain the information required by the underwriting guidelines. No coverage will be bound on an applicant who doesn't meet our underwriting criteria. You will retain your underwriting file for not fewer than five years after the expiration date of this policy will make it available for our review at our request.

Additional Underwriting Restrictions – In addition to following our underwriting guidelines, you will also abide by the following restrictions:

1. If estimated premium for an applicant exceeds \$150,000, you must obtain our prior approval of the applicant.
2. If as to any applicant or member you wish to depart from our underwriting guidelines or restrictions, you must ask us in writing and receive our written approval before accepting the applicant or binding coverage for the member.

Loss Control/Safety Program – It is understood that prior to binding said fund, A loss control safety program will be developed and implemented for all members that has been approved by Midlands/Clarendon.

Underwriting Inspection – You will let us or our representative inspect and audit your underwriting records. Our determination of employee classifications shall be final. Our inspection will be conducted during your regular business hours.

Violations of Underwriting Criteria – If you accept an applicant or bind coverage for a member in violation of our underwriting guidelines or additional underwriting restrictions, we might cancel our policy with you. If you bind coverage for an applicant excluded by our underwriting guidelines without our prior approval, we will not reimburse you for losses you pay on behalf of that member.

Underwriting Guidelines
ELITE CONTRACTORS TRUST OF NEW YORK
DECEMBER 1, 2003 – DECEMBER 1, 2004

Page 2 of 3

NON-APPROVED class codes

You may **not** accept risks with known occupational disease exposures **including, but not limited to:**

- 59 Disease reporting class for abrasives or sandblasting
- 60 Disease reporting class for incidental foundries
- 65 Disease reporting class
- 66 Disease reporting class for incidental foundries – non ferrous
- 67 Disease reporting class for incidental iron
- 1164 Mining, not coal
- 1165 Mining, NOC – not coal – surface and drivers
- 1624 Quarry NOC & drivers
- 1710 Stone crushing & drivers – no quarrying
- 1741 Mica grinding & drivers
- 1803 Lithographing stone manufacturing – no quarrying & drivers
- 1809 Stonecutting or Polishing
- 1852 Asbestos goods manufacturing/cement or shingle manufacturing
- 3081 Foundry-Ferrous NOC
- 3082 Foundry-Steel Castings
- 3085 Foundry-Non Ferrous
- 3175 Heater & radiator manufacturing
- 4024 Refractory Products Mfg
- 5472 Asbestos contractor
- 5473 Asbestos contractor
- 5508 Street or road construction – rock excavation & drivers
- 6251 Tunneling – not pneumatic – all operations
- 6252 Shaft sinking – all operations
- 6260 Tunneling – pneumatic – all operations

You may **not** accept risk for accounts with classification codes with “D” & “E” designations, or Jones Act or other Federal Act exposures. USL&H, other than incidental defined as 10% of less of payroll exposure, is excluded under the Fund’s underwriting guidelines and as such, is also prohibited by Midlands/Clarendon.

The following types of businesses are also **excluded**:

1. All mining and/or quarrying operations.
2. Workers’ compensation as respects asbestos manufacturing, installation, distribution, transportation or removal.
3. Blasting or excavating operations over 25 feet in depth.
4. Wrecking/demolition of buildings/structures in excess of two stories
5. Railroads
6. Nursing Home and any related exposures
7. Stevedoring
8. Professional sports teams
9. Commercial airlines

Underwriting Guidelines
ELITE CONTRACTORS TRUST OF NEW YORK
DECEMBER 1, 2003 – DECEMBER 1, 2004

Page 3 of 3

10. Detective or patrol agencies
11. 24 hour convenience stores or liquor stores.
12. Tunnel or subway construction.
13. Construction and/or maintenance of cofferdams.
14. Nuclear Regulatory Commission projects and operations conducted under license from the Nuclear Regulatory Commission.
15. Work on navigation of any commercial vessel.
16. Marine wrecking, including repair, cleaning, or demolition of commercial vessels or barges.
17. Underground, offshore or submarine operations including underground mining.
18. Chemical/petrochemical manufacturers of highly toxic materials.
19. Employee Leasing/Temporary Agencies/Preferred Employer Organizations (PEO's).
20. Risks with lapse in coverage.

Prospects falling within the following guidelines must be submitted to Midlands as a referral for approval. Form for referrals is attached (Exhibit II).

1. All members or prospects with e-mods of 1.30 or greater must be submitted for referral.
2. Risks that do not meet foregoing criteria, but Underwriters feel worthy of consideration.
3. Risks with a loss ratio of greater than 75% when generated by more than a single loss.
4. Risks with a single loss of \$50,000 and greater.
5. Prospect has been cancelled or non-renewed by prior carrier for underwriting reasons. Risks being cancelled or non-renewed as a result of the company no longer offering that coverage are acceptable.
6. Insured has owned or leased aircraft exposure.
7. Risks with 5551-roofing: all kinds exposure
8. Risks with any kind of amusement park exposure.
9. Risks with exposure in Hazard Class IV.
10. USL&H exposure must be incidental and 10% or less of payroll on any member.
11. All members who sub over 50% of their work.
12. All members with more than 100 employees at any one location at any given time.

New business is acceptable; however, must be stringently underwritten. Principal must have at least five years of experience in the same industry.

Exhibit I lists all class codes that are currently approved. Please submit any risks that introduce new class codes on the attached form (Exhibit II)

All members must require and maintain current certificates of insurance on all subcontractors.

Date

Administrator or Board of Trustee
Self Insured Fund

Date

Charles Caldwell, President & CEO
Midlands Management Corporation

Underwriting Guidelines for Elite Contractors Trust of New York

The accounts' acceptability in the *Elite Contractors Trust of New York* is based on the following guidelines:

- 1) Minimum manual premium is \$5,000 providing that classifications are deemed acceptable per our profile guidelines
- 2) Acceptable Standard Industry Codes (SIC) are 15, 16, & 17. If the SIC Code is not one of the above, the account must be declined.
- 3) Acceptable Experience Modification Factor is 1.20. Any mod above 1.20 must be approved by Tom Spendley. Any experience mod over 1.30 must be approved by Re-Insurance Carrier.
- 4) Acceptable Classifications- Refer to Profile Sheet for Elite Contractors Trust
- 5) The following classifications are only acceptable if they are a secondary classification and they are not the predominant payroll:
 - a. 0042- Landscaping
 - b. 8232- Lumber Yard
 - c. 9026- Bldg. Operation/Commercial
- 6) The following classifications are automatic Declines if the predominant payroll is in this class:
 - a. 5547- Roofing- Built up- & Drivers
 - b. 5545- Roofing- NOC & Drivers
 - c. Demolition
 - d. Bridge Work
 - e. Blasting
 - f. Crane Operations or Services
 - g. Sub contracted work over 50% of their operations
- 7) The following Classifications **MUST** be sent to the Re-Insurance company for Approval:
 - a. Asbestos Contractors/Exposure
 - b. Boiler Installation, inspection, cleaning or repair
 - c. Cable Installation in conduits
 - d. Caisson, Cofferdam Work, Dam, Levee, Dike, Reservoir Water Revetment
 - e. Construction in Connection with Bridges, Tunnels, Elevated Streets or Highways
 - f. Construction of any major interstate, bridge, or highway work
 - g. Construction of Jetty or Breakwater
 - h. Cleaning or renovation outside surface of building
 - i. Contractors that sub out more than 50% of their operations

- j. Crane Service
 - k. Debris Removal
 - l. Dredging Contractors
 - m. Drilling Operations
 - n. Elevator or Escalator inspecting, installation, servicing or repair
 - o. Grading of Highways, Landfills or Detention Ponds
 - p. Hazardous Waste Clean-up
 - q. Heat Treating Contractors
 - r. Heavy Construction, large plant or refineries
 - s. High rise building construction
 - t. Insulation Contractors
 - u. Irrigation or drainage system construction
 - v. Iron or steel erection over two stores
 - w. Lead abatement
 - x. Longshoremen's and Harbor Workers Act, Maritime of Jones Act
 - y. Metal Erection- steel lock gates, gas holders, water towers ect.
 - z. Oil or Gas Wells cleaning, drilling, installation, recover of casing or service
 - aa. Oil still erection or repair
 - bb. Painting- exterior of buildings exceeding two stories in height, oil or gasoline tanks or ship hulls
 - cc. Pile driving
 - dd. Railroad construction
 - ee. Scaffolding contractor
 - ff. Septic tank cleaning, installation, service or repair
 - gg. Sewage disposal contractors
 - hh. Shaft Sinking
 - ii. Sign or billboard- erection, installation or repair
 - jj. Sign painting or lettering on buildings or structures
 - kk. Sludge Disposal Contractors
 - ll. Subway Construction
 - mm. Tank construction, installation, erection or repair
 - nn. Utilities or Utility Company
 - oo. Well water, gas or oil wells, drilling or installation
- 8) Any Classification that is not listed on the Profile Sheet must be referred to Tom Spendley for Approval.
- 9) Any account with a loss over \$50,000, a description must be obtained from the Agent
- 10) An account with 2 losses where the Total Incurred is over \$150,000 per claim, will be automatically **declined**

Elite Contractors Trust of New York
Board of Trustees' Term Information and Meeting Statistics

Trustee Name and Company	Trustee Term*	Based only on Board of Trustee meeting minutes obtained by L&M	
		Number of documented Trustee meetings held during individual's term	Number of Trustee meetings attended during term**
A. Eugene Clarke, Chairman*** Hudson Valley Heating Co., Inc. Group Member: 9/1/99 - 3/31/08	9/1/99 - 8/25/09 or later****	12	12
B. David Derkovitz Utility Services Contracting, Inc. Group Member: 9/1/99 - 8/4/00 5/4/01 - 10/10/03	5/4/01 - 11/8/04	4	3
C. Patrick Murphy Sucato Builders, Inc. Group Member: 1/1/00 - 3/31/08	1/1/00 - 8/25/09 or later****	12	9
D. William Pittinger All Suffolk Plumbing, Inc. Group Member: 9/1/99 - 3/31/08	9/1/99 - 8/25/09 or later****	12	10
E. Robert Williams, Chairman*** R.W. Painting, Inc. Group Member: 8/27/99 - 3/31/08	8/27/99 - 2/19/08	12	4
F. Joseph Wilson D. Wilson Electric, Inc. Group Member: 12/11/99 - 3/31/08	12/11/99 - 8/25/09 or later****	12	11

Notes:

General Comment - The information we obtained to prepare this document was often incomplete and/or contained conflicting data. Despite the above, we believe the schedule can be considered a reasonably accurate depiction of the terms and meeting statistics of the Trust's Trustees.

* Information provided to us by the WCB for the purpose of determining the commencement dates for the majority of the trustee's terms was incomplete. As a result, L&M assumed that certain of the Trustees began their terms at or near the time their Company joined ELITE.

** Includes attendance at conference call and meetings attended by other representatives from the Trustee member company on behalf of the named Trustee.

*** We believe Robert Williams was Chairman of the Board of Trustees at the inception of the Trust, as he not only executed the Trust document and Service Agreement on behalf of the ELITE, but also signed the first Trust document amendment dated October 7, 1999 on which he was named as Chairman. The exact date Eugene Clarke became Chairman is unclear; however, we believe it was on or before January 1, 2002 when the second Trust document amendment was signed by him as Chairman.

**** Based on information obtained, Trustee was still active on this date. It is unclear how long after this date Trustee remained active, with the latest possible date being April 1, 2010 (date WCB assumed control of ELITE's operations).

Elite Contractors Trust of New York (ECTNY)
Board Meeting Minutes
June 4, 2002
CRM Headquarters
Poughkeepsie, NY

In Attendance:

Compensation Risk Managers, LLC

Dan Hickey, Jr.

Tom Spendley

Chet Walczyk

Adam Strong

David Birsner

Dawn Stewart

Lou Viglotti

Hudson Valley Heating & Cooling

Eugene Clarke

Sucato Builders, Inc.

Patrick Murphy

All Suffolk Plumbing, Inc.

William Pittinger

Utility Service Contractors, Inc.

David Derkovitz

D. Wilson Electric

Joseph Wilson

Ralph J. Vanner & Associates

Tom Vanner

Brad Hall

Binders containing the following were handed to each attendee:

Board Meeting Agenda
 Board Meeting Attendees
 Board Member List
 Trust Member List
 CRM Department Directory
 CRM Organization Chart
 Minutes from the Las Board Meeting
 Trust Profile
 Manual Premium Report
 Certified Audit & Actuarial Study
 Quarterly Financials & Loss Run
 Loss Analysis & Report Cards
 Claims Services

CRM Update:

- Lou Viglotti was hired full time at CRM as Corporate Council.
- CRM is allocating more resources than any other in the industry
- We are focused on claims services, loss control and underwriting
- Expanding our product portfolio
- Hired a full time accountant who will prepare financial statements for each trust
- Using Urbach Kahn and Price Waterhouse
- Extending into the lower level of building
- Reinsurance – Clariden is the only carrier willing to write this trust
- No blanket discounts

Regulatory update:

- State Senate/Assemble have made new laws which have made a more level playing field for insurance vs. self-insurance
- Can not pay as you go anymore – CRM trusts never had a pay as you go mentality
- Accounts Receivables can not be used as an asset
- Underfunded does not mean trust is bad ... the remedy is to shut down the trust and not allow any new members
- 2nd week of May CRM met with WC Board
 - they will not send letters to members first well trust is deemed underfunded
 - the board will contact the administrator first if trust is underfunded
- About 50 trusts are now being reviewed by WC Board
- Regulations allow for Investment
 - Getting under 2% now
 - Looking into investing in Bonds
 - Hope to triple interest income

Financials:

- The trust agreement states investments may only be made in treasury CD's
 - This needs to be amended
- Key and Deutch Banks are drawing up proposals
- Balance Sheet
 - Over 90% converted to cash
 - 10% due to redone audits
- Choice Point (new audit firm) – Sept 1 send audit to auditor so by Oct 1 the audit is sent out

Claims Review:

- Top 100 program
- CRM claims adjuster case load caps at 125 (industry standard is 250 cases)
- Charlie Scott was hired as Account Coordinator from Liberty Mutual
- PPO Program
 - Wiring money into account in 48 hours
 - Claims reported in 4 days or less of accident cost 15% less than claims reported after 4 days
 - 3 different PPO programs to choose from – need to sign affirmation
 - direct care for first 30 days
 - Need to sign affirmation – it won't commit you to program
- Planning claims seminars
 - To be held statewide
 - Invite all customers

Closing:

- Outside accounting firm will be present at next meeting
- Actuarial company will be at next meeting
- The next meeting will be held in early December (5th?) at the Marriott Marquis, New York, NY

**Elite Contractors Trust of New York (ECTNY)
Board Meeting Minutes
December 5, 2002
The Marriott Marquis
New York, NY**

In Attendance:

Compensation Risk Managers, LLC

Daniel G. Hickey, Jr.

Marty Rakoff

Chet Walczyk

David Birsner

Adam Strong

Dawn Stewart

Hudson Valley Heating & Cooling

Eugene Clarke

Sucato Builders, Inc.

Patrick Murphy

All Suffolk Plumbing, Inc.

William Pittenger

Utility Service Contractors, Inc.

David Derkovitz

D. Wilson Electric

Joseph Wilson

Ralph J. Vanner & Associates

Tom Vanner

Ralph Vanner, Jr.

Binders containing the following were handed to each Attendee:

- Board Meeting Agenda
- Board Meeting Attendees List
- Board Member List
- Trust Member List
- CRM Department Directory
- CRM Organizational Chart
- Minutes from Last Board Meeting
- Trust Profile
- Manual Premium Report
- Certified Audit & Actuarial Study
- Check Registers, Bank Statements & Loss Runs
- Check Registers (4/1/02-9/30/02) & Loss Runs (8/27/99-10/1/02)
- Loss Analysis & Report Cards
- Claims Services

Claims Overview:

- Discussed PPO, E-Biz, Wire transfer money within 48 hours
- Planning of Claims Seminars
- Open vs. Closed Claims
 - Measure reserves by how losses trend
 - Claims Summary Reports
 - Adam Strong will ask Charlie Scott to mail directly to Board Members
- Top 100 Program
 - Look at top 100 cases
 - Almost all have closed at or below the state reserve

Loss Control Overview:

- Performing Well
- Fall activity is driving the severity & percentage points
- Send a CD regarding safety out to all members
- Send sample CD how to navigate the loss control website's highlights of the services.
- Pat Murphy pointed out there had been no inspection for a year
 - Chet Walczyk will follow up with him on this
- Will mail out accurate report to board members in a week
- Chet Walczyk will present a free training regionally
- Smaller contractors are written at 6%
 - Loss experiences on these accounts are great
 - Very concerned that exposure listed by broker is accurate
 - Script for underwriting department
 - To identify what is done and recorded
 - If Chet sees something funny on this report:

1. A loss control representative will go out to account
 2. Will hire outside representative for \$65 to check site
 3. All small contractors will be contacted and inspected in approximately 45 days
- Trust average is 3.25 ... would like it to be at 3.5

Financials:

- Trust is fully funded
- Page 3 of Annual Report
 - Trust to equity ratio of 75% when backed up
- Collected all money for 2001
- 2002 Statement did not include audits on financial statements so wouldn't be taxed on it this year
- 1.4 million still collectable based on audits
- 107% funded – trust to equity ration is 107%
- May want to use 25% for investments
 - Will be speaking with Joe Taylor on this
- ECTNY is the strongest program based on financials
- 90% is acceptable to Workers' Compensation Board for trust to equity ratio
- 707,000 of taxes paid probably could have been written off
 - Workers' Compensation Board did not tell us until after GISANY meeting
 - We will probably refile
 - Any questions regarding this can be directed to Joe Taylor, full time CPA
- Joe Taylor is doing statements monthly
- Semi-annual report with actuarial study to be sent to board members
- Board will know at 6 months where we are headed
 - See where financials are moving
- 70 trusts in New York are all for "Why do we pay Taxes?"
- Can not have two sets of financial statements
- Have to pay tax on dividend if not distributed in 90 days
 - If it is put down as a dividend and not distributed – it will be taken off the balance sheet
 - If file for non-profit
 - The IRS reserved the right for five (5) years to go back and look at books and charge tax on it
 - Decided not non-profit
- At renewal trustees will get discount based on loss ratio and then we plan to an additional group discount at 4/1/02 renewal period to account for the money\
- Reviewed pages 16 & 17 of financials
 - Most members didn't get an increase because of small accounts that are written at 6% brought the average discount down
- Fee basis – 40 million
 - Getting fee based on all 8 of our accounts
- Handed out the annual report to Board members

- Most premiums haven't increased when in the insurance industry premiums are up 200 – 300%
- Renewed every member except the 6 we cancelled
- Gave all board members time line book
 - Summarized time line - Initial reasons why underfunded
 - Believed we secured bond with 600,000 of trust assets and freezing them
 - All accounts receivable off (not collected in 90 days)
 - Liabilities – 50% development
- Need to use different development factors for homogeneous trusts
- August 2, 2002 Milliman agreed with SG Risk
 - On 7/16/02 – collected all receivables
 - Using their math we had an \$800,000 surplus for the August 2 meeting
 - They said, “We don't made mid year adjustments”
- No restrictions on new business
 - As soon as we provide financial statement for 2002 and funded, then we get green light
 - Howard Mierek told them it is ridiculous
 - We drafted a revised MOU and gave it to them on Friday, then on Monday they gave us a worse MOU
- Tom Vanner spoke
 - Tom Reynolds – Congress – called Bob and got a meeting with him
 - We are hoping Bob will see the inconsistency, the unfairness and see the five (5) day deadline he made has not been met. It has been thirty (30) days. Five (5) days final determination
 - We don't want to cut us off from Bob if we put Pataki on him
 - PWC said papers in perfect order
 - Liberty Mutual took 22 million from them
 - Letter faxed to the Board members
 - Sent to us three (3) days later
 - Characterized our failure rate at 50%, when in fact our failure rate was 10% (applications with mistakes)
 - Renewed at 15%
 - It should have been 25%
 - Funded 2.2 million that didn't have to
 - Every member should get the annual report
 - Will forward annual report at Boards request. All participants in trust entitled to it
 - Reinsurance – maintained cost
 - Clarendon – new insurance agent
 - Hope terrorism bill will give some relief to the reinsurance problems
 - ACE and Argonot – excess insurance writers
 - Eric Egeland
 - Reinsurance
 - Multi-line program

Next Board Meeting Date:

- The Brock Hotel
- May 14, 2003

**Elite Contractors Trust of New York
Board Meeting Minutes
December 4, 2003
Marriott Marquis
New York, NY**

RECEIVED
WORKERS' COMPENSATION BOARD
JAN 31 2005
SELF INSURANCE OFFICE

In Attendance:

Compensation Risk Managers, LLC.

Dan Hickey
Tom Spendley
Adam Strong
Dawn Stewart
Chet Walczyk
Joseph Taylor
Dave Birsner
Louis Viglotti

D. Wilson Electric

Joseph Wilson

Sucato Builders

Patrick Murphy

Hudson Valley Heating & Cooling

Eugene Clark

All Suffolk Plumbing, Inc.

William Pittinger

R.W. Painting, Inc.

Robert Williams

Ralph J. Vanner & Associates

Tom Vanner
Ralph Vanner Jr.

Binders containing the following were delivered via UPS to each Attendee:

Board Meeting Agenda
May 14, 2003 board meeting minutes
Sell sheet
Trust profile
Contractors Comparison mass mailing sample
Crisis mass mailing sample
Nov. 19, 2003 letter from Joe Taylor

Financials and Loss Runs
 Manual Premium Report
 Accounts Receivable Report
 Loss Analysis and Report Card
 Claims Overview
 Meeting Attendee List
 Board Members and Managing General Agent List
 CRM Department Directory
 CRM Organizational Chart
 Trust Member List

ECTNY FULLY FUNDED

- Builders Trust just adjusted all rates to manual rate because of upcoming review
- Discussion of the impact of bad trusts & the effect it will have on trusts in general
- * • We are missing the boat on larger risks because we do not cap payroll
 - Not getting spread
 - Not competitive enough downstate
- We are exploring if it is practical for us to change funding practices and rating mechanisms
- * • Capping payroll can be done on case by case basis
- Marketing Review
 - Telemarketing
 - Trade Shows
 - Insurance Advocate
- Review quick Fact Sheet
- Chet conducted a phone audit to scrub the business

Reinsurance

- The rating of excess insurance companies is reflective of their surplus
 - NYMAGIC is Category 10 –They are in the \$150 - \$250 million surplus range
 - Clarendon is Category 11
- We moved the excess insurance from Midwest to NYMAGIC/Clarendon
- Mid West Employers was not looking to take on more exposure during this hard market
- Clarendon
 - Stat coverage now with a company with unlimited capacity
- First \$500,000 of a claim is bourn by the trust, the next \$500,000 is a 50/50 split between CRM & NYMAGIC
- Stat excess of 1million is with Clarendon

Finance

- Must use NYS development factors in how we calculate actuarial reserve
 - Then use midpoint of range of reserves
 - 13.5 is high end of the actuarial range
 - Using the most conservative loss estimate allowed it generates 1 million loss for the year
 - This is done intentionally to recoup taxes paid
 - 10.3 to 13.5 are the actuarial ranges
 - If 10.3 is the number chosen the trust will show income of 2 million and pay taxes of \$800,000
 - Board to determine reserve number
- The auditors will finish up this month (Urbach Kahn)
- Deadline for filing is the end of January
- We will distribute financial statements on quarterly basis
- We will get back to members on discounts
- We plan to run the trust at a break even basis
- The board approves Joe Taylor's methodology of keeping tax liability down by using the high end of the actuarial range
- Waiting for a judgment for \$170,000 on Dec. 15
- Active on outstanding accounts
- Uncollectible running at or below 1% receivables
-

Underwriting review

- We have been selective in picking members which has resulted in keeping losses down
- We are starting to get aggressive on larger accounts
- We are calling our brokers to find out what we need to do to write large accounts
- We have reduced the number of smaller accounts coming in

Claims

- There are four bad losses
- Precision Carpentry of Westchester
 - Fell through open unguarded shaft
 - Controverting claim
 - I-B exposure
- Mohawk Constructors
 - Employee had a heart attack
 - Fatality
 - 3-4 year exposure
- Going forward you will be updated on all significant claims
- Adam is working on trust amendment regarding illegal aliens

RRG

- Risk Retention Group : Per Lou Viglotti
2/2/05 1:00 PM

A self-insured general liability company. This was a discussion of whether the Trust could get gen. liability through RRG. Trustees concluded this is not worth pursuing.

- RRG
 - Federally regulated
 - Mini insurance company
 - It can be run as a mutual or stock company – depending on which direction chosen we would need either collateral and capital
 - Initial funding is 25% of developed rate
- Getting started
 - 5 Years historical data on General Liability to determine initial feasibility
 - 3-6 month process to start which would include data collection, actuarial study and submission to market place
- We want to keep the RRG homogeneous
- We can write policies in any state
- Initial expansion could include NJ and CT

Loss Control

- Fall from heights is a major cause of injuries, not from ladders
 - Primarily unguarded floor openings
- We have a handle on housekeeping
- Loss activity is relatively stable
- Strains and sprains claims showing a positive trend

Next Board Meeting

June 2-3

**Elite Contractors Trust of New York
Board Meeting Minutes
June 2, 2004
Sheraton on the Falls
Niagara Falls, Ontario, Canada**

RECEIVED
WORKERS' COMPENSATION BOARD
JAN 31 2005
SELF INSURANCE OFFICE

In Attendance:

Dan Hickey Jr.	CRM – President
Tom Spendley	CRM – Sr. VP of Underwriting
Chet Walczyk	CRM – Sr. VP of Risk Management/ Loss Control
David Birsner	CRM – VP of Sales
Dawn Stewart	CRM – Director of Marketing
Jim Miller	CRM – VP Controller
Lou Viglotti	CRM – General Counsel
Sean McDonnell	CRM – Regional Sales Manager
Eugene Clark	Hudson Valley Heating
Patrick Murphy	Sucato Builders, Inc.
William Pittinger	All Suffolk Plumbing, Inc.
David Derkovitz	Derkovitz Enterprises
Joe Wilson	D. Wilson Electric
Tom Vanner	Ralph J. Vanner & Associates
Ralph Vanner, Jr.	Ralph J. Vanner & Associates
Ben DeLorenzo	Victory Capital

Binders containing the following were delivered via UPS to each Attendee:

Board Meeting Agenda
December 4, 2003 board meeting minutes
Trust Profile
Marketing Materials
Financial Letter from Joe Taylor
Financials 11/03-03/04
Loss Runs
Manual Premium Report (5/06/04)
Accounts Receivable Report (5/25/04)
Loss Analysis Charts
(Report card handed out at meeting)
Claims Information
Board Meeting Attendees
Board Members List
Trust Member List
CRM Organizational Chart

Victory Capital

- 08/02- first started investing ECTNY money
- Investing Co. handling bonds
 - Agencies
 - Government
 - US Treasuries
 - 25% non-government investors
- Keeping it conservative
- Triple B Bonds are doing well but we cannot invest there
- Giving back all gains in month of April
- Some other trusts have gotten approval from the board to invest 40% of non government investments
- * • Allowed by State
 - 25% in corporate bonds
 - 25% in equity
- The trust has two million in surplus and the board needs to decide where to invest it
- The finance dept will check from a regulatory standpoint to see if they will allow the trust to increase corporate bonds to 40%
- We would like a proposal from Victory Capital

Marketing

- On bigger accounts we are showing a 6-8% savings. They won't move for that.
- * • We are not sure if the large accounts are what we want to go for. If we cap payroll, we lose premiums with higher exposure
- We have scrubbed the books and got rid of the bad business
- The rating bureau has recommended a 29% rate increase
- This group is profitable
- The CRM Marketing budget is just about 400,000
- We conducted focus groups to find out what the market place needs
- * • \$750 is the payroll cap *
- CRM hired Bob Snashall as a consultant, he is the former NYSWCB Chairman
- We plan to inform the marketplace with the funding status of ECTNY and hype that we have been through the level II audit

Financial Review

- The Trust is trending favorably
- We pay tax on portfolio profits
- The Trust Equity Ratio is 103% up from 97%
- There are no uncollected receivables
- There is a tax refund receivable of \$264,000

- We are going to try to run the trust at a break even point so as to not have to pay out taxes
- Using 2003 NYS development factors (they are higher than 2002) and we are still at a 103% Trust Equity Ratio
- Level II audit has been completed and the trust is funded
- First Cardinal trusts have never had a level II audit
- We can't develop away the losses any higher than we are. The program will need to claim a dividend
- We are using the top of the actuarial range and the program is still at a 103% Trust Equity Ratio
- We need to get tax advice on the dividend
- No member will lose their equity position in the program
- There should be \$2MM in surplus to invest
- Pat will meet with Joe and Jimmy and we will send a recommendation to the board RE: the \$2MM in surplus
- The trust may want to look at Wachovia for investment purposes
- Small profit of \$9,000 showing

Reinsurance

- There was a reduction in the rate of 9-10% from the year before
- Employers liability is at \$2MM
- We want to get it back up to \$5MM
- It may be costly for this group
- It will cost 2-3% of manual premium on a stand alone basis
- If we can put all groups together we may get it at ¾%
- We have never paid an employers liability claim
- From marketing standpoint the higher EL is better

Underwriting Review

- The underwriting department did a loss analysis on accounts under \$10,000
 - The loss ratio is less than ½ of 1%
 - Only 15 of the 192 accounts have had a loss
- This is a \$26MM dollar group with good loss experience
- All accounts must adhere to audit guidelines and if they don't, they're out
- We are getting aggressive with our underwriting practices
- As of 4/1/03 we cancelled 60 accounts
- This renewal we cancelled 40 accounts
- Based on audits we cancelled 15 accounts
- The loss experience of the trust is getting better every year
- There are \$1.7MM in receivables - \$600,000 is due to audit premium.
- When we bill an audit it is automatically put in the 90 day column of the A/R report

- Half of the non renewal makes up 99.5% of the over 90 day column in the A/R report
- Overall the A/R report looks very solid
- We will continue to aggressively collect receivables
- Bad debts are minimal

State Fund Payroll Limitation Program

- Down to \$750 per week
- There are 3 different rating territories (territorial differentials)
 - Downstate: 40% - includes Dutchess
 - Midstate: 30%
 - Upstate: 20%
- CRM is trying to devise a plan to be competitive with this program and still maintain our underwriting integrity
- We will use a payroll limitation credit – this will be simpler than the state fund program

Proposed ECTNY Payroll Limitation Credit Program

- Simplify record keeping for employers
- We won't increase audit costs
- Calculation
 - Account must provide us with most recent audit and determine average weekly wage
- If the average weekly wage is over \$1250 we would consider it for the payroll limitation program
- We will manage this program on an account by account basis
- We are informing our brokers of this program

Loss Control

- Frequency and severity is lagging manual premium growth by 30%
- 476 service visits were completed
- 430 visits were made to job sites
- A new consultant was hired in May
 - Lives in Brooklyn
 - He has a lot of construction background
- We will continue to conduct phone surveys
- We would like the program to run at the 3.5 range (loss control report card score)
- The 3.1 range is driven by the smaller contractors
- We have an informal but adequate safety program for smaller accounts

Claims Review

- Review of claims summary reports
- Active Glass Corporation
 - One time in and out repair & needed an extension ladder
 - Mental disorder incurred
 - We may be able to get a recovery
- We have a dedicated employee in claims to work on all recoveries
- Post Traumatic Stress Disorder is being used more
- Mantova Contracting
 - Painter fell from ladder
- Toquir Contracting
 - 240-241 case
 - Fall from scaffolding
 - A year and a half old claim
 - We have a strong fraud case on individual
 - Have video on him
- Planned System Integration
 - Back strain
- DFP Roofing
 - Is gone now
- Rite-Way Internal Removal
 - Recovery potential
 - \$532,000 incurred
 - PPD classification
- Professional Waterproofing and Renovating
 - Actively seeking third party action
 - Fell through roof while working
 - Fatality – \$72,500
 - Co-worker – \$272,000
- Excess Carrier Clarendon
 - Underwriting, Claims and Loss Control audit was done and was very successful

Next Meeting Date:

December 2nd @ the Plaza

Formal Election of another successful term

Lou will put together a memo and wants to finalize it

Joes motioned to adjourn

All in favor

**ELITE CONTRACTORS TRUST OF NEW YORK (ECTNY)
BOARD OF DIRECTOR MEETING
The Plaza Hotel
December 2, 2004**

In attendance:

Compensation Risk Managers

Dan Hickey Jr.

Chet Walczyk

Joe Taylor

Dave Birsner

Adam Strong

Tom Spendley

Dawn Stewart

R.W. Painting, Inc.

Bob Williams

D. Wilson Electric

Joseph Wilson

Sucato Builders, Inc.

Patrick Murphy

Hudson Valley Heating & Cooling

Eugene Clarke

Ralph J. Vanner & Associates

Tom Vanner

Brad Hall

Bill Quinn

- Welcoming of everyone to the meeting
- Introduction of Bill Quinn to Board Members
 - Just joined Ralph J. Vanner Insurance as a partner
 - Used to work at Lawley Services in Buffalo
 - 15 years experience in construction
- Pat Murphy motioned to call the meeting to order
- Bob Williams seconded
- All in favor

Review Minutes:

- Pat Murphy moved to approve minutes from last meeting
- Bob Williams seconded
- All in favor

Marketing Review

- GAAP assets need to exceed liabilities
- We can only use cash and cash equivalents to calculate Trust Equity Ratio (TER)
- The comp rates are not adequate in New York
- In California the rates are at least double what they are in New York
- The benefit level is going up (essentially a done deal)
 - Benefit level is low in New York compared to other states
- We believe the most significant thing going forward is that rates will increase drastically
- However, our program should remain constant with the relationships between costs and benefits
- We believe this program will not see the spike that other markets probably will
- Regulations may get tighter on trusts
- Tom Vanner believes the biggest competitor for our trusts is other trusts
- Danny believes in downstate our major competition is safety groups and they are competitive
- We need to manage our balance sheet
- We are selling our financial statements when we are marketing the program
- Dividend distribution is at the discretion of the board
- Pat's point is we do not have to be the most conservative all the time because we can fund accurately for the coming years
- The Underwriting Department is looking at each account and making sure mod and discount relate
- All accounts are underwritten to bring profitability into the program
- We submitted a new ad to run in the PIA and Insurance Advocate which featured ECTNY and all the good news surrounding it
- We also sent out a press release featuring it's no funding issues classification and other good news and benefits of the program

- A mass e-mailing was sent to all brokers detailing the contents of the press release
- The website has been redone

Investment Review

- Bill Rae & John Miller- Smith Barney
 - They just met with the finance committee in August
 - Handed out report
- Atlanta Sosnoff has over \$3 million dollars in account
- Nokia was a blunder
 - Interest sensitive securities
 - But reshuffled the decks and raised money
 - Has only happened three times in the last 15 years
 - Bill Rae believes they are still our groups
 - August - 13% cash Spread 4.62-12.51
 - September- 7th cash Spread 6.90-12.60
 - October- 6% cash Spread 7.13-13.08
 - November- 2% cash Spread 10.33-15.60
 - Bill is optimistic the gap is closing between them and the S&P
 - The stock jumped \$50-60,000 dollars in 2 days
 - In four months changed the gap from 8 to 5
- Kayne Anderson - Mid; small cap stocks
 - Opened in October
 - Invested \$500,000 and in a little over a month \$540,864
 - More aggressive than IBM but they only buy stock with a S & P rating of A or better
 - The two portfolios give the program diversification
 - The 25% in equities can only be in US companies but Joe Taylor will double check it
 - Bill still likes the management companies we are with
 - Kayne is closed now, we can add new money but someone off the street can not use them as a manager anymore
 - What is the outlook for healthcare?
 - They are very particular in what part of healthcare they are in
 - Huge into nursing homes
 - Does not think they have a lot of pharmaceuticals
 - 21.8% of portfolio is in healthcare
- Dave Locke - Wachovia
 - Portfolio is 60% invested
 - Rates are trending higher and fed fund is rising
 - Fed funds wants to protect principal
- Week dollar- trend not slowing down
- Will probably see a rally in the dollar short term
- Weigh portfolio on economy and inflation pressure
- In the past fed funds are 1.5% - 2.0% points ahead of CPI
- The Fed is playing catch up to keep up with the economy

- We are being defensive- we are picking our spots
 - United States government securities only
 - Will go up in a function of time
- \$1.5 million invested with Wachovia
- \$3.8 million invested with Smith Barney
 - Equities are up 9.9%
 - On an average there is 6.5% invested
 - There may be another \$1.5 million to invest – have to wait until we see what the reinsurance bills are
- We can invest up to \$1.5 million dollars in equities
- We can not go greater than 25% equity investments – this is mandated by NYSWCB
- If rates go up, bond prices come down

Financial Review

- As of December 31, 2004 the WCB will require all programs to be at a 100% TER
- We are trying to pay a dividend but still leave enough reserves to account for adverse losses
- We are at the high end of the actuarial range
- If we use a number below the midpoint of the actuarial range the WCB will look closely at our financials and they do not look upon that favorably
- There we be an excess of \$1 million after we pay out the dividend, that will cover us if next years reserves go up
- If we pay out the dividend, the program will only pay taxes on \$44,000, if we do not declare a dividend we will have to pay taxes on the surplus
- Two options
 1. Handing out checks- member can take checks and leave the program
 2. Discounts – will be separate line items on quote
- Joe Wilson suggested sending a letter out asking members if they want a check or would they like it applied to their down payment next year
- Gene Clark made a motion to make dividend date as of March 31 for active members
 - Pat Murphy seconded
 - All in favor
- Resolution to follow - \$2.5 million dividend
 - Dividend will be 10-11% of this year's premium for members that have been in the program from day one
- The Dividend letter should include
 - Asking member if they would like a check or a credit towards their 4/1/05 – 4/1/06 premium
 - Checks will be mailed to broker for distribution
 - The specific amount of the dividend to be distributed to the member

- If no response is received within 45 days the amount will automatically be applied to their next bill
- A post card should be included so the member can check a box and send in.
- All member responses must be in writing
- Send letter out asking member if they want a check or a credit towards April 1, 2006 premium
- Checks will be mailed to broker for distribution
- Amount received should be in letter
- Pat and Gene to meet with Joe to invest the \$1.5 million
- We are still working on the GL program data
- Data from Vanners is just about all put together, shooting for April 1, 2004

Accounts Receivable

- No problems
- Some members have not been agreeable to let auditors in the front door
 - We send out a bill to get 50% of premiums up front
 - Second non productive audit we will cancel them
- 40 accounts were cancelled because of non productive audits (most were smaller accounts)
- 5-10 came back and the rest stayed out
- If audit shows zero premium we cancel it
- The small accounts have been profitable

Claims:

- Resolution discussed:
 - We must pay out claims on illegal aliens
 - Adam passed out resolution and board members signed
- We convicted a claimant of fraud
 - He was convicted and has 5 years probation
 - Has to pay over \$11,000 in restitution

Underwriting

- 180 accounts looked at and we wrote 102
- We are still struggling in the capping payroll market

Reinsurance

- December 1st is the renewal date for reinsurance
- We will put it out to bid this year
- We went with Clarendon and NYMAGIC for stat x of 1mm

- It did cost 21% of manual premium but this year it came in at 20.4%
- The reinsurace costs are down, and that is based a lot on good experience
- Most companies declined to bid
- Some wanted to bid on it in pieces
- The board should consider if we need to keep the aggregate coverage
- The board may want to consider self funding the trust with the surplus
- From a competitive stand point we need to increase EL limit to \$5 million
- Excess renewed
 - Cost reductions
 - No reduction in benefit level
 - Put out to competitive bid

Loss Control:

- New literature will be sent out- quarterly newsletter
- More safety topics will be posted on the website
 - Now have 270 topics
- Negative trends are improving
- Pleased with progress of the group
- The Board is satisfied with service

NEXT MEETING DATE:

June 8th – 9th – Golf at New Casino

- Joe Wilson motioned to adjourn
- Gene Clark seconded
- All in favor

**ELITE CONTRACTORS TRUST OF NEW YORK (ECTNY)
BOARD OF DIRECTOR MEETING
The Renaissance Hotel
June 8, 2005**

In attendance:

Compensation Risk Managers

Dan Hickey Jr.

Chet Walczyk

Jim Miller

Dave Birsner

Dawn Stewart

John Hoesterman

Sean McDonnell

D. Wilson Electric

Joseph Wilson

All Suffolk Plumbing, Inc.

Bill Pittinger

Hudson Valley Heating & Cooling

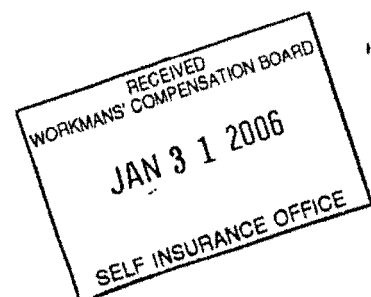
Eugene Clarke

Ralph J. Vanner & Associates

Tom Vanner

Ralph Vanner

Bill Quinn



Gene calls the meeting to order
 Joe Wilson seconded
 All in favor – yes

John Hoesterman
 New to CRM since September of 2004
 Handling Loss Control for New York
 Director of Risk Management/Loss Control

Joe Wilson waive reading the minutes from last meeting
 Gene seconded
 All in favor – yes

Financial Review:

- John DuBois new to CRM
- You will see him at the December meeting
- Manager of Financial reporting
- First 6 months running very well
- Balance Sheet
- Trust Equity Ratio at 102% after dividend distribution
- Made a profit of \$88,000
- We try to minimize profits by boosting up reserves
- Reply back in March from comp board they adjusted our ratio down to 95%
 - The board asked how does it affect the dividend distribution
 - It does not effect it
 - Joe Taylor disputed letter from the board
 - Joe Taylor will follow up with a detailed explanation
- We register the financial committee meetings that Pat attends as board meetings
- Booked \$10MM of development on top of the \$5MM of case reserves
- We used slightly above the mid point of the actuarial range
- We are using the NYS development factors
- Utilizing section 32 to close claims
- 298% case reserves
- If the 16.9% rate increase comes in that will be quite favorable for the program
 - The trust may not have to take that full rate increase
- First Cardinal offers a \$5MM Employers Liability Limit
- The trust offers a \$2MM EL limit
- The trust has a lower attachment point on the aggregate which means the excess kicks in quicker
- R.J. suggests we raise our EL limit to \$5MM
- Competitors are pointing out that we only have a \$2mm limit

- Vanners have been in discussions with AIG to put their umbrella over \$5mm
- 4-5% of premium to increase that limit
- Danny will get better pricing to the board members
- Trying to get AIG to keep it
- Clarendon might agree to do it if we put it on a few other programs
- The trust has not had a claim come close
- The trust has lost the ability to attract new members because we don't have it
- TGH and Gallagher Intermediaries are shopping it for us
- Issued a \$2.5MM dividend to the members
- Do you want the back up for all bank statements or do you want the most recent but the rest will be available upon request
- Board agrees that CRM will just put the most recent month bank statements in the book

Sales/Marketing and Underwriting Review:

- Weighted average discount is 14.6%
- 889 members
- \$29MM of contribution
- Goal is to get the program is to \$40MM
- Would like to see the trust in '05 to see an increase in membership
- On large accounts doing the pre - engineering
- We are non -renewing accounts that are not performing well
- We are pretty close to being able to offer the GL
- At \$10mm of data premium
- NYMAGIC is to look at this, "A" rated and can write in all states
- All of Chet's people are multi lined trained
- Underwriters are as well
- CRM has the rating systems and policy issuance systems
- GAAP collateral
- Do you need to name the GC and the owner and the property address on the GL asked Dan - board answered yes
- We are trying to offer a product that differentiates us from the competitors
- We have disclosed our reinsurance to all boards before it was placed and our involvement in it
- Tom Vanner asked the board members to let people know about the dividend checks they received
- We are rebranding CRM and all our materials
- New sell sheet is in your board book
- We have created seals for all of our programs
- CRM has placed an ad in the Constructioneer which is a trade publication for contractors

- It was in the May issue and will also be placed in the June issue
- Also in the book are the new general CRM ads that are running in the Insurance Advocate and the PIA magazines which are Insurance trade publications
- We are also offering co-op advertising options to our brokers where we will pay for the creative, research of marketing outlets and the brokers will pay for ad placement and mailing lists
- We are also continually sending press releases out to get more exposure for CRM and our programs
- We are continually updating our website with new materials for our members to use and marketing materials and sales tools for our brokers
- Insurance advocate used to print and take pictures of the person who received the largest dividend and take pictures of it and do a story on it
- Also going to print up a large check and get a picture of the board members with the oversized dividend check

Loss Control Review:

- 4/1/04 – 3/31/05
- 9/17/04 – Met Museum- fell through skylight - \$508,000 on the reserve for this claim
- May be an option for recovery
- Valued at \$860,000
- Ergonomic risk factors dominant
- 3 fatality claims R.W. Painting – Heart Attack \$72,000
 - Don't know if we paid on this yet or not b/c he was coming in to work and he had not clocked in
- Imperial Iron Works - G.W. Bridge disconnected from fall protection and fell to his death \$6,500 reserved for this claim
- What percentage of claims are in NYC – 75% because the volume of our business is down state
- Split 60% – 40%
- We do not write a lot of business in the city
- We have interior contractors in Manhattan
- We write more Westchester and Long Island
- 425 Loss Control visits made
- Average of 5 hours, fee 150 an hour, \$318,750 value worth of Loss Control service for the period
- Score card average is above average at 3.14
 - It is down from last year
- We have added staff and have markers out there
- Scorecard was reconstructed so that may also be a factor in the decrease in the score
- Safety newsletter mailed to all members
 - Exclusive to the ECTNY trust

- Added two females to the staff and both have heavy construction background – pleased to diversify the department in that way
- Want CRM/ECTNY safety glasses handed out

Claims Review:

- Adam Strong no longer VP of Claims
- Lori Brahs-Jackson is now the VP of Claims
- John Cullen also promoted to Director of Claims
- Our audit report from our excess carriers were very favorable
- Focusing on Section 32 to close more claims so we do not have higher reserves that will ultimately be developed
- We can still recover off these claims
- Remote Senior adjusters in Long Island
- 313 claims reported
- 169 claims open; 144 closed
- Lagtime is 14 days for this program
- Total reserves are \$1.4MM
- Total expected recovery for this trust is \$3.2MM

Investments:

- Equity portion is up
- Had to move some money because too much money in equities
- Dave Locke and Bill Rea will come to the December meeting

Inviting Bob Snashall in December to speak at the meeting

Old Excess Policy:

- Shifted book from general securities to mid west employers
- We booked audited excess workers' comp premium
- Held it in escrow
- Score re have not audited trust
- \$1mm
- We will put back in trust and note it as a contingent liability
- Available for investment

Next Board Meeting Date:

Thursday December 1, NYC

Want to see Spamalot

Gene Clark motions to Adjourn

Bill Pittinger seconded

All in favor - yes

**ELITE CONTRACTORS TRUST OF NEW YORK (ECTNY)
BOARD OF DIRECTOR MEETING
The Michelangelo Hotel
December 1, 2005**

In attendance:

Compensation Risk Managers

Dan Hickey Jr.

Chet Walczyk

John Dubois

Dave Birsner

John Hoesterman

Tom Spendley

Dawn Stewart

R.W. Painting, Inc.

Bob Williams

D. Wilson Electric

Joseph Wilson

Sucato Builders, Inc.

Patrick Murphy

Hudson Valley Heating & Cooling

Eugene Clarke

All Suffolk Plumbing

Richard Goelk

Ralph J. Vanner & Associates

Tom Vanner

Brad Hall

Bill Quinn

Pat Murphy called the meeting to order

Review of Minutes

- Gene motioned to approved minutes
- Pat seconded
- All in favor – yes

Investment Review

- Smith Barney: Bill Rae/John Miller

- Portfolio is doing very well
 - Total of \$4.4MM in
 - 22% return in the past 12 months
 - Large and small cap portfolio up 11%
 - Third year of a presidential term is a good time to invest
 - Atlanta/Sosnoff - Jeanine
 - Continuing to make positive gains
 - Investment stocks are doing well
 - HMO's performing well
 - Kayne Anderson – Paul Ferrar
 - Small mid cap manager Portfolio
 - Buy higher quality stocks
 - High stocks is not the place to be in right now.
 - Low quality stocks are performing better
 - Portfolio is 50% in high quality stocks
-
- Fixed Equity – Dave Locke
 - October 1, 2004 started to work with this trust
 - Interest rates go up bond prices go down
 - Bond market is down but this portfolio is up 1.36%
 - Preserve capital – do not want to lose money
 - All returns shown are net of fees
 - Anticipate interest rates will decrease
 - 100% treasury bonds
 - \$3.0MM total invested

Regulatory Market Place Update:

- Rate increase for NY except for contractors
- \$125MM in funded premium
- In CA \$75MM in funded premium

Financial Review:

- Balance Sheet 9/30/05
- \$9MM cash position
- Investments in \$16MM
- Using mid range of actuarial range – another \$800,000 would bring us to the top end of the range
- Need to be above 100% trust equity ratio
- Currently at 103%
- There is \$2MM to invest at present
- Equities can not be expanded at this time based on regulations
- Pat Murphy motions to transfer \$1.5MM to Dave Locke at Wachovia

- Joe Wilson seconded
- All in favor - yes
- The excess 500,000 will stay in the Key bank account
- Total estimated unpaid claims and expenses is 302% of total premiums paid – for 6 years of experience
- Applying NYS development factors
- Rates have gone down 10%
- NYS assessment has increased 7%
- We are now line item added part of the assessment on the quotes on all programs except ECTNY and Transportation
- Standard carriers charge 17% assessment
- Assessments are 6.4% of premiums – they are growing
- Claims are stable
- They are not growing as a percent of revenue

Sales and Marketing Review:

- Oryx is a competitor -they are a guaranteed cost product with Alea paper
- Paper was down graded to a B+
- We are looking to take over some of this book of business
- Continuing to run our brand ads in the Constructioneer
- We will continue to do so
- Starting to get calls from the ads we are placing in the insurance publications
- Press release regarding the dividend was picked up by the Poughkeepsie Journal, Insurance Advocate, Insurance Journal and a few more
- Continuing to update our materials
- Sending out retention books to our larger clients and board members at renewal
- Updating our marketing materials and our quote books
- Updating the website – housing it with a hosting company
- Has become too large for us to continue to host it

Underwriting Review:

- Trust has grown well this year
- Wrote \$4MM in new business 1/1/05 – 9/30/05
- Growth is solid and steady
- Business written has been good business
- Number of accounts has not grown aggressively
- 69 accounts cancelled over the course of the year – for non pay or poor risk
- Smaller accounts continue to be profitable to the trust
- Weighted average discounts is 13%

Loss Control Review

- 1/1/05 – 6/30/05
- Trust performing well
- 156 hours of service
- Loss Control activities report new report
 - Illustrates what the LC dept is doing out on their visits
- Safety newsletters sent out on a quarterly basis
- Safety Report card
- 6 safety people in staff + John in New York State

Claims Review:

- 386 claims reported from 4/1/05 – 9/30/05
- 220 files are open, 166 closed
- Average lag time is 14 days
- Top files discussion
 - Mandon Building Systems
 - Board would like a net number
 - Queens Stainless

Labor Law Presentation by Lisa Coppola and Tom Cunningham
Will attach the PowerPoint to the minutes

Next Board Meeting Date:

June 7 and 8 Niagara Falls Thundering Waters for golf

Motion to adjourn by Joe Wilson

Pat Murphy seconded

All in favor- yes

**ECTNY Board Meeting
June 6, 2006
Western Door Steakhouse
Niagara, NY**

Attendees:

CRM

Dan Hickey, Jr.
Jim Miller
John Hoesterman
Dawn Stewart
Sean McDonnell

D. Wilson Electric
Joe Wilson

Sucato Builders, Inc.
Pat Murphy

Hudson Valley Heating & Cooling
Gene Clark

Hickey Finn
Dave Birsner

Vanner Insurance Agency
Tom Vanner
Ralph Vanner
Bill Quinn

RECEIVED
WORKERS' COMPENSATION
JAN 31 2007
SELF INSURANCE OFFICE

Gene Clark motions to approve the minutes from the last meeting
Pat Murphy seconds
All in favor - yes

Commission Discussion

- The comp market is very competitive right now
- Competing markets are offering higher commissions
- Pat Murphy motions to increase commissions by 2% on new business to avoid adverse selection
 - Joe Wilson seconded
 - All in favor - yes

Investment Review:

- Pat Murphy updated on investments:

- 2 funds (large cap and small cap) both performing reasonably well and in front of the benchmark
- Small cap funds are outperforming large cap
- Returning: 6% small cap 3% large cap

Finance Review:

- Pat Murphy wants to have an investment meeting prior to the December meeting
- Jim Miller will meet with John Dubois and ascertain how much money should be transferred to investment accounts
- Pat Murphy motions to move extra funds to investment accounts to be in line with current percentages
 - Gene Clark seconded
 - All in favor – yes

Marketing Review:

- New marketing materials have been created
- New broker and large account proposal books are in stock and being used
 - They are designed as reference manuals
- Retention books have also been created to send to existing accounts at renewal to reinforce why CRM is the right choice
- Creating co-op materials for brokers to sell the program
- Working with MGM insurance on an informative seminar on comp that highlights the ECTNY program
- The dividend ad ran in the Insurance Advocate
- Continuing to advertise in the Constructioneer

Loss Control Review:

- Overall scorecard remains above average at a 3.1
- 228 loss control service visits made in 6 month period
- Frequency of claims in last 6 months has greatly reduced – by more than 30%

Next Meeting date:

December 7 next meeting date
 New York City
 Michelangelo Hotel

Joe Wilson motions to adjourn
 Gene Clark seconded
 All in favor - yes

RECEIVED
WORKERS' COMPENSATION

JAN 31 2007

SELF INSURANCE OFFICE

**ECTNY Board Meeting
December 7, 2006
The Sofitel Hotel
New York, NY**

Attendees:

Compensation Risk Managers, LLC

Dan Hickey, Jr.

Chet Walczyk

Tom Spendley

John Hoesterman

Dawn Stewart

Dave Birsner

R.W. Painting, Inc.

Bob Williams

D. Wilson Electric

Joseph Wilson

Hudson Valley Heating & Cooling

Eugene Clarke

All Suffolk Plumbing

Ritchie Goelk

Vanner Insurance

Tom Vanner

Ralph Vanner

Joe Wilson called the meeting to order

Gene Clark seconded

Gene motioned to approve the minutes

Joe seconded

All in favor – yes

Regulatory and market place update:

I The assessment bill was vetoed

I This bill would have freed up a lot of funds and would have been a positive for the trust market as a whole

I Acquired Majestic Insurance company – worked to increase their AM Best rating from B++ to A- and we were successful

RECEIVED
WORKERS' COMPENSATION

JAN 31 2007

SELF INSURANCE OFFICE

Financial Review:

- ï 200% development applied to loss reserves
- ï Trusts must carry a higher reserve than standard carriers
- ï State assessment reserve is \$3.2 million
- ï If the bill referenced above had passed the assessment reserve would have gone away
- ï The assessment is a NYS tax – currently 18.1%
- ï Tax on indemnity loss is now 44% up from 20% in 2000
- ï Funded premium up – due to new membership

Investment Review:

- ï \$18M in total investments
- ï 14% rate of return per year on investments with Atalana Sosnoff
- ï 16.5% this year and 13.5% overall rate of return with Kayne Anderson

Marketing Review:

- ï Continuing to market the product through the broker
- ï We had a broker meeting in July and CRM introduced some new marketing tools to assist the brokers in selling trusts
- ï We have worked with brokers on co-op marketing materials to sell this program specifically
- ï Continue to run ads in the Constructioneer
- ï Plan to attend the Construction Expo at the Javits Center again in 2007
- ï CRM plans to attend a new broker show in Westchester to penetrate that market

Underwriting Review:

- ï Was a rate decrease as of 10/1: between 10-12%
- ï 12.5% weighted average discount
- ï Weighted average exp. mod is .92
- ï Between 4/1-10/30 305 accounts submitted, 200 became policies – \$4.5M of new premium
- ï Binding 65% of business quoted
- ï We collect 40% of premium up front on small accounts to guard against non payers
- ï 10% premium growth
- ï Strong in Buffalo and Hudson Valley – not much business from Albany to Syracuse

Loss Control Review:

- ï This program is performing well
- ï Work with underwriting closely to put plans in place for underperformers
- ï Strains and sprains predominant
- ï Frequency of claims have improved – under 200 claims in last 8 month period (1,000 members in the trust)
- ï Since last meeting there has been no severity

RECEIVED
WORKERS' COMPENSATION

JAN 31 2007

SELF INSURANCE OFFICE

- İ Members continually monitored through the scorecard
- İ NS – means no service – have not visited
- İ Activity report – have been using this charting method for a year – is a nice summary of what type of service is being provided
- İ New job safety inspection form done in English and Spanish
- İ Snow thrower safety poster
- İ Ran a special edition of the safety newsletter addressing winter safety

Claims:

- İ Closure rates show a decrease in frequency
- İ Expected recoveries are managed aggressively. CRM has a dedicated recovery specialist that focuses solely on this significant activity
- İ Eimar bill review – \$9.5 million in bills, reduced by almost \$7M
- İ All members should be reporting their first aid claims – you can buy them back through the non reportable program
- İ Actively managing trusts through fraud detection

Next meeting date June 6 and 7 in Niagara Falls

Motion to adjourn Joe Wilson
Seconded by Gene Clark
All in favor - yes

RECEIVED
WORKERS' COMPENSATION
JAN 31 2007
SELF INSURANCE OFFICE

**ECTNY Board of Directors
Conference Call
March 6, 2007**

Attendees:

Eugene Clark – Hudson Valley Heating & Cooling
William Pittinger – All Suffolk Plumbing, Inc.
Patrick Murphy – Sucato Builders
Chet Walczyk – CRM
Tom Spendley – CRM
Michele Cross – CRM
Elizabeth Allee – CRM

Discussion:

- The purpose of this call is to discuss the 4/1/07 renewal.
- The bill regarding the New York State Assessment calculation for the trusts did not pass last year.
- This bill would provide a significant benefit to the balance sheets of all the trusts.
- The financials submitted look very good with a trust equity ratio of 93%.
- The Assessment is currently charged as a percentage of indemnity claims, and the amount has gone up over the years.
- On 9/30/05 the amount was 6% of actual premium and at 12/30/06 it was between 8 and 9%.
- When the trust began the assessment was approximately 22% of indemnity and now it has doubled to about 44%.
- We are concerned about the increasing costs and at renewal we would like to add an 8% state assessment charge.
- The group continues to be profitable; however we don't want to lose accounts due to the assessment so we can offset this with discounts.
- Accounts showing consistent above average performance will be considered for additional credits to minimize the effect of the assessment charge.
- The New York State Workers' Compensation Board (WCB) did not back the assessment bill last year, but we believe it will be reintroduced this year and gain more support though we do not know the timeframe.
- Pat Murphy asks if this would be a permanent change or if it has to be reviewed each year and will it be removed if the bill passes?
- The 8% assessment charge would be reviewed again by the board before renewal on 4/1/08 if the bill passes or not.
- Pat Murphy asks what the 8% is charged on and how is it paid?
- The 8% is charged on net contribution after mod and discount and paid over the year and adjusted at audit.

RECEIVED
WORKERS' COMPENSATION
JAN 25 2008

SELF INSURANCE OFFICE

- Pat Murphy asks how we will market the trust once we have added the assessment – does CRM think it will deter new business?
- There are around 900 active members headed into renewal.
- Almost all trusts and the State Fund and the standard carriers are charging this assessment as well.
- ECTNY is competitive, not growing like in 2003-2004 but there is steady growth which is very good and the members are performing well so the trust is profitable.
- Last year at this time there was \$30 million in manual premium in the trust and this year there is \$33 million.
- Because of this growth and the fact that all carriers are charging for this assessment, CRM does not expect a problem marketing the trust after the assessment is added.
- Pat Murphy asks when the assessment would go into effect?
- The 8% assessment would become effective with the renewal at 4/1/07.
- We will send a letter that is approved by the board to the members to explain the charge.
- Pat Murphy would like to know if CRM collects a fee on the assessment?
- CRM does not collect a fee for any state assessment charge passed on to ECTNY members.

Motion:

Gene makes a motion to institute the 8% increase as a line item on the member invoices as of 4/1/07, with the stipulation that it is for one year and the issue will be reviewed before the 4/1/08 renewal.

Pat seconds the motion.

All in favor – motion passes.

CRM will send the formal resolution to the board for signature.

CRM will also send the board the letter of explanation for members for their approval.

*Joe Wilson called after the meeting for an update and says he is in favor of the motion.

RECEIVED
WORKERS' COMPENSATION
JAN 25 2008
SELF INSURANCE OFFICE

**ECTNY Board Meeting
June 5, 2007
The Hilton Hotel
Niagara Falls Canada**

Attendees:

Compensation Risk Managers, LLC

Dan Hickey, Jr.
Chet Walczyk
John Hoesterman
Dawn Stewart
Eric Egeland
Robert Polansky
Sean McDonnell
Keith Lazarchik
Jim Miller

R.W. Painting, Inc.

Bob Williams – Not in attendance

D. Wilson Electric

Joseph Wilson

Hudson Valley Heating & Cooling

Eugene Clarke

All Suffolk Plumbing

Ritchie Goelk
Bill Pittinger

Sucato Builders, Inc.

Pat Murphy – Not in attendance

Vanner Insurance

Tom Vanner
Ralph Vanner

Morgan Stanley

David Locke

Joe Wilson called the meeting to order
Gene Clark seconded

Gene motioned to approve the minutes
Bill Piitnger seconded

RECEIVED
WORKERS' COMPENSATION
JAN 25 2008
SELF INSURANCE OFFICE

All in favor – yes

Gene Clark waives review of prior minutes

Dan introduces Rob Polansky

Recognizes Keith Lazarchik – NJ stats noted, downstate sales rep

Eric Egeland – now VP of NY Trusts – note his new duties

Regulatory and Market Place Update:

- New regulations on trust market – level II audits, all competitors subject to this
- Using conservative assumptions – long term benefit
- Hard market in NY

Spitzer regulation changes –

- Increases indemnification benefit, negative impact from buyers perspective – should result in higher rating structure
- Cap in limitation on permanent partial disabilities
- Impact this will have on trusts, especially healthcare
- Zurich took away 15% discount after bill was signed – Tom Vanner
- Compare case reserves SIG's vs. Standard Market insurance company. Looking to demonstrate to an actuary where we are
- Rate decrease last year

Financial Review:

- Loss reserves increased from \$24M to \$28.6M
- Receivables look very good – 3/31 policy end date – have collected mostly all receivables
- Expenses are running constant
- Reform passed to remove from the trusts balance sheet the recording of a liability for the assessment that will be paid on future indemnity payments that are part of the current total reserves
- New York State Assessment has increased to 44%
- The trust will accordingly change how it accounts for the NY state assessment – cost runs around 12%
- This year the trust is charging the 18.5% tax as a direct pass through cost
- Average discount at 12%
- Next year the \$3.9M assessment reserve number will be a much lower number on the balance sheet
- Trust has grown – are adding members

Novation Agreement:

- NYMAGIC excess losses will be novated into Majestic
- NYMAGIC is leaving the comp market – they want reserve for losses off balance sheet and they asked Majestic to take over liability – this will allow control over the claims
- Gene motions to accept the novation agreement
 - Joe Wilson seconded

RECEIVED
WORKERS' COMPENSATION

JAN 25 2008

- o All in favor – yes

E/L Issue:

- The E/L limit issue will be re-addressed via e-mail – once quotes are received they will be e-mailed to the board

Surety Bonds:

- Looking to pursue surety bonds to offer to artisan contractors – will use this to try to grow the ECTNY program

Investment Review:

- Dave Locke is now with Morgan Stanley – has recently left Wachovia
- Dave handed out info on Morgan Stanley – institutional firm with a global presence
- Key elements are: Principal preservation, Managing cash flow needs, Obtain high credit quality and minimize tax consequences
- In a rising rate environment currently – want to ladder portfolio
- No management fees in proposal
- 40% US treasuries, 51.5 Federal agencies, CD's 8.5% - agencies give you the biggest pick up in yield
- Gene motions to move the money to Morgan Stanley
- Joe Wilson seconded
- All in favor – yes
- Approximately \$2M to invest – currently, making 4.85% in a sweep money market fund – can only move \$1M into equities
- Joe Wilson motions to move \$2M to Morgan Stanley
- Gene Clark seconded
- All in favor - yes

Claims Review:

- Increase in claims reserve – want to be properly reserved due to settlement of claims
- Have strengthened the trust reserves – more aggressive in structured settlements
- Engaged World Wide Claims to assist in this effort – the quicker the claims close the better
- Not frequency driven claims – more severity claims
- Members are using the non reportable program
- Claims set up with trust specific teams
- Total of 291 claims

RECEIVED
WORKERS' COMPENSATION
JAN 25 2008

SELF INSURANCE OFFICE

Underwriting Review:

- 4/1/04 – 3/31/07: Funded contributions \$26M, 1082 active members, 166 accounts cancelled
- .93 weighted average experience mod
- Competitive – seeing new business and writing new business
- Hit Ratio – 62%

- Discount is 9% on new business
- Underwriting disciplines remain constant
- This program on average has seen lower rates
- Payroll by class code report included in the book

Loss Control Review:

- 7/1 – 12/31 235 claims analyzed
- Sprains and strains leading the claims
- 169 loss control visits made – value of \$126,750
- Contractor industry understands the value of loss control
- Average scorecard score is remains above average at 3.1
- Loss control newsletters sent out quarterly – specific to the artisan groups
- Website is a great loss control resource

Marketing Review

- ECTNY program is well liked by our brokers – approx. 50 brokers representing the program
- Growth of the program has been steady
- If the E/L limit is raised to \$5M the program will be even more desirable
- Continue to market the program
- Working with a new PR company to get positive PR into the market place
- Attending contractor specific trade shows
- Continue to advertise in the Constructioneer and Insurance trade publications
- Keith Lazarchik selling ECTNY to NJ brokers that have NY contractor business
-

Flat Roof contractors:

- Considering this class of business – need to find the union contractors
- If brokers find a clean risk it might be considered
- NYMAGIC did not allow any roofers of any kind
- Huge exposure with hot material was brought up by the board
- Brokers want to cherry pick the roofers - not open the program to all roofers

Next Meeting Date:

- Thursday December 6th and 7th in New York City – try to book the Sofitel

Board Member Discussion:

- Need to add more board members to be in compliance with the WCB
- Currently looking at two new members to add to the board
- Sun Up and Adema

Gene Clark motioned to adjourn
 Bill Pittinger seconded
 All in favor - yes

RECEIVED
WORKERS' COMPENSATION
 JAN 25 2008

SELF INSURANCE OFFICE

**ECTNY Board Meeting
December 6, 2007
The Sofitel Hotel
New York, NY**

Attendees:

Compensation Risk Managers, LLC

Dan Hickey, Jr.
Chet Walczyk
John Hoesterman
Dawn Stewart
Eric Egeland
John Dubois
David Birsner

R.W. Painting, Inc.

Bob Williams – not in attendance

D. Wilson Electric

Joseph Wilson

Hudson Valley Heating & Cooling

Eugene Clarke

All Suffolk Plumbing

Ritchie Goelk

Sucato Builders, Inc.

Pat Murphy

Vanner Insurance

Tom Vanner
Ralph Vanner

Morgan Stanley

David Locke

Smith Barney

John Miller
Bill Rae

Joe Wilson called the meeting to order
 Pat Murphy seconded
 All in favor- yes

Review of Minutes from Last Board Meeting

- Dan clarified question on novation agreement (novation means substitute)
- Pat Murphy approved minutes
- Joe Wilson seconded
- All in favor – yes

Regulatory and Market Place Update

- Rate reduction – fortunate that construction industry cut was about 5%
- Tighter regulatory environment
- Regulatory environment is getting tough for Trusts – most CRM groups have voted to close however, we believe ECTNY can survive this market cycle
- Rate cuts extremely impacted Healthcare and Transportation – they took about a 30% rate cut
- Permanent partial and indemnity benefits have been capped – this can help with new claims
- Industry development factors have increased

Financial Review:

- Originally booking 70% IBNR but the WCB was requiring us to book 140%
- EMB now the actuary on the program
- Hired World Wide Claims to audit the claims for the program at CRM expense
- CRM recommends the trust should continue
- Will be able to move forward with a weighted average discount of 14% with new rate cut
- CRM has a 9.5% management fee – does not include cradle to grave claims
- \$20M of reserves has \$2.7M for ULAE – which is
- TER is 84.7%
- CRM will amend contract to run claims cradle to grave by increasing administrative fee 1.5%
- By doing this \$2.7M can come off liabilities
- Joe Wilson motions to amend the service agreement to increase management fees to 1.5% to include claims cradle to grave
- Pat Murphy seconded
- All in favor –yes
- None opposed
- Offering a retroactive aggregate – will provide the trust with a limit of protection
- Joe Wilson motions to enter into the aggregate agreement
- Pat Murphy seconded
- All in favor –yes
- Cash position is increasing – have \$2M of excess cash to invest
- Board motions to move \$1M to Morgan Stanley and \$1M to Smith Barney
- The trust is billing the full NY State assessment

Marketing Review:

- The market is tough right now
- There will be bad PR on the trust
- We will produce an annual report and give to any member that requests it
- Painfully aware of the regulatory environment – given how tough regs are we are funded, adequately reinsured and conservatively booking contingency reserves
- Continue to place an ad in the constructioneer
- Market the program at the tradeshows we attend (broker shows)
- Heavily focusing on retention on the group
- Working on retention books for the 4/1 renewal. They should be ready to distribute to members between Feb and March
- Will highlight their results and the services they receive with the trust

Investment Review – Morgan Stanley – David Locke:

- Been managing portfolio since July
- Total portfolio is \$6.8M 4.7M came in July 30, moved additional 2M at Boards suggestion
- Average yield on portfolio is 5.35%
- 51% of portfolio in agencies, 22% in MARS (paying 5.5%) – higher than money market rates, cash and CD's 7%, Ginnie Mae's (government) 14%
- Largest part of portfolio is between 5 and 10 years
- In 6 months entire portfolio up 2.5% - annualized should be 5 ¼%
- Trust can not own corporate bonds
- Duration on portfolio is 1 ½
- Benchmark is Lehman government securities

Smith Barney – Bill Rae, John Miller

- Almost \$3M of appreciation since inception – combined performance 14.23%
- Sasnoff outperformed their groups by 6 points
- In June they got out of mortgage backed securities – need to pick right and get out when its right
- If there is more money to invest Bill recommends a mid cap investment

Loss Control Review

- 218 claims (over 250.00)
- 335 loss control visits
- Have increased loss control visits to the members
- Like working in this industry
- Trust performing well
- Claims trending down – exposure increasing but claims still trending down
- If claims are not happening – no need for severity
- Last newsletter included in book – specific to program – 4th Q newsletter will go out in a couple weeks

Claims Review

- Charlie Manzo formerly of World Wide Claims now works for CRM
- Re-engineering the claims department
- 930 open claims

Underwriting Review:

- Added 183 new members
- Members being added are quality members
- .93 is experience mod
- WAD is 13% can go to 25% but are not

Surety Bond program has been filed in CA – can not file in NY until we are approved in CA (domiciled state)

Rich motioned to allow the chair to sign the amendment to the disclosure and consent agreement

Gene seconded

All in favor -yes

Next Meeting Date:

June 11 and 12 – Niagara Falls, Canada

Do not want to play Daily's course

Motion to Adjourn Pat Murphy

Seconded by Gene Clark

All in favor - yes

MANAGEMENT LEADERSHIP

1. Management demonstrates no policy, goals, objectives, or interest in safety and health issues at this worksite.
2. Management establishes/ implements and communicates safety and health policy and goals, but does not participate or engage in any other safety and health efforts. Leadership is informal and generally ineffective.
3. Formal Safety Policy Statement which designates staff responsibilities and accountabilities for safety. Formal workers' compensation prompt claims reporting policy is enforced at all levels of management. Management follows all safety/ health rules and gives visible support to the safety and health efforts of others.
4. Management participates in significant aspects of the organization's safety and health program, such as: incident reviews, safety audits and program reviews. Incentive programs that discourage reporting of accidents, symptoms, injuries, or hazards are absent. Other incentive programs may be present.
5. Formal reviews of safety and health issues are regularly included on agendas of management operations/ safety/health/environmental and risk management meetings. Management clearly demonstrates – by involvement, support, and example – the primary importance of safety and health for everyone. Safety Performance is used as a measurable element in employees' performance evaluations.

FORMAL SAFETY PROGRAM

1. No written program, safety administration or interest in loss control. Safety is the lowest priority or none at all.
2. Some written programs and documentation. Substandard program documentation. Limited interest in loss control but programs may have some positive effect at maintaining acceptable conditions.
3. Compulsory safety administration. Minimum required written safety programs/procedures in place. Cooperative with site surveys and responsive to physical recommendations. Employees hired at sites provided documented orientation.
4. Corporate safety administration. Detailed site safety plan (emergency procedures, first-aid, safety meetings, etc.) developed and available at all sites. Employment eligibility of floaters reviewed by administration before beginning work including those sent direct from the local union halls.
5. Established safety performance objectives, measures, and activities targeting loss sources and recognized hazards.

JOB SAFETY INSPECTIONS

1. No formal site inspection program or documentation
2. Loosely defined inspection procedures and schedules. Lax documentation of hazardous conditions and employee violations.
3. Management (or vendor) performs unannounced safety inspections periodically. Deficiencies documented including corrective action taken.
4. Designated safety administrator responsible for scheduling, conducting, and documenting frequent site safety inspections, corrective action and employee violations. Disciplinary action is at the discretion of the site safety coordinator and/or management.
5. Top management visibility at sites actively evaluating hazards and updating minimum company safety standards and compliance.

TOOLBOX SAFETY MEETINGS

1. No evidence of meetings.
2. Minimum required program with lax documentation of topics and attendance.
3. Safety coordinator selects topics and keeps central records. Attendance with employee sign-off.
4. Minimum bi-weekly system for communicating safety (i.e. payroll stuffers, bulletins, newsletter etc.) to floaters and crews working short duration jobs (scaffold, pump, etc.)
5. System for choosing topics current to the conditions and job activities such as generated from site inspections and hazards introduced by other trades (i.e. excavations, heavy equipment etc.)

ANNUAL PERFORMANCE REVIEW

1. None for field employees.
2. Informal review process. Minimal documentation of work history and wages.
3. Written process using specifically designed documents. Designated administrator performs review within target dates.
4. Standardized criteria for evaluating performance of core employees include safety procedures.
5. Employee opportunity for input before and/or after review. Management review of process and basis for individual ratings. System of rewards and penalties linked to safety performance.

CLAIMS MANAGEMENT

1. No standard for report timeliness. No documentation or designated administrator to coordinate the claim. No RTW policy, no discussion of RTW with employees or medical care provider. May be opposed to early RTW and light duty programs. No program for the timely reporting and investigation of claims. No review of claim information to determine causal effects and needed corrective action.
2. Designated claim administrator with claims reported within 5 days from date of knowledge. No documentation of claims treated as first aid. RTW policy and program is informal (may or may not be written) and is loosely administered. If early RTW, Restricted Duty programs are used they are inconsistent. There may be procedures in place to evaluate work restrictions, restricted duty assignments and then communicate the assignment with employees.
3. Formal Prompt Claims reporting policy in place and enforced by management. Claims are reported within 2 days to management and claims administrator. Acceptable documentation of first aid claims. Labor/Management Union agreement for Restricted Duty assignments are identified as part of the formal union contract. Good working relationship between management/Union and the claims administrator. Offers formal early RTW assignments to all employees without favoritism.
4. Periodic (quarterly) claims reviews are conducted with the claims administrator. Contact with employees and health care providers are sometimes used. Basic accident trend analysis is performed on at least a quarterly basis. Supervisors have been trained in the RTW program and are accountable to participate to carry out their responsibilities. Employees have been notified of the program by either (management or union contract) and are aware of their responsibility to participate.
5. Immediate discovery, investigation and contact with injured person and/or medical providers for return to work status. Written RTW program clearly defines employer/employee duties, documented JSA, workstation modifications and transitional duty assignments with work harden provisions are considered (options such as flexible hours, less lifting, micro breaks or other strategies that will enable an employee to work productively while staying within their limitations). Loss source analysis developed and tracked.

PERSONAL PROTECTIVE EQUIPMENT

1. Not routinely used
2. Voluntary use with limited selection and supply
3. Compulsory program, adequate selection and supply of hearing protection, safety eyewear, gloves, protective headgear, safety footwear, respirators, etc.
4. All necessary training, maintenance programs, annual documented evaluation of PPE adequacy. On-going evaluation of adequacy when new hazards, processes, equipment & machinery are introduced in the workplace.
5. Employees assist with choosing PPE. Frequent documented inspections of PPE issues. Rewards & discipline programs in place and used.

**ELITE CONTRACTORS TRUST OF NEW YORK
SAFETY PROGRAM DOCUMENT STATISTICS
FOR SELECTED MEMBERS**

JS = Job Site Visit

O/P = Visit to Main Facility or Telephone call

Member	Period of Participation	Date of Loss Control Visit	Type of Visit	Risk Analysis Summary	Service Plan	Recommendation Form	Follow up Letter	Member Safety Report Card
1 (Trustee Member Company)	09/99 - 03/08	1/28/2003	O/P	X	X		X	X
		2/14/2005	O/P	X	X	X	X	X
		10/20/2005	O/P	X	X	X	X	X
		6/4/2007	O/P	X	X	X	X	X
		12/13/2007	O/P	X	X	X	X	X
2 (Trustee Member Company)	09/99 - 03/08	8/2/2001	JS				X	
		10/1/2001	JS	X			X	
		5/2/2003	O/P	X	X	X	X	X
		5/21/2004	O/P			X	X	X
		8/30/2004	O/P	X		X	X	X
		9/15/2004	JS				X	X
		3/18/2005	O/P	X	X	X	X	X
		10/28/2005	O/P	X	X	X	X	X
		12/27/2005	O/P	X	X	X	X	X
		4/18/2006	O/P	X	X	X	X	X
5/2/2006	JS	X			X	X		
4/3/2007	JS	X			X	X		
3 (Trustee Member Company)	08/99 - 03/08	11/27/2001	O/P	X			X	X
		3/26/2004	JS				X	X
		7/28/2004	JS					X
		2/25/2005	JS	X	X	X	X	X
		3/1/2005	JS	X	X	X	X	X
		8/25/2005	JS	X			X	X
		8/25/2005	JS	X			X	X
		9/21/2006	O/P	X		X	X	X
		2/21/2007	O/P	X		X	X	X
		10/23/2007	JS	X		X	X	X
12/11/2007	O/P	X		X	X	X		
4 (Trustee Member Company)	12/99 - 03/08	5/21/2003	JS	X	X		X	X
		5/4/2005	O/P	X			X	X
		6/30/2005	O/P			X	X	
		2/15/2006	O/P	X		X	X	X
		6/27/2006	O/P	X	X		X	X
		5/31/2007	O/P	X		X	X	X
		6/8/2007	JS	X			X	X
		12/13/2007	O/P			X	X	X
12/18/2007	JS	X			X	X		

**ELITE CONTRACTORS TRUST OF NEW YORK
SAFETY PROGRAM DOCUMENT STATISTICS
FOR SELECTED MEMBERS**

JS = Job Site Visit

O/P = Visit to Main Facility or Telephone call

Member	Period of Participation	Date of Loss Control Visit	Type of Visit	Risk Analysis Summary	Service Plan	Recommendation Form	Follow up Letter	Member Safety Report Card	
5 (Trustee Member Company and Large Losses)	01/00 - 03/08	3/29/2001	JS			X	X		
		5/2/2001	JS			X	X		
		7/5/2001	JS			X		X	
		12/18/2002	O/P	X	X	X	X	X	
		12/19/2002	JS			X			
		12/19/2002	JS			X			
		5/22/2003	JS					X	
		9/4/2003	JS					X	
		5/26/2004	O/P	X	X			X	X
		2/14/2005	O/P	X	X	X		X	X
		6/21/2005	JS					X	
		6/21/2005	JS					X	
		7/21/2005	JS					X	
		1/25/2006	O/P				X	X	
		3/14/2006	JS					X	
		6/27/2006	JS	X	X	X		X	X
		10/3/2006	JS	X				X	X
		10/3/2006	JS					X	
6/13/2007	JS	X				X	X		
9/11/2007	O/P	X		X		X	X		
9/25/2007	JS	X				X	X		
9/25/2007	JS	X				X	X		
12/13/2007	JS	X	X	X		X	X		
12/18/2007	JS	X				X	X		
6 (Large Losses)	03/06 - 03/08	3/30/2006	O/P	X	X	X	X	X	
		5/8/2006	O/P	X	X	X	X	X	
7 (Large Losses)	04/01 - 03/08	9/14/2001	O/P	X		X	X	X	
		1/21/2003	O/P	X		X	X	X	
		4/2/2003	JS	X		X		X	
		4/3/2003	O/P	X		X		X	
		5/21/2003	O/P	X	X	X		X	X
		9/2/2003	O/P	X		X		X	X
		4/30/2004	JS					X	
		8/12/2004	O/P	X		X		X	X
		9/14/2004	JS	X		X		X	X
		4/25/2005	JS	X				X	X
		6/30/2006	JS	X		X		X	X
		4/23/2007	JS	X		X		X	X
		3/2/2007	O/P	X	X	X		X	X
12/17/2007	O/P	X		X		X	X		

**ELITE CONTRACTORS TRUST OF NEW YORK
SAFETY PROGRAM DOCUMENT STATISTICS
FOR SELECTED MEMBERS**

JS = Job Site Visit

O/P = Visit to Main Facility or Telephone call

Member	Period of Participation	Date of Loss Control Visit	Type of Visit	Risk Analysis Summary	Service Plan	Recommendation Form	Follow up Letter	Member Safety Report Card
8 (Large Losses)	12/00 - 03/08	5/14/2002	JS			X	X	
		5/29/2002	O/P	X	X	X	X	X
		4/29/2003	O/P	X	X		X	X
		4/29/2003	JS			X	X	
		7/15/2004	O/P	X	X	X	X	X
		8/19/2004	JS			X	X	
		9/26/2003	O/P	X	X	X	X	X
		10/8/2004	O/P	X	X	X	X	X
		6/16/2005	JS	X		X	X	X
		6/14/2005	O/P	X	X	X	X	X
		12/8/2005	O/P	X	X		X	X
		5/23/2006	O/P	X	X		X	X
		6/13/2007	JS	X		X	X	X
		10/10/2007	JS	X		X	X	X
9 (Large Losses)	01/00 - 03/08	6/11/2003	JS	X	X	X	X	X
		3/9/2005	O/P					
		5/25/2005	O/P	X	X	X	X	X
		12/22/2005	O/P					
		6/8/2006	O/P	X	X	X	X	X
		6/22/2006	JS	X	X	X	X	X
		8/1/2006	O/P			X	X	
		10/24/2006	O/P			X	X	
		5/31/2007	O/P	X	X	X	X	X
		6/6/2007	JS	X		X	X	X
		10/11/2007	O/P	X	X	X	X	X
		10/17/2007	JS	X		X	X	X
		2/22/2008	O/P	X		X	X	X
		10 (Large Losses)	07/00 - 03/08	4/9/2001	O/P	X		
5/15/2001	JS					X	X	
11/4/2002	O/P					X	X	
1/10/2003	O/P						X	
1/13/2003	JS					X	X	
1/31/2003	JS					X	X	
1/31/2003	JS					X	X	
4/25/2003	JS					X	X	
6/6/2003	JS						X	
12/18/2003	O/P					X	X	
1/30/2004	JS					X	X	
2/6/2004	JS			X		X	X	X
4/26/2005	O/P			X	X	X	X	X
5/3/2005	JS			X		X	X	X
5/3/2005	JS			X		X	X	X
10/28/2005	O/P			X	X	X	X	X
11/16/2005	JS			X		X	X	X
9/15/2006	JS					X	X	
10/11/2007	JS			X		X	X	X
9/25/2007	O/P			X		X	X	X

**ELITE CONTRACTORS TRUST OF NEW YORK
SAFETY PROGRAM DOCUMENT STATISTICS
FOR SELECTED MEMBERS**

JS = Job Site Visit
O/P = Visit to Main Facility or Telephone call

Member	Period of Participation	Date of Loss Control Visit	Type of Visit	Risk Analysis Summary	Service Plan	Recommendation Form	Follow up Letter	Member Safety Report Card
11 (Large Losses)	02/02 - 03/08 III	8/7/2002	O/P	X			X	X
		9/13/2004	JS	X		X	X	X
		9/16/2005	O/P				X	
		8/24/2006	O/P	X	X	X	X	X
		5/16/2007	O/P	X	X	X	X	X
		3/13/2008	O/P	X		X	X	X
12 (Large Losses)	09/00 - 03/08	9/17/2001	O/P	X	X	X	X	
		9/25/2001	O/P	X		X	X	
		2/21/2002	JS	X		X		
		12/3/2002	JS	X		X	X	
		11/25/2002	O/P	X	X	X	X	
		3/11/2004	O/P	X		X	X	X
		3/24/2005	O/P	X	X	X	X	X
		5/3/2005	JS	X		X	X	X
		1/23/2006	O/P	X	X	X	X	X
		10/31/2006	O/P	X	X	X	X	X
		2/28/2008	O/P	X	X	X	X	
		3/26/2008	JS	X	X	X	X	
13 (Large Losses)	09/00 - 11/03	There were no loss control visits noted.						
14 (Large Losses)	05/02 - 10/07	7/9/2002	JS	X		X	X	
		9/2/2003	O/P	X		X	X	
		10/8/2003	O/P	X				
		12/22/2003	O/P	X		X	X	X
		6/10/2004	O/P	X		X	X	
		2/14/2007	O/P	X	X		X	
15 (Poor Safety Report Card Grades)	06/01 - 03/08	8/6/2002	JS	X	X	X	X	X
		9/3/2004	JS	X		X	X	X
		9/30/2005	O/P					
		7/17/2007	O/P	X		X	X	X
16 (Poor Safety Report Card Grades)	12/01 - 03/08	10/18/2002	JS		X		X	
17 (Poor Safety Report Card Grades)	10/00 - 03/08	7/31/2001	O/P			X	X	
18 (Poor Safety Report Card Grades)	12/00 - 03/08	9/26/2001	JS	X		X	X	

**ELITE CONTRACTORS TRUST OF NEW YORK
SAFETY PROGRAM DOCUMENT STATISTICS
FOR SELECTED MEMBERS**

JS = Job Site Visit

O/P = Visit to Main Facility or Telephone call

Member	Period of Participation	Date of Loss Control Visit	Type of Visit	Risk Analysis Summary	Service Plan	Recommendation Form	Follow up Letter	Member Safety Report Card
19 (Poor Safety Report Card Grades)	02/01 - 03/08	9/18/2001	O/P	X		X	X	X
20 (Poor Safety Report Card Grades)	04/03 - 03/08	4/23/2003	O/P	X	X	X	X	X
		7/7/2004	JS	X		X	X	X
		8/17/2005	JS	X		X	X	X
		7/12/2007	JS	X		X	X	X
		7/12/2007	JS	X		X	X	X
21 (Poor Safety Report Card Grades)	08/01 - 03/08	1/28/2008	O/P					
22 (Poor Safety Report Card Grades)	04/02 - 03/08	9/23/2002	JS			X	X	X
		6/8/2005	O/P	X	X	X	X	X